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Impact of President Clinton's Forest Plan on Local Communities, the Environment, and the Economy of the North Coast Region and Related Issues - Transcript and Written Statements

Senate Committee on Natural Resources and Wildlife

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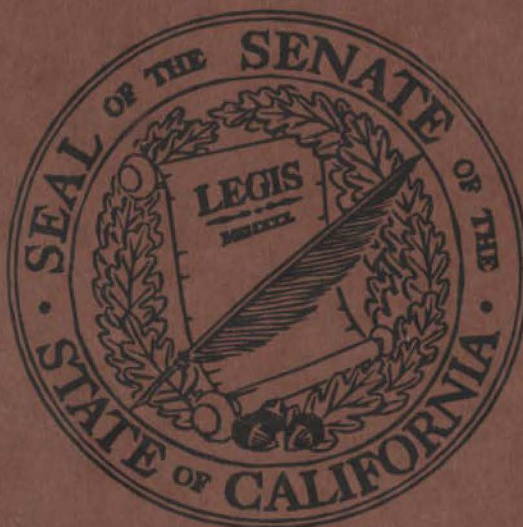
CALIFORNIA LEGISLATURE

SENATE COMMITTEE ON NATURAL RESOURCES AND WILDLIFE

SENATOR MIKE THOMPSON
CHAIRMAN

IMPACT OF PRESIDENT CLINTON'S FOREST PLAN ON LOCAL COMMUNITIES, THE ENVIRONMENT, AND THE ECONOMY OF THE NORTH COAST REGION AND RELATED ISSUES

TRANSCRIPT AND WRITTEN STATEMENTS



OCTOBER 5, 1993
EUREKA CITY HALL
EUREKA, CALIFORNIA

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CALIFORNIA LEGISLATURE
SENATE COMMITTEE ON NATURAL RESOURCES AND WILDLIFE

Senator Mike Thompson, Chairman

**IMPACT OF PRESIDENT CLINTON'S FOREST PLAN
ON LOCAL COMMUNITIES, THE ENVIRONMENT, AND THE ECONOMY
OF THE NORTH COAST REGION
AND RELATED ISSUES**

Transcript and Written Statements

**October 5, 1993
Eureka City Hall
Eureka, California**

COMMITTEE MEMBERS
Gary Hart, Vice Chairman

Tom Hayden

Pat Johnston

Tim Leslie

John R. Lewis

Milton Marks

Dan McCorquodale

Henry Mello

Don Rogers

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Committee Consultants
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Committee Secretary
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2 STATE OF CALIFORNIA
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8 HEARING: IMPACT OF THE CLINTON FOREST PLAN
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12 EUREKA CITY HALL
13 531 K STREET
14 EUREKA, CALIFORNIA
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18 TUESDAY, OCTOBER 5, 1993

19 9:35 A.M.
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25 Reported by:

26
27 Evelyn J. Mizak
28 Shorthand Reporter

APPEARANCES

MEMBERS PRESENT

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3 SENATOR MIKE THOMPSON, Chair

4 SENATOR RUBEN AYALA

5 SENATOR PAT JOHNSTON

6 SENATOR MILTON MARKS

7 SENATOR DON RODGERS

8 SENATOR ART TORRES

9 ASSEMBLYMAN DAN HAUSER

10
11 STAFF PRESENT

12 KRIST LANE, Consultant

13 RUTH G. COLEMAN, Consultant

14 ALSO PRESENT

15 MARTHA KETELLE, Acting Forest Supervisor
16 Six Rivers National Forest

17 HARLEY GREIMAN, Representative
18 Regional Foresters, Pacific Southwest Region

19 MICHAEL SKINNER, Economist/Planner
20 U.S. Forest Service

21 PHIL DIETRICH
22 U.S. Fish and Wildlife Service

23 DOUGLAS WHEELER, Secretary
24 The Resources Agency

25 ROBERT EWING, Chief
26 Strategic Planning Program
27 California Department of Forestry and Fire Protection

28 JULIE FULKERSON, Chair
Board of Supervisors
County of Humboldt

APPEARANCES (Continued)

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2 TERRY GORTON, Assistant Secretary
3 Forestry and Economic Development
4 California Resources Agency

5 DAVID NELSON, District Director
6 Congressman Dan Hamburg

7 ANNA SPARKS, Co-Chair
8 Option 9 Committee
9 Supervisor, Humboldt County

10 FRANCIE SULLIVAN, Co-Chair
11 Option 9 Committee
12 Supervisor, Shasta County

13 NORMAN de VALL, Member
14 Option 9 Committee
15 Supervisor, Mendocino County

16 ROSS BURGESS, Member
17 Option 9 Committee
18 Supervisor, Trinity County

19 CHAD ROBERTS, Chairman
20 Conservation Committee
21 Redwood Region of the Audubon Society

22 SUSIE VAN KIRK, Conservation Chair
23 North Group of the Redwood Chapter
24 Sierra Club

25 TIM McKAY, Executive Director
26 North Coast Environmental Center

27 DAVE BITTS
28 Humboldt Fisherman's Marketing Association

JUD ELLINWOOD, Executive Director
Salmonid Restoration Federation

DAVE KANEY, Vice President and General Manager
Simpson Timber Company

TIM TREICHEL, Regional Manager
Government Affairs
Georgia-Pacific Corporation

RON SAMUELSON,
California Farm Bureau
Forest Landowners of California

APPEARANCES (Continued)

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MARK ANDERSON, Forester
Schmidbauer Lumber

BONNIE SUE SMITH, President
Local 3-98
International Woodworkers of America

LINDA HAYNES, Executive Director
Redwood Region Economic Development Commission

JERRY PARTAIN
Swedish Homes Task Force

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P-R-O-C-E-E-D-I-N-G-S

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CHAIRMAN THOMPSON: I'd like to convene this hearing of the Natural Resources Committee, and I want to thank the City of Eureka for allowing us to meet in the Chambers. We appreciate that very much.

I'd like to start by introducing the members of the Committee who are here today. On my right is Senator Milton Marks, a Committee member from San Francisco. On my left is Don Rogers, Committee member from Bakersfield. To his left is Assemblyman Dan Hauser, who really needs no introductions from me. His home town is Arcata, and he is the representative of our area here. Thank you for coming.

We also have a couple of other members who were in town. Senator Pat Johnston, from Stockton, was here yesterday and last night and went on the tour with us, and we have Art Torres from Los Angeles who will be dropping in. He should be here around 10:30 this morning. I understand Ruben Ayala, who was the Chairman of the Agriculture Committee, is also in town and is planning to drop by.

By way of background, I just want to state that in May of 1991, Judge Dwyer of the U.S. Court in Seattle issued an injunction halting timber sales in national forests inhabited by the Northern Spotted Owl until such time as the U.S. Forest Service would comply with federal regulations relating to timber harvesting and wildlife protection.

President Clinton then convened the Forest Conference in April of 1993 in Portland and subsequently appointed teams of

1 experts to produce a forest plan. In July, the President issued
2 that Forest Plan. Three different documents make up the Plan:
3 The Forest Plan, a summary document; the report of the Forest
4 Ecosystem Management Team, referred to as the FEMAT Report; and
5 a draft Supplement Environmental Impact Statement.

6 Of the several options reviewed by the team of
7 experts, the President selected Option 9 to comprise the
8 recommended Forest Plan.

9 The purpose of our hearing today is to assess the
10 short and long term impacts of the Plan on our local
11 communities, the economy, and the environment of the North Coast
12 Region. We had a previous hearing in Sacramento in August
13 during which we examined the effects of the Plan on California's
14 economy and our environment. However, much of the information
15 we obtained at that time was very general and largely because
16 federal officials had only recently begun the process of
17 implementation. So today, we'll continue our inquiry with a
18 greater focus on local issues.

19 The Clinton Forest Plan includes four major areas of
20 reform, all of which will have an impact on our region. The
21 Plan: modifies forest management practices, including limiting
22 logging to 1.2 billion board feet annually in Spotted Owl areas
23 of the Cascade and Westside forests of Washington, Oregon and
24 Northern California; it establishes watersheds rather than
25 political boundaries as the fundamental building block for
26 planning; it fosters increased agency coordination; and offers
27 \$1.2 billion over a five-year period in economic assistance to
28 affected areas.

1 Today we'll focus on the forestry and economic
2 components of the Plan. We hope to obtain more precise
3 responses to several questions.

4 First, how will the allowable cut be allocated among
5 the U.S. forests in this region and the state?

6 What are the impacts of the Plan on fish, wildlife,
7 and the environment?

8 What are the impacts of the restrictions on U.S.
9 forests for the harvest of timber on private lands?

10 How much economic assistance will be available, and
11 how will it be distributed among the three western states,
12 regions, and our affected communities?

13 What is the status of implementation of the Plan, and
14 what are the specific timelines we need to know in order to
15 receive economic assistance and commence harvesting once again?

16 And what improvements can be made to the Plan that
17 will still accomplish its purpose but reduce the potentially
18 adverse impacts on local communities and on our state?

19 We'll hear from representatives from agencies
20 implementing the Plan who will be able to identify how the plan
21 will affect our region and our state. We'll first hear from a
22 U.S. Forest Service representative who will give an overview of
23 the Plan and discuss allowable cuts in our forests. She'll be
24 followed by a representative from the regional offices of the
25 U.S. Fish and Wildlife Service, who will discuss wildlife issues
26 and the 4(d) rule relating to harvest on private lands.

27 Following the federal agency presentations, we will
28 hear from state representatives who are reviewing the Plan and

1 who will discuss is implications for private harvests and the
2 status of new timber harvest rules being reviewed by the Board
3 of Forestry.

4 Next, we'll review the economic assistance component
5 to understand the federal, state, and local roles and
6 responsibilities in order to assist us in applying for and
7 receiving economic assistance.

8 Then this afternoon, we'll hear from two panels that
9 will discuss the effects on fish and wildlife and the
10 environment, and the impact on timber and related industries.

11 We've set aside some time both this morning and this
12 afternoon for public comment. When we met in Sacramento, we
13 didn't have time to do much public hearing, so we're going to
14 break it into two sections today: one in the morning and one in
15 the afternoon. The Sergeants will have a sign-up sheet, so I
16 ask that if you do want to speak, you sign up as soon as
17 possible. We have a Council meeting in these Chambers today,
18 tonight, so we'll have a time limit on how long we can stay.

19 Before we begin, I want to caution the witnesses to
20 be brief because we do have a full agenda. I also want to
21 mention that we have someone here taking copious notes, and the
22 transcript of this hearing will be forwarded to the Clinton
23 Administration so they can take this public's comment and the
24 information that we discuss here into consideration in the
25 formation of their final Plan.

26 I also want to add that we'll have one more hearing
27 on this issue and other related timber harvest practices in the
28 Sierras in Blairsden. That's scheduled for October 26th.

1 The first panel, the forestry component of the plan,
2 will consist of Martha Ketelle, Forest Supervisor, Six Rivers
3 National Forest; Harley Greiman, National Foresters
4 Representative, Pacific Southwest Region; and Phil Dietrich,
5 U.S. Fish and Wildlife Service.

6 Thank you for joining us today. You may begin.

7 MS. KETELLE: Thank you for inviting us.

8 Mr. Chairman and members of the Committee, I am
9 Martha Ketelle. In spite of your introduction as Forest
10 Supervisor, I'm actually the Acting Forest Supervisor on Six
11 Rivers. We have our headquarters here in Eureka.

12 Since I'm the first up, let me welcome all of you to
13 the North Coast. I know you're not strangers, but we welcome
14 you today, and we really want to express our appreciation for
15 you bringing the hearing to us. I think it's important and
16 helpful when we're talking about implementation of something as
17 new and different as Option 9 of the President's Plan that you
18 come and hear from the people that are going to be responsible
19 for implementing it and are going to be impacted by the
20 implementation. And I think that you're providing us that
21 opportunity today, and we appreciate it.

22 I have with me today also with the Forest Service,
23 Harley Greiman, who's from Sacramento. He's the Regional
24 Foresters' Representative from Sacramento, our Sacramento
25 office. And also, Mike Skinner is in the audience. He's the
26 Regional Economist from San Francisco. Together, I hope they'll
27 be able to help me answer any questions that you may have.

28 Regional Forester Ron Stewart was -- would have liked

1 to have been here today, but he's out of the state and unable to
2 attend. He asked that we provide testimony in his absence to
3 the hearing.

4 You asked us to give you an overview of the
5 President's Forest Ecosystem Management Plan and its
6 relationships and effects to the State of California.

7 There's a lot to cover in that broad request, and I
8 will try to go through the statement as quickly as I can,
9 leaving some time for dialogue with the members.

10 What I have to say today is not all good news for
11 those of us whose livelihood has become accustomed to and
12 dependent upon timber supply from national forest lands.
13 Planning documents that we've been developing over the last
14 decade have become dog-eared from exhaustive review by all of
15 the interests, volumes of records from hearings and public
16 meetings abound on the North Coast, and still we're debating the
17 use of our public lands. We're at a difficult juncture in this
18 debate now as the intensity of demands upon these lands are
19 framing a shift in how they will be used today and in the
20 future.

21 In facilitating this shift, it is the intent of
22 President Clinton to get management of the national forests out
23 of the courts and back to the land where it belongs. The
24 President's Plan meets the objectives he set out at the Forest
25 Conference held in Portland earlier this year in April. The
26 Plan is ecologically sound. It complies with existing law. It
27 provides a balance of old growth forest protection and key
28 watershed and related ecosystem protection. It provides a

1 supply of timber available to local mills within the limits of
2 the law.

3 To try to comprise a long history of debate into a
4 very short statement, the President's Plan was presented to
5 Judge Dwyer on July 16th, in the hope, the Administration's
6 hope, that we would be able to put an end to some of these
7 hearings, to some of these impact assessments, and these
8 documents that we've been preparing over the last decade. We
9 hope that we have come up with a strategy that will put us in
10 compliance with federal law as we manage the national forests.

11 Option 9 of the President's Plan is one of ten
12 options, as you pointed out, considered in the Draft
13 Environmental Impact Statement. The ten options in the Plan
14 consider a range of management strategies for these forests,
15 and, as we mentioned, Option 9 is the preferred option by the
16 President.

17 The final plan and decision will not be in place
18 until the end of this year. However, to the extent feasible,
19 the Administration and the Agency are moving toward the use of
20 the strategy to guide the planning for future management
21 activities on the forests. The comment period for the
22 President's Plan ends on October 28th. Today, I'm formally
23 inviting you and all the folks in attendance at the hearing to
24 provide comments and participate in the process that is ongoing.

25 Before I get into a more detailed description of the
26 content of the President's Plan and its impact on Northern
27 California, I need to clarify for you the significance of
28 Assistant Secretary Jim Lyon's announcement last week, which

1 released the four Northern California forest land management
2 plans.

3 Many of you here today have been active participants
4 in the process of developing these plans, and you'll soon be
5 receiving copies of the draft documents in the mail. These
6 plans -- that are for the Shasta, Trinity, Klamath, Six Rivers
7 in the Mendocino area forests -- are the final product of 17
8 years of forest planning in this part of California. They will
9 be also subject to public comment and review, this Option 9
10 Plan, for public comment and review before they become the
11 guiding document for managing the entire array of resources that
12 we have in these national forests.

13 The individual forest plans have been developed in
14 conformance with the standards established in the President's
15 Plan, and when finalized, they will be the guiding documents on
16 which we will implement the management of forest activities on
17 the ground. The plans have been prepared consistent with the
18 National Forest Management Act of 1976, and other federal laws
19 which are applicable for the forest planning process.

20 Our comment period on the four Northern California
21 plans will be closing on January 6th. Following our full review
22 and analysis of public comment, and final adjustments that will
23 ensure that we're consistent with the President's Plan, we
24 anticipate being able to implement the California Forest Plan
25 sometime during 1994. We're genuinely interested in receiving
26 comment on these plans. So, as you are reviewing the
27 President's Plan, we also invite your review of our Forest Plan
28 and participation in our process will be taking place over the

1 next three months.

2 Now let me specifically describe to you the
3 President's Plan, its documents, and how that Plan was
4 developed.

5 One of the President's commitments when he assumed
6 his office in January was to bring some resolution to the forest
7 management gridlock that exists in the Pacific Northwest. To
8 achieve that, the President called for an ecosystem approach to
9 management. An ecosystem approach, as we define it, is one
10 which considers a strategy or plan to manage ecosystems to
11 provide for all associated organisms, as opposed to a strategy
12 or plan to manage for individual species.

13 Although we felt that we were in the bounds of the
14 law in our previous management practices, Judge Dwyer and a host
15 of other federal judges have ruled in recent years that we were
16 in violation of these and other federal laws applicable to the
17 forests in the course of the implementation of our timber
18 program.

19 Following the Forest Conference in Portland last
20 April, a team of scientists was convened by the President to
21 develop an ecosystem approach to national forest management,
22 produce management alternatives which would comply with the
23 existing law, and produce the highest contribution to social and
24 economic well being in the area impacted.

25 They have formulated and assessed ten management
26 options which are the basis for the solution to the forest
27 issues in the Northwest. Options in the plan range from a high
28 degree of protection for old-growth ecosystems and their

1 associated plant and wildlife species, to other variations which
2 offer a range of different management emphases. The President's
3 preferred choice of these is Option 9, and it recognizes first
4 and foremost that watershed management and the protection of
5 riparian streamside areas are critical elements for sustainable
6 forest management.

7 While prior strategies, such as the Interagency
8 Scientific Team report, the ISC, and the recovery plan for the
9 Northern Spotted Owl were designed to protect owls, the
10 President's Forest Ecosystem Management Team, or FEMAT, was
11 given a broader charter for species' protection, recognizing
12 that attention to watersheds, both for their importance to water
13 quality and critical fish habitats, is key to the effective
14 multiple resource management strategy for this region.

15 Both the FEMAT Team and the resulting President's
16 Plan recognize resource situations unique to California and
17 provide some forest management prescriptions specific to the
18 state that differ from those for Oregon and Washington.
19 However, we recognize that there are more differences than are
20 recognized by the Plan, and the four Northern California forest
21 plans reflect on-site and local conditions unique to our
22 individual areas. As we move toward implementation, I can
23 assure you that these unique conditions will be considered in
24 our management applications.

25 Briefly, let me just reiterate, as you mentioned in
26 your opening remarks, what the intention of Option 9 is.
27 Briefly, Option 9 provides us with: the long-term sustainable
28 level of timber harvest; it provides an approach to

1 environmental planning that focuses on watershed protection and
2 old-growth forests; it provides us with a network of reserves to
3 protect the old-growth system; it provides for improved
4 coordination among federal agencies; it also provides for
5 economic assistance, including a business development strategy,
6 established levels of financial assistance to timber-dependent
7 communities, job training, investments in watershed maintenance,
8 ecosystem restoration, research, environmental monitoring,
9 forest stewardship, and finally, Option 9 provides for continued
10 viability of all federally listed and most other late
11 successional forest-dependent plant and animal species over the
12 next century.

13 We recognize that there are a number of economic
14 effects associated with implementation of Option 9. However,
15 since timber production is the most significant commodity
16 impacted by these actions, I want to offer the following summary
17 of the impacts upon our timber programs.

18 The FEMAT report projects the President's Plan will
19 produce an average of 1.2 billion board feet from affected
20 federal lands of California, Oregon and Washington. Within this
21 Plan, there is projected to be about 152 million board feet for
22 the national forests of California.

23 As a point of comparison, we should mention that the
24 California national forests, over the past ten years, prior to
25 1991, were producing about roughly 624 million board feet per
26 year, which is a little bit more than four times what we're
27 projecting under the President's Plan.

28 An important part of the Plan is county revenue, one

1 of great interest here. Under the current income distribution
2 formula, it's projected at about \$109.7 million per year in
3 county payments would result, compared to an average of 292
4 million for the period of 1990-92. Reductions in county
5 receipts income from federal timber sold in California's
6 affected forests are projected to decrease, then, from the
7 1990-92 average of \$21.4 million to roughly \$12.5 million.

8 However, Congress has shielded counties from the
9 impacts that would be felt with the current income distribution
10 formula by providing a safety net, which we've done in previous
11 years' appropriations acts. And we understand it is again going
12 to be implemented in the 1994 appropriations act. So, the
13 drastic reductions that I mentioned are likely to be avoided
14 through the Congressional act.

15 But just to go back over, I know you're interested in
16 those numbers, if we were to apply the current formula, the
17 California share would go from \$21.4 million to 12.5 million.

18 Going now to employment levels, compared to the
19 1990-92 employment levels, a total of about 2,000 jobs will be
20 affected in Northwestern California; 1,000 of which are in the
21 timber industry.

22 There has been a lot of debate already about the job
23 impact figures which were used in the Draft SEIS. The debate is
24 centered on what period we use for comparison on job losses.
25 The SEIS used the most recent years as the relevant period for
26 comparison. If job losses were computed from peak historical
27 levels of the 1980s, which some have suggested, we would be
28 looking at four to five times greater loss than those that were

1 computed when we compared a more recent level.

2 On the other hand, timber-related job opportunities
3 under the President's Plan offer more than 60 percent higher
4 jobs than those expected if the current court injunction and
5 gridlock should continue.

6 Let's move now to land allocation and timber supply,
7 and more specifically, the President's Plan and how it affects
8 the land base that we manage.

9 The Plan recognizes -- the President's Plan
10 recognizes existing Congressionally reserved and
11 administratively withdrawn areas and allocates land to four
12 other land management categories. Those already reserved
13 administrative areas are things such as the Wild and Scenic
14 River Corridor, our wilderness areas, our national recreation
15 areas, for example. In addition to those administratively
16 withdrawn lands, we have four additional categories. We have
17 late successional reserves. We have riparian reserves. We have
18 forest matrix areas, and we have adaptive management areas.

19 In addition to and overlaying these categories, the
20 Plan designates key watersheds because of their contribution to
21 the conservation of our salmon and steelhead fisheries.

22 Timber harvest activities in the designated riparian
23 and old-growth reserves will be extremely limited. The bulk of
24 the harvest activity would occur within the forest matrix and
25 adaptive management areas.

26 Within the matrix in Northern California, we would
27 plan our harvest entirely on the basis of an 180-year rotation.
28 We would also require that at least 15 percent of the volume of

1 a given harvest unit be left uncut, which provides for
2 continuous forest recovery and permits habitat values to be
3 maintained in the matrix.

4 The Plan's adaptive management areas that are called
5 for in this Plan have been established where the local
6 communities can work collaboratively with the Forest Service on
7 the lands on compatible harvest strategies, and also emphasizing
8 actions to help revitalize their local economy.

9 To put the approximate percentage of national forest
10 areas reserved from regulated harvest in perspective, let me
11 give some additional figures. The following are the approximate
12 percentage of total national forest area that are reserved from
13 regulated timber harvest in the President's Plan. For the
14 Klamath National Forest, 75 percent of the land in this reserve
15 is reserved. In the Shasta-Trinity, 85 percent of the land is
16 reserved. And in the Mendocino and Six Rivers, 90 percent of
17 the land is reserved.

18 The timber supply from national forest lands in
19 California has experienced an erratic fluctuation and overall
20 decline in the past 25 years. The reasons for this decline are
21 many, but perhaps the most implicit of all is that the national
22 forests are managed for a multiple of purposes, and increased
23 human demands upon these lands and resources have resulted in
24 management of the land base for purposes other than timber
25 production.

26 The reduction is not simply because -- that we've
27 been experiencing in the last decade -- is not simply because a
28 species or two is imperiled and being more closely protected.

1 It is because of new scientific knowledge and the fact that the
2 forest habitats which these and a host of other species occupy
3 has been modified to the point of no longer providing a
4 functioning forest environment for all species and all human
5 needs. Thus, our land base to practice forest management has
6 been steadily reduced to lawfully accommodate the multiple of
7 highly valued human and environmental demands on this land.

8 I should mention, to put the timber harvest in
9 perspective, that California -- the demand for timber in
10 California is about 10 billion board feet of timber per year,
11 but the state is producing only 3-4 billion board feet within
12 the borders. Traditionally of that, 40 percent produced in
13 California has come from federal land.

14 California has experienced a general reduction in
15 jobs in the timber industry. The reasons for this reduction
16 include declining public timber supply due to environmental
17 concerns, as we've been discussing, modernization of mills,
18 mergers of corporate timberlands and their operations, and to a
19 minor extent, log export from private lands. These factors have
20 resulted in a major restructuring of the timber industry in
21 California and have contributed to the closing of nearly 50
22 percent of the mills in the state during the past 10 years.

23 Now, all of these factors collectively have
24 significantly reduced jobs in our rural forest communities. The
25 year-to-date level of timber-related employment has historically
26 been a roller-coaster ride in California, dependent largely
27 upon housing starts and the state of the national economy.

28 Here in Humboldt County, which is the state's largest

1 timber producer, federal timber has accounted for about ten
2 percent of the timber available to mills. Unemployment rates in
3 this county have fluctuated more widely and have consistently
4 been at higher levels than in the state as a whole. A similar
5 situation is found in other counties in the state where
6 timber-related jobs provide an important share of the employment
7 opportunities. Economists agree that the best way to stabilize
8 employment is to diversify the employment base, which is
9 definitely part of the President's Plan.

10 The President's Plan recognizes the serious
11 employment and economic issues involved and calls for assisting
12 affected communities with technical help and direct financial
13 aid.

14 I will briefly go over what these packages are.
15 You'll be hearing more about it this afternoon or later in the
16 day from Terry Gordon and the representative of the County.

17 Of the three working groups that were chartered in
18 April following the Forest Conference, the President established
19 the Labor and Community Assistance Working Group, charged with
20 the development of tools to aid individuals, businesses, and
21 communities affected by changes in federal and forest land
22 management in the region. Their work identified a five-year,
23 \$1.2 billion assistance program to help these people who are
24 affected in reductions of federal timber supply, to aid in the
25 development of new businesses, and to assist communities in
26 diversifying their economic bases, and promote the development
27 of new jobs in the region.

28 The Forest Services intends to be a major player in

1 assisting the human community element of this strategy through
2 our state and private forestry program. In the past, we have
3 managed many of our Pacific Coast national forests with emphasis
4 on their timber values, with less recognition to the multitude
5 of other uses, services, and resources available to our society
6 and economy. The President's Community Assistance Plan will
7 provide a framework to expand upon these multiple resource and
8 use opportunities.

9 Following the passage of the 1990 Farm Bill, the
10 Forest Service, along with other USDA agencies, and the State of
11 California, prepared a Memorandum of Understanding for Rural
12 Economic Assistance to Timber Dependent Communities. This
13 agreement can serve to assist delivery of the President's
14 package through existing state and federal delivery systems.

15 As many of you know, there is currently a task force
16 of government representatives, including county supervisors from
17 affected counties, who are working to develop Community Economic
18 Revitalization proposals in response to the President's Workers
19 and Community Assistance Plan. Each state will prepare separate
20 plans through local Community Economic Revitalization Teams,
21 CERTs. The local bio-regional planning groups have been very
22 effective in Northern California and will clearly have a role in
23 these plans. It's critical that, working together, sound
24 proposals will come forward from the local level which are
25 realistic and effective in assisting our rural counties to
26 regain economic stability.

27 Within the coming days, the Appropriations Conference
28 Committee for FY '94 will be considering the House and Senate

1 allocations for this economic package. I can share with you
2 that on September 14th, the Senate Appropriations Committee
3 adopted Interior Appropriations Committee amendments, which will
4 be used to implement the jobs-in-the-woods and economic
5 assistance components of the President's Plan. Twenty-nine
6 million dollars would be made available for the following
7 purposes: 14 million equally divided for watershed and
8 ecosystem restoration; 10 million for community assistance
9 programs; and 5 million for the old-growth diversification
10 initiatives, which is grants to those communities affected by
11 old-growth issues. The watershed restoration dollars will be
12 identified for those key watersheds designated in the Plan and
13 will be directed to repair and protect damaged salmon habitats
14 for at-risk salmon stocks, and also create economic activity in
15 distressed areas.

16 I've mentioned that the Plan designates Adaptive
17 Management Areas, which provide for flexible experimentation
18 with policies and management. The ten AMAs in the President's
19 Plan were located in those areas which would be most seriously
20 impacted and would have the most difficult time in adjusting to
21 the shift and loss in timber supply.

22 In California, we have two AMAs. The 400,000 acre
23 Trinity River watershed east of us here has been designated for
24 adaptive management. It's called the Hayfork Adaptive
25 Management Area in the Plan.

26 Many of you have heard of the recent local
27 government/citizens' generated initiative proposed plan for the
28 Trinity watershed. This plan has been recognized by Vice

1 President Gore as an excellent model for local citizen
2 involvement in national forest management. The initiative is a
3 consensus document which calls for protecting resource amenities
4 while providing a sustainable community base.

5 Other components of the Workers and Community
6 Assistance Plan include: retraining; diversifying resource-
7 based products and services; and restoring forest health through
8 managed harvest prescription.

9 The other Adaptive Management Area for California,
10 proposed for California, is the Goose Nest area, which is
11 170,000 acres on the Klamath National Forest.

12 A positive impact coming from the Hayfork AMA, and I
13 think some of the others as well, is the diversity of local
14 interests that are coming together to design and implement the
15 Adaptive Management practices. We have people from loggers, to
16 environmentalists, to county supervisors, who are all coming
17 together, who've not shared values together in the past, and are
18 helping prepare us for the implementation of the AMAs.

19 There are other such proposals that are coming on
20 line, many of which have had their roots in the locally driven
21 bio-regional planning councils encouraged by the statewide
22 Memorandum of Understanding on biological diversity. The Forest
23 Service co-authored and is a signatory to that MOU, and we are
24 committed to carrying out the intent and purpose of that
25 agreement.

26 The mechanics of the economic initiative package are
27 yet to be finalized, but local consensus groups formed within
28 the model of this Memorandum could very well be the locally

1 driven process which can lead to successful grassroots-driven
2 economic proposals, as well as consideration for healthy,
3 functional ecosystems. President Clinton's Plan and desire for
4 local community involvement is not inconsistent with this
5 California model, and it in fact goes beyond and provides the
6 infusion of dollars and technical support needed for
7 implementation and success.

8 We should not forget that federal law provides for
9 continued supplies of timber from the national forests, and as
10 long as current laws prevail, the national forests will provide
11 a level of sustainable supply. The law does not, however,
12 define that level, but there is no question that supply will be
13 reduced to bring timber sales into compliance with existing law.

14 It is our clear intent that the level of harvest
15 proposed in the Plan will provide for that balance which the
16 laws provide, a predictable harvest within the framework of a
17 sustained and functional forest environment. However, it is
18 also our intention that the sustainable level which emerges can
19 be relied upon and will provide a solid base as we move toward
20 more stable and diversified rural economies.

21 Finally, I'd like to discuss working relationships
22 and the role of the Forest Service with other federal, state and
23 local agencies in carrying out the intent of the Plan. The
24 technical and scientific aspect of implementation will require
25 close coordination by all resource agencies, and I believe we
26 have excellent, in-place working processes with all state and
27 federal agencies concerned, state boards and commissions
28 included. I see some fine tuning of these processes as we work

1 together on implementation of this Plan, but our basic
2 relationships are in place.

3 Because the Northern Spotted Owl and Marbled Murrelet
4 have been listed under the Endangered Species Act, we will
5 continue to consult with the U.S. Fish and Wildlife Service on
6 any activities impacting habitats within their range. Beyond
7 those species which are listed, close coordination with the
8 State of California Department of Fish and Game will be
9 necessary to monitor the species and their habitats which may be
10 at risk. We will work together to take the necessary management
11 actions to preclude future listing of additional species.

12 Again, there are in place processes, such as the State's Natural
13 Community Conservation Planning efforts, which will be useful as
14 one of the several planning models in areas of mixed
15 public-private ownerships where concern for species' welfare can
16 be considered through coordinated and cooperative resource
17 management planning.

18 Likewise, our coordination with the Department of
19 Forestry is significant. We recognize that California has some
20 of the most progressive forest practice regulations in the
21 nation. We are also very much aware that on every occasion
22 where national forest policy limits or constrains public timber
23 supply, state regulatory agencies are pressured to follow-up
24 with a strengthening of regulations on private lands.

25 It is not the intent of the President's policy to
26 stimulate further state regulatory actions; rather, we would
27 hope this Plan will help relax additional pressures upon the
28 private forest lands base.

1 We do recognize, however, the increased pressures to
2 harvest additional timber from private lands is a direct result
3 of the supply limitations from the public lands base. This
4 situation will create additional challenges for private land
5 owners and public resources managers alike.

6 If we are to truly implement ecosystem management
7 across the entire landscape, collectively we must consider the
8 role private as well as public lands play. As you are well
9 aware, there are few mechanisms in place which can facilitate
10 this consideration, and I would predict that the debate will be
11 before you in the State Legislature, and we at the federal level
12 will soon come to address the institutional changes required if,
13 in fact, it is the public will to fully accomplish that goal of
14 ecosystem management across land ownership boundaries.

15 I will assure you that we're committed to cooperate
16 with the state to mitigate associated impacts within our
17 authority, and there may very well be occasion to modify federal
18 standards consistent with the state imposed regulatory
19 standards. The joint state-federal planning effort for the
20 California Spotted Owl is looking at ways to do this very thing,
21 with the overall objective of preventing the degradation of
22 Spotted Owl habitat and the consequence of possible listing
23 under the Endangered Species Act.

24 In conclusion, let me say that the President's Plan
25 is a courageous step toward ecosystem management of our federal
26 lands. Implementing the Plan will be part science and part
27 experimentation, as we try new approaches to management and
28 apply new methods and techniques.

1 In the implementation of this Plan, the Forest
2 Service cannot be totally successful in conducting ecosystem
3 management across a landscape which is bound by administrative
4 and political boundaries and mixed land ownerships. We have to
5 rely on all agencies and interests as full partners to see that
6 healthy ecosystems become a reality on both the national forests
7 and ecologically significant adjacent lands. This can only
8 happy by our working together.

9 Overall, we hope our current model of coordination
10 with state and other federal agencies will continue and be
11 strengthened where necessary. Our discussions today about a
12 bold and aggressive new Plan help resolve the gridlock over
13 national forest management. We intend to do our part, and we
14 will continue to work with the State of California, your state
15 and local agencies, and the public to successfully implement
16 this Plan.

17 We must also understand that the supply of public
18 timber from national forest lands will not see the levels many
19 of us have accustomed to over the past 20 years. And with this
20 reduction in supply, we recognize the dramatic changes and
21 effects to the rural community structure and its individual
22 members. Please understand, too, that Forest Service employees
23 are part of this community. We, too, are affected on a personal
24 level from the changes that are occurring in federal land
25 management.

26 Recently, some of you have spoken individually or
27 have heard comments from Assistant Secretary of Agriculture, Jim
28 Lyons, Tom Tuchmann, the Special Assistant to the Secretary of

1 the Interior, and Peter Yu of the President's Economic Council.
2 From these discussions I'm sure you are aware that they are --
3 how committed they are to help bring a workable and legal plan
4 to closure for California. These individuals and those of us
5 who are charged with implementing Option 9 cannot achieve our
6 goal without the assistance of state and local governments and
7 the citizens that make up all of California. We're confident
8 that with your help, we can make this Plan work.

9 That completes my statement, and I would be pleased
10 to answer questions with the help of Mr. Skinner and Mr.
11 Greiman.

12 CHAIRMAN THOMPSON: Senator Marks.

13 SENATOR MARKS: Did you say that the federal plan
14 calls for the allotment of one-quarter of the amount taken from
15 the forest now? Did you say one-quarter?

16 MS. KETELLE: In terms of land base that we're
17 operating on? Are you --

18 SENATOR MARKS: The federal plan calls for taking of
19 one-quarter of the lumber that's taken now.

20 MS. KETELLE: That is correct. That is, the
21 projected harvest levels in the California forests would be
22 about 25 percent of what they have been in the last decade.

23 SENATOR MARKS: How do you expect the forests to get
24 along with that?

25 MS. KETELLE: We'll be managing very differently.
26 We'll be -- are you asking how the forests, or how the
27 communities will get along?

28 SENATOR MARKS: How the communities will get along.

1 MS. KETELLE: We recognize that there will be an
2 impact on the community, which is why the President's Plan
3 includes the economic component that it does.

4 CHAIRMAN THOMPSON: Can you give us an idea of how
5 152 million board feet, allocated among the four U.S. forests in
6 our region, how that's going to be allocated?

7 MR. SKINNER: I'm Mike Skinner, Regional Economist
8 and Planner from the regional office.

9 The 152 is broken down in the Draft Forest Plan that
10 we just released, which implements Option 9 at the forest level:
11 60, 60, 20 and 12 are the numbers. The Klamath and the Shasta-
12 Trinity are both at 60; Six Rivers at 20; and the Mendocino at
13 12.

14 CHAIRMAN THOMPSON: Did you say Six Rivers as well?

15 MS. KETELLE: Six Rivers is at 20, and the Mendocino
16 is at 12.

17 MR. GREIMAN: In comparison -- I'm Harley Greiman,
18 the Foresters Representative.

19 The forest plans had 252 million -- or, 247 million
20 distributed amongst that same area. In the President's Plan is
21 152, and we hope that that stays somewhere between there when we
22 finalize those forest plans.

23 CHAIRMAN THOMPSON: What was Shasta-Trinity?

24 MR. GREIMAN: Sixty million; Klamath, 60 million.

25 CHAIRMAN THOMPSON: That's achievable, given the high
26 percentage of reserved --

27 MR. GREIMAN: We anticipate that it's achievable if
28 we follow the forest plan. It's what we now call the probable

1 sale quantity that we hope to offer each year.

2 But it's also important that we do move right away
3 into our analysis and planning efforts to get the forest up to
4 speed with our EIS information and apply the science on the
5 ground. So, I wouldn't expect a major change in getting these
6 sales moving until later next year at the earliest.

7 CHAIRMAN THOMPSON: So, you said in your testimony
8 that October 28th would be the final day for the public --

9 MS. KETELLE: On the President's Plan, the public
10 comment ends.

11 CHAIRMAN THOMPSON: Implementation in California is
12 going to begin in 1994. Can you tell me again what has to
13 happen before implementation, and when in '94?

14 MS. KETELLE: The actual implementation will come
15 about through the implementation of the forest plans, the draft
16 forest plans. So, following the closure of the President's Plan
17 comment period, our comment period goes on for another 60 days,
18 roughly into January.

19 At the end of the public comment period on the
20 California forest plan, we'll take that comment, along with the
21 final FDIS from the President's Plan, and we will prepare the
22 final document, the final management plan for the four
23 California forests, which takes -- Mike's done this. I think it
24 takes about six months from the closure of the comment period to
25 the preparation of the final, which would put us into early
26 summer of '94 to begin implementation.

27 MR. GREIMAN: That's why we can't predict those final
28 numbers until those four plans are finalized.

1 And by the way, we are ahead of Oregon and Washington
2 National Forests with the release of these four plans.

3 I'd like to re-emphasize what Supervisor Ketelle
4 said, that the Assistant Secretary of Agriculture, Jim Lyons,
5 made a commitment to see that there is some kind of a consensus.
6 And as new information is developed for finalizing these plans,
7 we will go with whatever changes are necessary in California to
8 meet the intent of the President's Plan.

9 So, we're all encouraged that we can work with
10 everyone on this thing to come up with some final plan.

11 CHAIRMAN THOMPSON: Senator Marks.

12 SENATOR MARKS: What are the economic plans that are
13 developed to help the communities survive the diminution of
14 lumber?

15 MR. GREIMAN: There's three major authorized programs
16 that we have that have been authorized under the 1990 Farm Bill,
17 actually. There's the Community Assistance Program that
18 provides money for reinvestment opportunities and --

19 SENATOR MARKS: How much?

20 MR. GREIMAN: How much will that be? Well, in the
21 current budget, a total of 29 million that went -- that's gone
22 to the Congress committee. That should be heard in Congress, I
23 think it's the appropriations bill, this week. Of that 29
24 million, I believe there were about 14 million set up for soil
25 and water restoration programs to these rural communities; about
26 10 million of rural economic diversification dollars; and about
27 5-6 million of what we call old-growth diversification funds.
28 That's money that goes direct to the community as a grant, full

1 grant, to those communities affected by old-growth timber supply
2 limitations.

3 SENATOR MARKS: Are those funds to be used to help
4 the unemployed?

5 MR. GREIMAN: Indirectly. There's no direct dollars
6 going to unemployment. They are those community development
7 initiatives.

8 SENATOR MARKS: What other funds are available?

9 MR. GREIMAN: There would be available as soon as the
10 President signs it and it gets out of committee the
11 appropriations bill. And it should have been October 1, but we
12 did get an extension into the fiscal year '94. So, I would say
13 by the end of the month, we would hope.

14 SENATOR MARKS: You don't know how much that will be?

15 MR. GREIMAN: We're expecting 29 million total. But
16 remember, not to be pessimistic, but that 29 million's spread
17 over the Northwest: Oregon, Washington and California. A
18 percentage will be split up between those three states based on
19 significant economic need.

20 MS. KETELLE: Let me just add a little bit to that.

21 One of the ways that we're trying to move toward
22 implementation of the President's Plan is to begin the
23 evaluation on the forests of those areas that may qualify for
24 restoration. And foremost in our minds when we're doing this is
25 to prioritize where we can get the most restoration for the
26 dollars spent. And also, we're thinking about the way we can
27 link to local communities to make some of these jobs in the
28 woods when we're actually moving into restoration on our forest

1 lands. We're trying to figure out how we can provide the base
2 for these economic revitalization programs, re-training, some
3 opportunities for people, outplaced workers.

4 SENATOR MARKS: Don't you visualize a lot of
5 unemployment as a result of the Plan?

6 MS. KETELLE: A lot of unemployment has resulted
7 already. These levels of timber harvest, at least on Six
8 Rivers, have been extremely depressed since 1990. We haven't
9 sold more than 10-11 million board feet for the last three
10 years. So, in actuality, if we can move into implementation of
11 Option 9 and work back to the 20 million level, we would
12 actually be creating additional jobs.

13 SENATOR MARKS: Additional jobs over what you now
14 have?

15 MS. KETELLE: Over what we are contributing at this
16 point.

17 MR. GREIMAN: At this point with the court
18 injunction, of course, which is very little if anything.

19 CHAIRMAN THOMPSON: Using right now as the base.

20 MS. KETELLE: Yes.

21 MR. GREIMAN: That's the part of the text that's
22 under debate at this time. There was such a decline in the '80s
23 as well, where does that start? The owl was listed in '91.
24 Since that time, it's been stabilized because of the court
25 injunction, very little coming out.

26 SENATOR ROGERS: Just a couple of questions.

27 Martha, you identified yourself and Harley and Mike
28 Skinner.

1 No one identified the gentleman on the far end. If
2 he's going to be part of launching this governmental Titanic, he
3 ought to at least get some recognition.

4 MS. KETELLE: I think he's going to have time to give
5 a statement here.

6 SENATOR ROGERS: Okay.

7 My question is, you mentioned Community Economic
8 Revitalization Teams are being formed?

9 MS. KETELLE: CERTs.

10 SENATOR ROGERS: Do you have one here for Humboldt
11 County, this area?

12 MS. KETELLE: I understand that there is a Northern
13 California CERT that's beginning to come on, and it's co-chaired
14 by Anna Sparks and Francie Sullivan from Shasta -- Anna's from
15 Humboldt and Francie's from Shasta County.

16 SENATOR ROGERS: Are they here today?

17 MS. KETELLE: Anna, if she's not here -- Anna's
18 coming and will be giving a statement.

19 SENATOR ROGERS: I just wondered if they were going
20 to be part of the hearing. That's good.

21 Thank you, Mr. Chairman.

22 CHAIRMAN THOMPSON: In your statement, you mentioned
23 -- well, I'll read it:

24 "It is not the intent of the President's
25 policy to stimulate further state
26 regulatory actions; rather, we would hope
27 this Plan will help relax additional
28 pressures upon the private forest lands

1 base."

2 Can you kind of explain how that works a little bit for me? My
3 impression was, it's packed pretty tight, and if you push any
4 place, it's going to bulge somewhere else. So, to think that
5 this is going to actually relieve pressure on private lands, I
6 would think it might bring about additional pressure on private
7 lands.

8 MS. KETELLE: I'll let Harley handle this.

9 MR. GREIMAN: Well, clearly that is another very
10 contentious point of the Plan. The intent originally was to
11 place the burden of species viability on the public land base.
12 However, we all know -- I don't know what you remember. I grew
13 up in the State of Iowa. We used to squeeze the plastic bag of
14 margarine and chase that yellow bubble all over the place.

15 Well, I think we're doing the same thing right now
16 with the timber supply. That's why we're very much interested
17 in trying to work with the State of California Board of
18 Forestry, the California Department of Forestry and others, to
19 work, coordinate, and cooperate on where the relief bills may
20 fit. Because clearly, there's a tremendous impact and demand
21 upon the private lands right now, no question; small ownerships
22 as well as industrial ownerships.

23 We do recognize that to really do functionally
24 competent ecosystem management, we can do our part on the
25 federal land under federal law, but we know we have to cooperate
26 and coordinate with other land owners.

27 Where we're going to find these functional
28 ecosystems, and how we're going to work is still yet to be

1 decided. That's certainly part of the long-term public policy
2 issue.

3 SENATOR ROGERS: What's the ratio we're talking about
4 of private or non-industrial ownership versus national?

5 MR. GREIMAN: The land base in California is 100
6 million acres. We have 20 million acres of national forest.
7 Other public lands, of course, make up about a total of 46
8 million in the state. Of the 20 million national forest, we
9 have, interestingly enough, about 3.8 million acres available
10 for timber harvest right now, out of that total 4 million acre
11 base. There's about 4 million acres in the state that's
12 designated for wilderness, and that leaves another 10-12 acres
13 for all kinds of other uses.

14 Interestingly, in 1985, our timber allocation was
15 about 7.5 million acres. And we've more than half -- decreased
16 by half the amount available to practice forest management on
17 national forest lands in California.

18 SENATOR ROGERS: What about the non-industrial
19 private ownership?

20 CHAIRMAN THOMPSON: Within private ownership, there's
21 non-industrial.

22 SENATOR ROGERS: That's right, because you've got the
23 large lumber companies plus the small ones.

24 MR. GREIMAN: I think there's a total of about 17
25 million acres of productive forest lands in the state.

26 I believe Bob Ewing here, who actually wrote the
27 Forest Range Assessment Report, could better define that later
28 one. I believe it's a total of 17 million.

1 CHAIRMAN THOMPSON: Assemblyman Hauser.

2 ASSEMBLYMAN HAUSER: I think a real key in discussing
3 this, particularly in Humboldt County, about 10 percent of the
4 supply has come off of public lands, i.e., Six Rivers National
5 Forest principally, and 90 percent came off of private lands.

6 So again, these historical figures give you a
7 relationship, at least in this part of the world. But that's
8 going to vary over in the Shasta-Trinity. You have probably
9 almost the opposite at times.

10 MS. KETELLE: True.

11 ASSEMBLYMAN HAUSER: Again, in the coastal areas in
12 particular, the great preponderance of supplies have been on
13 private lands. And that, of course, is where the state
14 regulations will have the greatest impact.

15 CHAIRMAN THOMPSON: Thank you.

16 If I could ask you to comment, has there been any
17 discussion on small business set-asides? Are the small mill
18 owners going to be able to have a guaranteed piece of the pie?

19 MR. GREIMAN: There has been. There's been nothing
20 proposed, but I wouldn't be surprised to see some proposals to
21 limit bonding requirements on small business because that is one
22 of the most difficult parts of the timber sale contract for
23 small business owners to enter. It's very hard to come up with
24 a large capital bond right now.

25 CHAIRMAN THOMPSON: Bonding requirements
26 notwithstanding, it seems to me that there's at least a danger,
27 because of the limited amount of sales, that small guys would be
28 pushed right out of the market and caused to fold up shop.

1 MR. GREIMAN: Exactly, and we recognize that there's
2 a tremendous inventory in small ownerships out there. And
3 without us able to use that small ownership inventory to help
4 meet the entire state supply, small ownership, large industrial
5 ownership, and that share from the public land, it will affect
6 the small business owner.

7 As the mills consolidate and become fewer and fewer,
8 that limits the opportunity for them to diversify their business
9 and to compete in the marketplace, no question.

10 CHAIRMAN THOMPSON: So, the answer --

11 MR. GREIMAN: It impacts small ownerships.

12 CHAIRMAN THOMPSON: There's been discussion, but
13 that's as far as it's gone?

14 MR. GREIMAN: That's exactly right, on the federal
15 issue of maybe we could help with small business set-asides,
16 those kinds of things.

17 CHAIRMAN THOMPSON: Senator Rogers.

18 SENATOR ROGERS: Has there been any attempt to maybe
19 exempting them completely?

20 MR. GREIMAN: I haven't heard that.

21 SENATOR ROGERS: Leave them alone and let them do
22 their business without any interference from the government?

23 MR. GREIMAN: Well, that would basically be under the
24 Board of Forestry's rule-making, but it wouldn't affect the
25 federal lands.

26 SENATOR ROGERS: You're right.

27 MR. GREIMAN: Today they're looking at the three acre
28 exemption.

1 ASSEMBLYMAN HAUSER: One quick follow-up.

2 You were earlier discussing the economic assistance
3 locally. One thing that I hope in developing your plans that
4 you'll do, take a look at what the state has done historically,
5 at least in the last few years, with our monies for restoration
6 projects and give significant preference to out of work
7 fishermen and loggers, rather than outside firms coming in.
8 This is one way of direct revitalization assistance, and again,
9 we have the precedence in state law that you might want to take
10 a close look at for establishing the federal regulations.

11 MR. GREIMAN: Good suggestion, and we do hope to keep
12 the criteria at the local level.

13 SENATOR MARKS: It seems to me that \$29 million is
14 very little; very little when you talk about this area covers
15 the whole Pacific Northwest. Very little to try to help the
16 economic situation in this part of the area.

17 MR. GREIMAN: That's correct, \$29 million is a very
18 small portion.

19 As we mentioned earlier, the total package is \$1.2
20 billion over five years, proposed. In Congress this year, this
21 fiscal year 1994, will be approximately \$29 million, but we'll
22 wait and see what the conference committee does.

23 SENATOR MARKS: It seems like a drop in the bucket.

24 MR. GREIMAN: It is a small part.

25 CHAIRMAN THOMPSON: Harley, are you going to testify?

26 MR. GREIMAN: No, I'll defer to Phil.

27 MR. DIETRICH: My name is Phil Dietrich. I supervise
28 the Forest Species Group of the Sacramento field office, U.S.

1 Fish and Wildlife Service.

2 I was a member of the cast of thousands that produced
3 the Forest Ecosystem Management Assessment. I'm on the Fish and
4 Wildlife Service's 4(d) Rural Team.

5 For those reasons, the Regional Director and State
6 Supervisor Wayne White asked me to provide testimony today,
7 perhaps being able to answer more specific questions than they
8 would have been able to.

9 You asked me in your letter to comment on the effects
10 of the President's Plan on wildlife and also to describe the
11 4(d) rule. I'll start out with the federal strategy.

12 First, I should say that due to some scheduling
13 problems, as Mr. Lane is aware, I have not yet submitted written
14 testimony. We will be doing that as soon as possible. Sorry
15 about that.

16 The President's strategy will have positive benefits
17 to wildlife species throughout the Northwest. The late
18 successional reserves that are proposed under the Plan in
19 California include about 30 percent more suitable habitat for
20 Spotted Owls, for instance, than does the Draft Final Recovery
21 Plan for that species.

22 However, I should make it clear, this is something
23 that many people are not aware of, that in the short-term, the
24 late successional reserves that have been designated are only --
25 they certainly are not a majority of late successional forests
26 within those designations right now. As a result of past forest
27 patterns, there are extensive young stands in those late
28 successional reserves. So, the fact that we're implementing a

1 system of reserves does not mean that there is that total
2 acreage of older forests currently in those reserves.

3 And that leads to some continued concern over the
4 short-term viability of the Plan while we wait for the timber to
5 grow back.

6 Now, the obvious question: why did the Forest
7 Ecosystem Management Assessment Team feel that more acreage was
8 needed in late successional habitat than was recommended by the
9 recovery for the Northern Spotted Owl? And the answer is that
10 there -- this system is designed to provide for far more species
11 than just the Northern Spotted Owl and the Marbled Murrelet, two
12 listed species in the Pacific Northwest forest environment.
13 It's designed for mammals: fur bearers, bats. It's designed
14 for amphibians; it's designed for lichens and mosses.

15 And it's important to remember that the Dwyer
16 injunction is not an Endangered Species Act case that dealt with
17 the Northern Spotted Owl. It's a NFMA case, a National Forest
18 Management Act case, that concerned the viability of many other
19 species under the originally proposed strategy for the Owl. The
20 judge asks: is what you're proposing for the Owl enough for the
21 other species that are out there?

22 And when that was assessed by the Forest Service and
23 then subsequently by FEMAT, the answer was no, that to actively
24 provide for the remainder of these species, that the only way
25 late successional -- that larger reserves are needed. That's
26 evidenced by the fact that we recently were petitioned to list
27 83 species of mollusks -- snails, clams, et cetera -- that are
28 associated with late successional forests, and that waiting in

1 the wings was the Coho Salmon. These are species -- the Coho,
2 only part of its life history, obviously a very important one.

3 So, the fact that we have designated these reserves
4 does not mean that we're, quote, "out of the woods" in terms of
5 management of endangered species.

6 I would comment, however, though, that in particular
7 with response to some of the comments you had at the hearing in
8 Sacramento, there seems to be a perception that the Service
9 lists species rather indiscriminately. And I might mention
10 several species that do occur in forest environments which
11 demonstrate the Services does not list indiscriminately.

12 We did list the Northern Spotted Owl in 1990, and the
13 Marbled Murrelet more recently. Back in 1991, we denied a
14 petition for the Pacific Fisher, which is a fur bearer living in
15 the forest environment. We denied a petition for the Northern
16 Goshawk, a bird of prey in the forest environment. We denied a
17 petition to list the Pacific Yew, which is a tree which probably
18 most of you are familiar with, the source of taxhol, a cancer
19 inhibiting drug. And recently we denied a petition to list the
20 Western Pond Turtle, which is only peripherally associated with
21 forests but could have some impact.

22 All of these were actions based on evaluation by the
23 Service.

24 SENATOR ROGERS: Just on that point, were the
25 petitioners all the same for each of these?

26 MR. DIETRICH: No, I believe they were all different
27 parties, yes.

28 So, what does Option 9, the President's strategy,

1 mean for the future? I think it would in particular mean a much
2 greater degree of watershed analysis before action took place.
3 The effects on sediment input and temperature of streams related
4 to forest activities has been well demonstrated.

5 Also, another aspect of the watershed analysis which
6 has not been addressed, but I think very important to these
7 other species idea, is that the watershed analysis will also
8 include analyses away from the stream course itself. When we're
9 looking for special habitat springs, it seems the kind of
10 environment where some of these other species occur.

11 One of the most, to me, exciting benefits of the
12 President's strategy is the emphasis on interagency cooperation.
13 In the past, for instance, the Forest Service would plan a
14 timber sale and send it to my office for consultation. That
15 often resulted in requests for more information and delays in
16 the process.

17 Under the President's strategy, there's increased
18 emphasis on my agency, Fish and Wildlife Service, getting in on
19 the ground level, participating in the planning, so that those
20 problems don't come up. And that exercise has already begun,
21 although, of course, the strategy itself has not been
22 implemented. It's still in public comment. But the agencies
23 realize that that's a very important part of the way we'll be
24 doing business in the future. I'm already working with Martha
25 Kettle and the other forest supervisors, and will bring us a
26 little closer to that planning process.

27 So overall, I'd have to say that the effect on
28 wildlife of the Plan will be positive, especially in the

1 long-term. In the short-term, there remains some concern about
2 bridging the gap left by the harvest rates of the past,
3 especially with regard to some of the other species about which
4 we know less than we do the Spotted Owl.

5 Now, with regard to your question on the 4(d) rule,
6 Section 4(d) of the Endangered Species Act provides the option
7 to promulgate special regulations for species which are listed
8 as threatened, as is the Northern Spotted Owl and the Marbled
9 Murrelet. And under the language of the Act, such a rule
10 provides for the conservation of that species.

11 Ecosystems, as I'm sure you're aware, do not end at
12 the boundary between federal lands and nonfederal lands. So,
13 the Administration and the Fish and Wildlife Service, other
14 agencies, feel it's important to extend the concept of ecosystem
15 management, to the degree that it is possible, in a very complex
16 environment of state regulations and private property rights.
17 To that end, the 4(d) rule that is being hammered out right now
18 hopes to relieve regulations upon nonfederal lands to the
19 greatest extent possible, while still not precluding the
20 recovery of the species and, where necessary, providing benefits
21 towards the conservation of the Northern Spotted Owl.

22 CHAIRMAN THOMPSON: Is this tantamount to an
23 institutional take? Can you explain what it is you're going to
24 do to accomplish this?

25 MR. DIETRICH: Here is the -- because the rule is in
26 development, I can't discuss the details of it at this point.
27 And we have been through seven or eight different iterations of
28 strategies on how it might be laid out on the landscape in all

1 three states: Washington, Oregon and California. We have gone
2 through an extensive evaluation of Option 9 to see exactly what
3 Option 9 does provide toward recovery. We are currently
4 involved in evaluation of the existing state regulatory
5 framework, what they contribute, and also evaluating the biology
6 of the species on nonfederal lands.

7 We have discussed the biological problems and the
8 potential concepts to be included in the rule with industry
9 biologists, with the resource agencies with all three states,
10 with representatives of environmental groups. Also, we brought
11 in members of the Northern Spotted Owl Recovery Teams and
12 representatives from the Forest Ecosystem Management Assessment
13 Team to determine what the level is.

14 SENATOR ROGERS: On that, did you happen to bring in
15 any representatives from the private sector?

16 MR. DIETRICH: Yes, we had biologists from the timber
17 industry who provided input early in the process.

18 We are trying to be very careful procedurally.
19 Clearly, a rule that would be very general would be difficult to
20 assess the impacts of under the National Environmental Policy
21 Act. So, we are -- it's a difficult balance between progress
22 toward recovery and reducing regulations to the greatest extent
23 possible.

24 Now, in regards to your question, Senator Thompson,
25 one of the possible ways that such a rule could act would be to
26 authorize or, let's say, to remove the prohibition on take from
27 certain areas where appropriate. That is one of the strategies
28 that's being considered in certain parts of the range, but I

1 can't be, at this point, more specific about how that might
2 proceed.

3 I will say this, that the 4(d) process with respect
4 to California in particular will recognize the situation with
5 the Northern Spotted Owls in managed timberlands in this state,
6 and it will recognize the contribution of the state regulatory
7 process under the rules of the Board of Forestry, and recognize
8 the contributions of the timber industry with the research
9 they've been doing over the last several years.

10 Given that, however, I simply cannot be more specific
11 at this point.

12 CHAIRMAN THOMPSON: When will we have a more
13 specific idea of what's going to happen?

14 MR. DIETRICH: This morning I was told that the
15 current goal is to publish a proposed rule in early November.
16 However, we are still gathering a lot of input and balancing, so
17 we have seen a deadline.

18 CHAIRMAN THOMPSON: If that's published in November,
19 then there'll be opportunity for public review and comment?

20 MR. DIETRICH: Right, public comment period after the
21 proposed rule, and incorporation of the comments into the final
22 rule.

23 CHAIRMAN THOMPSON: Any questions?

24 Thank you very much.

25 Next we are going to hear from the next panel, the
26 state assessment of the forestry component and implications for
27 private harvests. We'll hear from Doug Wheeler, Secretary of
28 the Resources Agency, State of California; and Robert Ewing,

1 Chief, Strategic Planning Program, California Department of
2 Forestry and Fire Protection.

3 MR. WHEELER: Thank you, Mr. Chairman. Would you
4 prefer that we be up here?

5 I'm Doug Wheeler, Secretary for Resources. I have
6 just asked that my statement in its entirety be distributed to
7 you. I'd like, with your permission, to summarize it, if I
8 could.

9 And I also note, as you've already indicated, I'm
10 accompanied by Bob Ewing, who is the Director of Strategic
11 Planning for the Department of Forestry and Fire Protection, and
12 by Jim Brown, who is the Deputy Director of that Department.

13 My purpose this morning is to share with you briefly
14 an overview of the history of the state's efforts to protect and
15 manage our forests, our preliminary evaluation of Option 9 as it
16 will effect timberland in the state and other resources, and
17 then bring you up to date on some of the current and very timely
18 developments relative to the state's regulatory process.

19 I think you all appreciate, because many of you have
20 been involved, including Mr. Hauser specifically, in these
21 battles over the last two or three years, that from day one, the
22 Governor has been committed to finding a way in California to
23 implement a program of sustainable forestry, which, as it was
24 originally proposed, included limits on clear cutting,
25 protection of habitats for values other than their economic
26 value, but for sustainable management of the timber resource
27 itself, and for assistance, economic assistance to
28 timber-dependent communities.

1 That effort, which led ultimately to the proposal of
2 a Grand Accord, and those principles are the prism through which
3 we have attempted to evaluate Option 9 and its impacts in
4 California. We have tried to make clear throughout the process
5 to our federal counterparts that there are distinguishing
6 characteristics of California's economy and of California's
7 forests that needed to be borne in mind. First and foremost, as
8 you all appreciate, this is a region in the Klamath province
9 which is distinct from a fire and forest environmental
10 standpoint than others of the forests which are embraced by
11 Option 9 in Oregon and Washington.

12 Second, as has already been noted here, we are a
13 state already well advanced in our regulation of forests on
14 private lands, which regulation, I think, is largely recognized
15 to be among the most progressive in the country.

16 Third, we have and will continue to be hard hit
17 economically by any substantial decline in timber harvest on
18 public lands, and that that means for all of us the need to take
19 into account the effects of these cuts on timber-dependent
20 communities.

21 Finally, that we are strict adherents of what I have
22 described, and others today have already described, as ecosystem
23 management -- the need to very carefully integrate the state's
24 effort of management of timber on private land and the federal
25 effort on public land.

26 We have conducted an evaluation of Option 9 in those
27 regards which is ongoing pursuant to direction from the
28 Governor, and which evaluation reflects his priority, given to

1 ecosystem management and to sustainable forestry. We are
2 prepared to share with you this morning the preliminary results
3 of that evaluation but not the final product, because, like
4 everyone else who has been invited to comment, we are still in
5 preparation of our documents to be submitted within the comment
6 period.

7 I want to underscore that not just for the state, but
8 for everyone who has a stake in this process, this comment
9 period, and the comment period on the Forest Plan, the component
10 Forest Plan, represents an important opportunity for public
11 participation in the process, and to raise many of the issues
12 which you've heard here and addressed today, and which have
13 concerned many of us throughout the Klamath province.

14 Let me talk about four of our concerns based on this
15 preliminary evaluation of Option 9 in quite general terms, and
16 then, if you have specific questions about those, Bob and I
17 would be happy to respond to them.

18 First of all, and we regard these as deficiencies in
19 the Plan as it is presently configured. First, and I think of
20 considerable significance to the communities of this region, is
21 what we consider to be inadequate funding mechanism. Senator
22 Marks has already made reference to the fact that we will need a
23 substantial offset for the jobs and for the timber that is lost
24 as a consequence of the implementation of Option 9.

25 And while we acknowledge that President Clinton's
26 Plan, which offers promise of \$1.2 billion, is a step in that
27 direction, we're concerned about the delivery of the first and
28 subsequent increments of that assistance, and that it actually

1 reach the communities which need it most.

2 There is a second element. I might say that of the
3 1.2 billion, it is scheduled that 275 million will be available
4 in fiscal year 1994, which is the first of a five-year program,
5 and then a portion of that will come to California. Under the
6 terms of a memorandum which has been proposed to us by the
7 federal government, California would be guaranteed 15 percent of
8 the total, as would the other two states, and that we would
9 compete for the balance. So that we'd have about 45 committed
10 pro rata among the states, and then maybe 55 would be available
11 for competitive --

12 CHAIRMAN THOMPSON: Is there any indication as to how
13 that competition would be held?

14 MR. WHEELER: It is going to be held on the basis of
15 criteria which are established in the memorandum. And I can
16 just respond to the question by saying at this point, also, that
17 the group of citizens which comprise this Community Economic
18 Revitalization Team, although not formally recognized as yet
19 because the document has not yet been signed by the Governor,
20 has been at work since July. There are representatives from
21 each of the eight counties, and I had the pleasure of meeting
22 them this morning.

23 I am very encouraged by the fact that, without regard
24 to location, without regard to the individual circumstance of
25 these counties, without regard to politics, these supervisors,
26 each of them representing a county of the eight-county region,
27 are working collaboratively on the development of a strategic
28 plan. They will have responsibility under the memorandum that

1 is to be signed by the Governor for guiding the expenditure of
2 those funds and for making sure that the promise of Option 9, a
3 least on the economic side, is realized.

4 But this is a very important effort. They have
5 disagreements on the resource management side, as we all do, but
6 they are unified to a man and woman on the necessity of
7 developing a cohesive and coordinated economic strategy which
8 will assure that California receives its fair share of those
9 funds, and that this region gets money in places where it can
10 really be used.

11 So, that's a point, how the money is to be allocated,
12 and whether it, in fact, reaches the intended beneficiaries.

13 A second economic implication of all of this is the
14 fact that by reason of the fuel loading, which will occur on
15 public lands, there will be increased costs associated with fire
16 suppression, both on public and private lands, which cost is to
17 be borne in some unexplained way by state and county
18 governments, as we proceed through implementation of Option 9.
19 That's a second part of the economic puzzle, it seems to me.

20 Second, we are committed to bio-regional management,
21 and that means to us the importance of ecosystem planning, and
22 not a planning which is species specific. By definition,
23 because of the way in which Option 9 was designed to meet the
24 mandates of the Federal Court, the focus is on individual
25 species, although there are attendant incidental benefits. But
26 principally the owl, as you've already heard, and the Murrelet.
27 This gives us the kind of reserve system which has been proposed
28 and which is, in our judgment, not representative truly of

1 ecosystem management as we have tried to achieve it across
2 private land through the state's regulatory process.

3 The third concern, and it's related to the second and
4 has already been acknowledged by the representatives of the
5 Forest Service, is that we are talking here, no matter how
6 extensive the planning process, about 15 percent. You heard the
7 figure of 10 percent on the cut. We estimate that about 15
8 percent of the land area of the forests of this province, of the
9 Klamath province, are publicly administered. The remaining 85
10 percent are privately owned and are subject to the regulatory
11 authority of the Board of Forestry. And that Option 9 does not
12 recognize the need to integrate planning across those lines, as
13 ecosystem planning would have us do.

14 By definition, we're talking about a set of rules now
15 for 15 percent of the land, and another set for 85 percent. And
16 it is a deficiency, I think, of Option 9, an institutional
17 problem, if you will, that these two planning efforts have not
18 been coordinated.

19 And finally, I've already touched on the question of
20 fire. We don't think that there has been adequate attention
21 given to the consequences of fuel loading, which will result
22 from new harvesting regimes, upon fire and fire suppression, and
23 the burden that that will cause both in terms of a management
24 problem and in terms of the financial implications.

25 I talked about --

26 CHAIRMAN THOMPSON: How do you propose to deal from
27 the state perspective with the increased fire problems?

28 MR. WHEELER: Well, we have got to seek relieve from

1 the federal government in ways that have not yet been
2 forthcoming, or at least have not yet been contemplated by the
3 announced content of Option 9. It's clearly not a burden that
4 we or the counties can afford to assume because of actions taken
5 by the federal government.

6 So, in our comments to the federal government about
7 Option 9, we're going to raise this point, as we have raised it
8 in our preliminary discussions with them, in hopes that they
9 will provide some assistance for meeting what is essentially
10 either a federal responsibility, or a responsibility which
11 accrues to the state and the counties as a result of federal
12 actions.

13 I talked about our commitment to bio-diversity and
14 the need for regional planning. One of the most encouraging
15 aspects of the discussions within this province as a result of
16 the memorandum on bio-diversity has been the emergence across
17 this region of bio-regional planning groups or watershed
18 alliances, each of which has begun to develop a consensus. It's
19 a reflection of the same consensus which I saw this morning
20 among the eight supervisors here who have come to the
21 realization that the future of these communities depends on
22 cooperation and constructive engagement, and not on continued
23 confrontation or argumentation over whether it's a jobs or owls
24 issue. How best to achieve what we all want, essentially:
25 economic development which is sustainable, and appropriate
26 recognition of the environmental values in our forests.

27 And in community after community across this region,
28 and I've detailed for you in my statement some of the examples

1 of this, we're seeing erstwhile combatants coming together,
2 realizing that their future destiny is inexplicably tied to the
3 way in which they can resolve this issue at this point, and to
4 make those views known. We have encouraged local citizens'
5 groups, including those bio-regional councils, to express
6 themselves on the point at issue in Option 9, and in the Forest
7 Plans. And that this is a plan in which their intervention, we
8 are told by the federal government, would be well received.

9 Those of us who were at the meeting in Portland heard
10 very clearly, and I think appropriately, the message of the
11 President, which was that each of us in our communities should
12 return to those communities and work out these issues, such that
13 we arrived at consensus, and could then share the consensus with
14 the federal authorities.

15 Clearly, for consensus to work at the grassroots, as
16 the Governor and all of us want it to work, we've got to have
17 the engagement and the active participation of the federal
18 establishment. We've asked for that and have received that
19 cooperation to a large extent.

20 All of this occurs as we attempt, on the state side,
21 to move forward with our regulatory process to embody those
22 principles which the Governor first established. And as we
23 speak, the Board of Forestry is considering the last of a
24 three-part rule package which will enhance our ability to manage
25 privately timber on private lands along ecosystem lines, while
26 recognizing that there are distinguishing characteristics from
27 ownership to ownership, while emphasizing long-term management
28 along bio-regional lines, and de-emphasizing the kind of

1 prescriptive regulatory approach, which has been so constraining
2 in the past.

3 The Committee of the Whole of the Board passed that
4 package yesterday at their meeting, and it is before the entire
5 Board today. I hope before we adjourn we would have notice of
6 that.

7 I make that point, first, because it underscores the
8 Governor's continuing commitment on this notion of sustainable
9 forestry and sustained yield forestry. But also because I think
10 it is important, if we are to ask for increased responsibility
11 at the state level and at the local level in California, we are
12 going to have to demonstrate to the federal government that we
13 are fully committed the exercise of such responsibility and
14 capable of managing these resources.

15 I think you've heard from the representative of the
16 Fish and Wildlife Service this morning an indication that there
17 is a growing realization in Washington that the State of
18 California is doing its job, has embraced these principles, and
19 is deserving of a chance to demonstrate on its own that
20 management of these resources can be achieved, which strikes an
21 appropriate balance between economic development and
22 environmental protection.

23 CHAIRMAN THOMPSON: Senator Rogers.

24 SENATOR ROGERS: On that point, we heard in our tour
25 yesterday, we heard some comments that the requirements for
26 timber harvest plans keep getting more involved, more
27 complicated, and hence, more costly, especially for some of the
28 people who are on small tracks of timber. It is almost getting

1 to the point where it's costing more to prepare an acceptable
2 timber harvest plan than the worth of the product.

3 Would you comment on that? Is that being considered?

4 MR. WHEELER: It is. It's an unacceptable result.
5 We have made efforts to exempt small land owners. The Board, in
6 consideration of new rules yesterday and today, will provide
7 further liberalization of that process to reduce the paperwork
8 burden.

9 The Governor has charged us. In fact we have
10 reported to him ways in which we can streamline the process,
11 move those plans forward.

12 The best solution, in my view, Mr. Rogers, is that we
13 adopt not a short-term focus on individual timber harvest plans,
14 which become complicated and become unduly burdensome, but take
15 the longer view, offer an incentive to those who will prepare
16 long-term plans, or watershed lines; approve those plans after a
17 thorough review, and then allow timber harvesting to proceed
18 without undue interference along the way. That's the approach
19 that the Board is beginning to take.

20 I think what you heard yesterday is an appropriate
21 reflection of what we're doing, and we're attempting to address
22 that.

23 SENATOR ROGERS: Thank you.

24 MR. WHEELER: I'm happy to respond to questions.

25 SENATOR MARKS: You're dissatisfied with the amount
26 of money that the federal government is going to provide for
27 economic --

28 MR. WHEELER: I'm dissatisfied to the extent that we

1 haven't seen the first dollar, and we're not sure, over the long
2 term, how much of the promised 1.2 billion we will see.

3 SENATOR MARKS: I thought it was \$29 million.

4 MR. WHEELER: The 29 million, as I understand it, is
5 the state's share or the region's share of one of those many
6 programs.

7 What the federal government has done is to package a
8 number of individual ongoing programs and then redirect them
9 toward this region. The total amount of those aggregated funds
10 is \$1.2 billion, the first installment of which --

11 SENATOR MARKS: That's not in the budget?

12 MR. WHEELER: It's not in anyone's budget because we
13 haven't been budgeted for those five years.

14 The first year's budget, though, includes 275
15 million, some in redirection, some in new appropriation from the
16 Congress. And that money must wend its way through the
17 appropriations process, find its way through the agencies at the
18 federal level which ordinarily administer those programs, and
19 then ultimately to the communities where we hope it will have
20 benefit.

21 Now, the wrinkle in all of this, first, it's that the
22 moneys have been redirected at the direction of the President,
23 and second, that we are being given a substantial opportunity to
24 demonstrate our plan for the use of those funds. Thus, this
25 Community Economic Revitalization Team has been asked to develop
26 a strategic plan which will guide the expenditure of those funds
27 by the federal agencies in our region.

28 Is it enough money? I don't think we really know,

1 and we won't know until we see how much is actually delivered,
2 and how much it is going to be usefully employed in these
3 communities.

4 SENATOR MARKS: Are you following a portion of the
5 plan, putting one-quarter of the amount of money taken from
6 forestry to be harvested?

7 MR. WHEELER: Senator, the answer is no, for some of
8 the reasons I have given you. We have real concerns about
9 Option 9, both from a resource management standpoint and from
10 the standpoint of its implications for the economy of the
11 region.

12 We are going to use this opportunity, as we assume
13 others will, to offer comment on ways in which it can be
14 improved. We have tended in our discussions thus far to not
15 separate the resources management element of Option 9 from the
16 economic element, recognizing that no matter what plan is
17 finally adopted, either through implementation of Option 9 or
18 the individual forest plans, it's going to have an economic
19 impact. And we are intent on making sure that California gets
20 its fair share of those funds.

21 CHAIRMAN THOMPSON: I'd like to take this opportunity
22 to introduce Senator Art Torres from Los Angeles, who has
23 jointed us. He is a member of the Committee.

24 SENATOR TORRES: Thank you.

25 CHAIRMAN THOMPSON: Any further questions?

26 Mr. Ewing, do you have comments this morning as well?

27 MR. EWING: Only to let you know that I have been
28 directed by Richard Wilson to complete an analysis of Option 9,

1 and to make that available in time to comment by the October
2 28th close of comment period.

3 We would be happy to make that report available to
4 the Committee and others as we finalize it.

5 CHAIRMAN THOMPSON: When do you think that'll be
6 ready?

7 MR. EWING: Within the next two weeks.

8 CHAIRMAN THOMPSON: Does anyone have any further
9 questions? Assemblyman Hauser.

10 ASSEMBLYMAN HAUSER: I want to follow-up on one
11 additional thing, Mr. Secretary.

12 We in California, in my opinion, suffer from much of
13 the same problems as the federal government does in having a
14 multiplicity of agencies looking at the same thing, and often
15 going in different directions.

16 Has there been, in this whole rule-making process,
17 discussion, any thought towards combining functions, or getting
18 those other agencies involved earlier?

19 What I reference in particular is Fish and Game,
20 which, as you know, currently takes a look at the harvest plans
21 after the fact; after they've gone through an extensive process,
22 and rather than getting involved early on in the early planning
23 stages.

24 You mentioned specifically for the small land owner
25 an early long-term planning process. Again, has there been any
26 thought towards getting Fish and Game as one of the agencies
27 involved early on in that process, rather than after the fact?

28 MR. WHEELER: More than thought, Mr. Hauser. We have

1 adopted new rules which will streamline that process and, in
2 fact, bring the input of the Fish and Wildlife authority to bear
3 earlier in that process so as to avoid lack of coordination down
4 the road.

5 I'd be happy to share with you the revised procedures
6 which now govern interaction between the Department of Forestry
7 and Fish and Game within my Agency.

8 ASSEMBLYMAN HAUSER: Thank you.

9 CHAIRMAN THOMPSON: Senator Torres.

10 SENATOR TORRES: Mr. Secretary, my apologies for
11 being a little bit late from the plane schedule.

12 I wanted to ask you, is there a task force that's
13 working in an inter-governmental relationship with Secretary
14 Babbit's office in this area, as well as other federal agencies?
15 And if so, who are they?

16 MR. WHEELER: Yes. The responsibility for
17 interaction with Secretary Babbit and Secretary Espy, as a
18 result of the fact that there are divided authorities at the
19 federal level, has been vested in my shop, which includes the
20 Department of Forestry, and the Department of Fish and Game,
21 among others, Water Resources. We are reaching out as needed to
22 other parts of the state government, including the OPR and the
23 Trade and Commerce Agency, to assure that both the resource and
24 the economic implications of Option 9 are fully assessed.

25 Most notably, and I mentioned this before you
26 arrived, we have established in the eight-county area of this
27 Klamath province, a CERT, a Community Economic Revitalization
28 Team, even in advance of its being required by our agreement

1 with the federal government. So that we have the benefit of the
2 participation of the counties in the development of a strategic
3 plan, and in the utilization of the funds that would be made
4 available.

5 SENATOR TORRES: How often are you meeting with the
6 federal government?

7 MR. WHEELER: We -- as frequently as this morning,
8 and as often as the needs arise. So, as recently as this
9 morning and as often as need arise.

10 I'd say members of the staff and I probably talk with
11 some representative of the federal establishment at some level
12 everyday.

13 SENATOR TORRES: You're keeping the Department of the
14 Interior and Agriculture informed as to specific needs of
15 California, both in respect to Mr. Hauser's questions as well as
16 the environmental issues?

17 MR. WHEELER: You may be sure of it.

18 SENATOR TORRES: Thank you, Mr. Chairman.

19 CHAIRMAN THOMPSON: The next panel will consist of
20 Julie Fulkerson, the Chair of the Board of Supervisors of
21 Humboldt County; Terry Gorton, Assistant Secretary for Forestry
22 and Economic Development, the California Resource Agency; and
23 David Nelson, District Director for Congressman Dan Hamburg.

24 Please come up and assume the position.

25 What we would like to do is take about a five-minute
26 break while you're doing that so Evelyn can rest her fingers.

27 [Thereupon a brief recess was taken.]

28 CHAIRMAN THOMPSON: We are ready to reconvene the

1 hearing.

2 We'll hear next from Julie Fulkerson, Chair of the
3 Board of Supervisors, Humboldt County.

4 MS. FULKERSON: Good morning. Thank you, Senator
5 Thompson, for arranging this public forum, and I want to thank
6 the other Senators for making the trip to the far North Coast
7 and for listening to our community.

8 I think being heard is probably one of the most
9 significant things that you can offer us. Believe it or not,
10 sometimes we're so isolated we feel that nobody knows we're
11 here. So, thank you. And thank you, too, Assemblyman Hauser,
12 for returning home for this.

13 The first and most important element in solving
14 problems and building consensus -- and this includes all sides
15 being heard. Being right and winning are experiences we each
16 enjoy from time to time, but the solutions to our timber,
17 economic, environmental, social problems cannot be framed within
18 the context of who is right, or who has the power to win.

19 Each of us who speaks today will have a little bit of
20 the truth. If you can select out each element in truth in what
21 we have to say, you will begin to see a complete picture emerge,
22 and the solutions will surface, as they certainly have been.

23 So, thank you for your participation in a process
24 which at times has been very painful for our community.

25 I am a third generation Humboldter. My
26 great-grandparents, aunts, uncles, and cousins came from France,
27 Germany, and Switzerland. When they arrived in Humboldt County
28 in the 1800s, they all worked in lumber camps. My parents were

1 teachers; my brother is a commercial fisherman, and I am a
2 business owner. I feel very fortunate to be in a position which
3 has allowed me to understand and feel compassion for people in
4 our community, whether they are timber workers and/or
5 environmentalists.

6 During the development of the Redwood National Park,
7 I worked for several years with displaced timber workers in a
8 very successful job search and self-employment program. Three
9 years ago, during the so-called Redwood Summer, I worked with
10 church, community, and labor leaders to bring diverse groups
11 together. I have been involved in economic diversification
12 activities, working with various economic development agencies,
13 for two decades. Currently, along with Supervisor Anna Sparks,
14 I am working with our community building links to seven other
15 counties of Northern California which are affection by Option 9
16 proposals.

17 Growing a community is an ongoing process. No single
18 agency nor individual has all of the answers. The solutions we
19 will come to will come through consensus and collaboration. We
20 must individually and collectively continue to work for these
21 solutions.

22 The decline in timber-related jobs or Option 9 is not
23 a new story; it's a new chapter. When I was a child, over 1,000
24 people worked in three shifts, around the clock, at the Cal
25 Barrel Factory in Arcata. That plant no longer exists. The
26 towns of Falk and Crannell no longer exist. These were
27 substantial communities, each with a school, stores, volunteer
28 fire department, lodges, and a cookhouse. They have simply

1 disappeared. Twenty thousand timber workers have lost their
2 jobs during the past 30 years in our region.

3 Commercial and sport fishing has come to a near
4 stand-still. That's a bit of our history.

5 I was going to give you few sort of economic
6 indicators, and I've included them in my written testimony, but
7 I don't believe I need to read them to you. But these current
8 limits on timber harvesting have created further challenges for
9 industry, workers, and our community as a whole. I'll leave
10 these statistics with you.

11 But I would like to mention that economic distress is
12 also measured by social service programs. The number of Aid to
13 Families with Dependent Children recipients has increased
14 annually in our community an average of 3.5 percent since 1984.
15 The general population here is growing at 1 percent. The number
16 of people receiving food stamps shows an annual growth of 4
17 percent per year.

18 As the economic pressures increase on individuals and
19 families, stress builds and shows up in the form of alcohol and
20 drug abuse, child and spousal abuse, mental disorders, poor
21 health, poverty, and general discouragement. It is essential
22 that the state and counties maintain and strengthen our social,
23 health and welfare programs. As we re-invent government, we
24 must dramatically restructure welfare programs, but we must not
25 abandon families in serious need.

26 Enough foundation. What are we doing in this
27 community and similar communities in the North Coast and
28 Northern California to solve our problems?

1 The Clinton Administration took bold action by
2 hosting the Forest Summit and calling together three teams
3 working to reach consensus which resulted in the emerging --
4 ever emerging -- Option 9. At the local level, we are matching
5 this action by pulling our economic and environmental resources
6 together. Allow me to outline some past successes and various
7 community tools we are relying on, and we would like to
8 encourage you to assist us in maintaining them. These projects
9 demonstrate what works, successful concepts, and we'd like to
10 keep replicating those. We'd like you to know that we have had
11 some success, but we continue to work for greater returns.

12 First of all, several months ago we initiated our own
13 bio-regional planning process. And I want to especially thank
14 Secretary Wheeler who has encouraged this process and really
15 provided a vision for this, for this community and others. The
16 bio-regional planning process has brought together private land
17 owners, environmentalists, timber workers, commercial and sport
18 fishermen, state and local agency representatives, and many
19 others together. Meeting in a circle and in subcommittees,
20 diverse issues are addressed and problems are solved. The
21 University Extension Forest Advisor, Kim Rodrigues, is providing
22 valuable leadership.

23 Consortiums have developed; there are partnerships
24 emerging that link state and federal agencies with local
25 nonprofits, industry leaders, and Native American populations to
26 begin to look at fish habitat, stream restoration, and other
27 forest-related projects, such as erosion control and road
28 removal.

1 Second on our list of successes, the Humboldt State
2 University Center for Dispute Resolution, which is directed by
3 Dr. Betsy Watson, is providing ongoing facilitation for
4 neighborhood watershed and timber harvest disputes. Costly
5 lawsuits, restraining orders, and general neighborhood upset
6 have been avoided by her facilitation.

7 The Humboldt County Pulp Mill Closure Task Force is
8 studying alternative pulp sources.

9 The Redwood Region Economic Development Commission,
10 representing all cities, the County, and several service
11 districts, is completing the County's overall economic
12 development plan which contains plans for over 40 viable
13 industrial and infrastructural projects.

14 AB 939 catapulted us into innovation to reduce waste
15 and seek out industries to mine recyclables. We have now been
16 designated a recycling market zone. Existing waste processors
17 are already exporting compost and valuable worm castings. Local
18 pavement companies have begun making glassphalt, and forest
19 products industry is experimenting with ash waste as an
20 agricultural soil amendment.

21 And six of our successes, the Economic Development
22 Agencies, which are continuing their efforts to diversify the
23 economy through revolving loan funds, grants, and community
24 awareness forums. And as a result of very small amounts of seed
25 loans, many highly successful industries have grown to compete
26 internationally. And I have listed those there for you to read.
27 They include such things as Yakima, and Sunfrost Refrigerators,
28 Music for Little People. There are about 15 of them in the

1 printed material. They all started with less than \$2,000
2 capital.

3 What do they have in common? Surprisingly, their
4 facilities are crowded. They can't keep up with national and
5 international product demand. They desperately seek workers who
6 are trained and ready to work. Several of their products rank
7 number one in the nation. They all hold them back, themselves
8 back, from too much growth.

9 Lastly on my list are future diversification efforts.
10 These are not as well developed but have exciting potential:
11 Fire and Light, which will convert recycled glass to fine
12 construction glass tiles; Swedish American Homes is a plan to
13 build factory-built designer homes which will reduce waste and
14 reduce energy consumption; Harbor Development, which may include
15 a private/public partnership dock, passenger liners, and a
16 container maintenance industry, and commercial fishing; the
17 Institute for Sustainable Forestry is developing new hardwood
18 harvest and manufacturing potential.

19 Many of these efforts have focused on keeping the
20 jobs local, re-inventing the product in our local community to
21 create new jobs, and to employ and retain our local workers.

22 Our greatest challenge, perhaps, though, is to
23 believe that we have the capacity to change and to transition
24 into new work and diversified industry. As a whole, our
25 community must continue to diversify to build that strength.
26 Individual workers deserve support while they obtain job search
27 skills, employment assessment, new jobs, or self-employment
28 assistance. Industry needs support during this transition as

1 well.

2 We are making links with Northern California Option 9
3 counties, and we will hear from Terry Gorton further on this,
4 and we heard from Secretary Wheeler earlier. But we have all of
5 the counties in Northern California who can tell you this kind
6 of a story of their successes and programs that they're working
7 on, from one degree to another.

8 We're now working together, pulling together,
9 frequently. In fact, the group is working right now two blocks
10 down the street all day to continue our state's strategic plan.

11 Following Peter Yu's visit to Redding, we began this
12 regular process. Terry Gorton has been a valuable committee
13 resource, with Co-Chairs Francie Sullivan of Shasta and Anna
14 Sparks of Humboldt County. All counties are working
15 cooperatively to share information and expertise.

16 Some of these projects that will show up on our
17 strategic plan will include such things as restoration, bio-
18 mass conversion, erosion control, value-added production, permit
19 streamlining, sustainability, and accountability.

20 The threads which hold this community fabric together
21 are indispensable, and you provide many of those. The
22 partnerships between the federal and the state and local
23 agencies are getting much stronger. Private business, labor,
24 environmental and community leaders are working together in very
25 new ways. And we can only move one step at a time, but while
26 we're in that process, we must recognize that there have been
27 successes in the past as we move forward.

28 What do we need to continue this process? What can

1 you do to help us?

2 We need to know that the Administration will do
3 everything in its power to minimize job loss. The state can
4 assist us in reaching these goals:

5 A. Increase funds for the Job Training Partnership
6 Act and for job search assistance and retraining. Funds need to
7 be unrestricted to allow us to tailor training to the needs of
8 our community.

9 Believe it or not, we actually have job openings that
10 we recruit outside of this area for. In fact, we even had one
11 company that opened a branch in Utah because they could not find
12 a trained labor pool here in this county. We need more
13 flexibility here.

14 Secondly on my list, we need to increase funding for
15 business development, access to capital, expanded technical
16 assistance, enhanced access to domestic and international
17 markets. Increased revolving loan funds for small business
18 start-ups will enrich opportunities. The examples I mentioned
19 above all started with less than \$2,000. In fact, I think
20 Yakima started with \$1800, and they are a multi-million
21 international, number one ranking corporation in the world.

22 So, miracles can happen with very few dollars. In
23 fact, they often do. Their first economic assistance loans to
24 these corporations were probably between \$5-10,000 each.

25 So, a lot of money is not necessarily what each
26 individual needs, but for the community, we will take as much as
27 we can possibly focus in our direction.

28 The third thing on my list of requests and desires is

1 to increase the Community Development Block Grants and Rural
2 Development Administration funds for community facilities and
3 infrastructure projects. Less restrictive CDBG funds would
4 allow counties to tailor projects to specific needs. We have
5 demonstrated capability, and that should be rewarded.

6 Fourthly, provide funding for environmental
7 protection, watershed maintenance, forest stewardship, and
8 fisheries enhancements. Many of our streams have been lost as
9 fish habitat. We have the workers and the scientific technical
10 assistance to begin massive repair work. We need to start
11 before it is entirely too late.

12 And fifth, we need to develop tax incentives to
13 corporations which encourage re-investment back into resource-
14 challenged communities, and into research and design that will
15 add value to our national resources.

16 There's probably a great deal more I could say. I
17 think that for me, the challenge is to continue to maintain a
18 sense of optimism that we can solve our problems, but to balance
19 that with the painful reality that individuals and families are
20 facing job losses, and that industry will be hurt, and that
21 local businesses will be hurt. So, while we are rebuilding, we
22 need to keep that in balance, to feel that empathetic response,
23 to provide the support, and to know that we have some successes
24 here to point to, and to continue to do that. I think with
25 that, we will continue a cultural, and economic, and
26 environmental balance.

27 I thank you for listening.

28 CHAIRMAN THOMPSON: Julie, thank you.

1 Assemblyman Hauser.

2 ASSEMBLYMAN HAUSER: Julie, I want to follow-up on a
3 couple of things. First are the success stories and also the
4 additional need.

5 Last Tuesday, in act, I happened to run into the
6 International Sales Vice President of Yakima in a hotel in
7 Tokyo. He was over there for developing new dealerships for
8 Yakima racks. And he noted to me that he was being very, very
9 successful. In fact, so successful that he had called the day
10 before back to Arcata requesting about two containers full of
11 racks to be shipped immediately to Japan. Unfortunately, all of
12 those racks or those containers had to go to San Francisco to be
13 loaded on board a ship so they could make it to Japan, where
14 Humboldt Bay is one day closer to Japan, and yet, has no
15 facilities for ships of that type of cargo.

16 I use Yakima again, as you do, as one of the success
17 stories, but also add the port development as one of the needs,
18 increased infrastructure needs here in Humboldt County. I
19 believe with both that we could be even more successful than we
20 are today.

21 MS. FULKERSON: I appreciate your reminding of this,
22 because I really want to emphasize that, again, that no
23 individual industry is going to do it. I mean, the horror would
24 be if Yakima would ever leave. We don't want to depend on any
25 one industry, and remind us that infrastructural harbor
26 development components ties very closely into economic
27 development. That's a good example. Thank you.

28 CHAIRMAN THOMPSON: Senator Torres.

1 SENATOR TORRES: Thank you for being here, Madam
2 Supervisor.

3 We in Southern California are reeling as well: loss
4 of over 250,000 jobs in the last year in aerospace. We're again
5 trying to find the challenges of how to retrain workers in that
6 part of the state.

7 One thing that intrigued me about your testimony was
8 that you said you need more flexibility here. You were
9 referring, I guess, to the Department of Employment restrictions
10 on access to unemployment funds or retraining funds?

11 MS. FULKERSON: Yes. As the funds are directed to
12 the counties, both under CDBG or the PIC, or the JTPA, give us
13 as much flexibility that is allowed so that we can be self-
14 determining.

15 SENATOR TORRES: What do we need to do? What does
16 that mean, as much flexibility as is allowed?

17 MS. FULKERSON: For the specifics of those programs?

18 SENATOR TORRES: Right.

19 MS. FULKERSON: I'm sorry, I would not be able to
20 answer that specifically, but I --

21 SENATOR TORRES: What is it in the regulations that
22 don't allow you to retrain some of the workers that left? You
23 said there wasn't a trained pool here.

24 MS. FULKERSON: In that instance, it had to do with a
25 partnership, I would believe, between the junior college and the
26 PIC and the industry. In this instance, it was garment workers.
27 But as you're probably aware, the community college system is
28 also facing cutbacks, and --

1 SENATOR TORRES: Even more so if this voucher
2 initiative passes. Community colleges are included within the
3 K-12.

4 MS. FULKERSON: Part of what we've been asked to do
5 by the Administration is to come up with just the very specifics
6 you're asking for: those policy adjustments that would allow
7 greater flexibility and a streamlining of the process. So, that
8 is something that the eight counties are working on, as are the
9 individual counties.

10 SENATOR TORRES: I'm willing to help Mr. Hauser and
11 Senator Thompson to help you do that on the North Coast.

12 My second question is, trailing back on Mr. Hauser's
13 question on port development, obviously we wouldn't like to see
14 too much competition for the L.A. Harbor, nor would my colleague
15 here from San Francisco, but I'm very, and have been all of my
16 life, in love with this North Coast. I think it's the most
17 beautiful part of the world. People don't realize the beauty
18 that lies here.

19 What would it take to help develop a port that would
20 be access for international exports?

21 MS. FULKERSON: The City of Eureka, the Harbor
22 Authority, and the County of Humboldt are working on that plan,
23 along with the Redwood Region Economic Development Council, in
24 our overall economic development plan. And a part of the
25 program are proposals for a private-public partnership with a
26 local industry to develop a greater dock capacity. That is one
27 thing that we're looking at.

28 The other possibility is, as I mentioned, is a

1 containers maintenance facility.

2 So, ultimately, if some of these funds come through
3 from the Option 9 Economic Assessment Package, I believe that
4 that -- we haven't defined the actual priorities yet; we're just
5 in that process. But I believe that is going to be if not
6 number one, very close to the top.

7 SENATOR TORRES: Are there discussions going on now
8 between your regional group and the Japanese government, for
9 example, to set up dialogue on that issue?

10 MS. FULKERSON: Yes.

11 SENATOR TORRES: And perhaps Japanese companies could
12 help finance the port development?

13 MS. FULKERSON: That's a good concept.

14 The City of Eureka has a sister city relationship
15 with Japan, and we're also working with China. And those
16 discussions would happen between the Mayor of Eureka and Anna
17 Sparks, who is our liaison with the Chinese delegation.

18 SENATOR TORRES: So there is an effort afoot to do
19 that, international as well as national?

20 MS. FULKERSON: Yes.

21 SENATOR TORRES: Thank you.

22 ASSEMBLYMAN HAUSER: Just for a follow-up, that was
23 the purpose of our meeting in Japan all last week, was with the
24 sister city delegation as well as private investors in Japan,
25 trying to encourage development and utilization of dollars in
26 this country, this port in particular.

27 CHAIRMAN THOMPSON: Senator Marks.

28 SENATOR MARKS: Do you also agree that the \$29

1 million allocated by the federal government, or possibly
2 allocated, is not enough to do all these things you want to do?

3 MS. FULKERSON: Of course.

4 My job here is to advocate for as much as we can
5 possibly legitimize as our share of the pie, but we are -- I am
6 certainly aware that there are very serious problems facing the
7 nation, and facing the state, and facing this County and the
8 other Northern California counties.

9 I happen to be a believer that we can do a great deal
10 with not a lot of money if we believe we can do it, and if we
11 can move aside our differences. And so, I don't think that the
12 whole picture is just dollars. I think a lot of it is
13 streamlining the process at the local level, at the state level,
14 at the federal level. It's working together collaboratively,
15 and I think that's been one of the significant things that's
16 happened just in the last few months, the relationships between
17 the State Resource Agency and the County of Humboldt, for
18 example, that I'm real familiar with, is dramatically different.
19 And the relationships between environmental groups, fishery
20 people, forest folks, coming together and talking in the same
21 room was not happening four or five years ago. This is a new
22 part of history for us.

23 SENATOR MARKS: Thank you.

24 CHAIRMAN THOMPSON: I think we can stipulate that the
25 money is not enough, and that we do need to work collectively to
26 take down some of the barriers that have prohibited us in the
27 past; make sure that they don't prohibit us in the future.

28 I have to agree with Senator Marks. In my district

1 alone, we're betting on the Administration to come forward with
2 the money, and for the northern part of my district, which is
3 timber impact money. And I've got a base closing in the
4 southern part of my district, and now we're being told that
5 there's going to be money for defense conversion there.

6 But again, it's money that we haven't seen. It's
7 money that's in an appropriation bill that hasn't yet even gone
8 to conference. We're continuing to fight for immigration monies
9 that the federal government owes us.

10 So, those of us at the state level become a little
11 bit -- I think interested is putting it mildly. We need to get
12 certain assurances that we get the money that is said to be
13 forthcoming.

14 MS. FULKERSON: It's a delicate balance. I know that
15 in the counties we've been meeting together. We have been very
16 -- we normally would be very competitive for this money, as we
17 could be with the other two states. And there is a very strong
18 feeling that we want to do this cooperatively, that we need to
19 benefit as a region, and benefit as a nation. We need to do so,
20 you know, with economies around the world.

21 So again, no one individual needs to be fighting for
22 their piece. We've got to figure out how to make it work
23 better together. We will save money in the long run if we do
24 that.

25 CHAIRMAN THOMPSON: Senator Rogers.

26 SENATOR ROGERS: Supervisor, I, of course, am
27 delighted to hear all these success stories you're talking
28 about.

1 But I guess the question that comes to my mind is,
2 with all the talk, you know, about going to different government
3 agencies for seed money, and these development loans, and all of
4 that, I've found one of the worst places to go for money is the
5 government when you're trying to start a business. With
6 interest rates at an all-time low, why couldn't those folks, if
7 they have a good business plan, go to commercial lenders, go to
8 a bank or somewhere else, and get the seed money they need to
9 start up this business without involving government?

10 Maybe you'd like to comment on that. I'm glad it's
11 worked however it's worked, and I'm delighted it's been
12 successful. But do we need to continue to encourage our folks
13 out there to go to the government, always turn to the government
14 and seek government help everytime they have a problem?

15 MS. FULKERSON: Senator, I couldn't agree with you
16 more. I would love it if these people could have gone to a
17 bank. They should have been able to; today they could. But let
18 me give you some examples.

19 Yakima, for example, started off by making kayak foot
20 braces. I don't know how interested a bank would have been in
21 kayak foot braces.

22 SENATOR ROGERS: Banks are usually interested in what
23 makes money.

24 MS. FULKERSON: That may be.

25 Wallace and Hinz, for example, it was taking bits of
26 wood and gradually putting together fine quality bars, which are
27 now exported internationally. Sunfrost Refrigerators, which is
28 a solar refrigerator, which I heard about from somebody from

1 Texas. I didn't even know it existed in Arcata until a speaker
2 at another conference told me about it.

3 These are people who have highly innovative, unusual
4 ideas that are not always bankable the first time around.

5 They all -- none of them are having problems getting
6 money now. But there are other models that are right behind
7 them that are ready to go, and \$2,000, \$5,000, \$10,000 would get
8 them started.

9 And the bank, just quite honestly, just won't even
10 look at them. Sometimes they don't wear suits. I mean, it
11 could be just as simple as that.

12 SENATOR TORRES: Sometimes they wear skirts and they
13 get discriminated against.

14 MS. FULKERSON: That's right.

15 So, I think part of it is, we are educating certainly
16 our local bankers, and they have become a part of this process.
17 And that's also another experience of what's happening in our
18 local economy.

19 CHAIRMAN THOMPSON: There's a real void, I think, in
20 the availability of loans for small types of loans. Banks don't
21 like to make \$2,000 or \$5,000 loans, which makes a start-up
22 business even more difficult.

23 One of the things that we've found in our focus
24 groups on rural economic problems is the absence of that. We
25 passed legislation this year to try and clean that up a little
26 bit and make funds available in those micro loans for
27 businesses. It's going to help in the long run.

28 And government has the ability to lend money at a

1 cheaper rate, irrespective of the interest loans today. We can
2 generate funds to businesses at a much cheaper rate per company.

3 SENATOR ROGERS: There are a lot of sources of
4 venture capital out there, maybe not just the banks, but
5 individuals and other people who welcome new ideas. It doesn't
6 make any difference to them how you're dressed, so long as a
7 good idea is there that has merit.

8 SENATOR TORRES: You ought to get that list from
9 Senator Rogers, or get a copy of it.

10 MS. FULKERSON: Senator Rogers, I want to ask you, I
11 have an idea. Maybe we could talk about it.

12 That is, we have a lot of what we call equity
13 immigrants who come here. We have many people moving from
14 Southern California, probably from Bakersfield in some instance,
15 and when they sell their homes in Southern California, they
16 can't quite replace the same level here. So, they have money in
17 the bank or in investments.

18 My idea would be to develop some sort of rural
19 investment pool where there would be some added incentives for
20 people to pool their money in their own community to assist in
21 job creation there.

22 SENATOR ROGERS: That's a great idea, but you don't
23 have to involve government.

24 MS. FULKERSON: Okay.

25 CHAIRMAN THOMPSON: Next we'll hear from Terry
26 Gorton.

27 MS. GORTON: I guess it's still good morning.

28 Good morning, distinguished Senators and Assemblyman.

1 Hi, Dan.

2 I think I'd like to provide one thing, if I could,
3 for you. Maybe it's a chance to catch up on a little bit of
4 your time, so instead of a very much prepared statement, I'll
5 just give you by way of background what I've been doing over the
6 last several months, and perhaps you'll have some questions of
7 me.

8 I've been representing both the Governor and the
9 Resources Agency. I've been involved since the Forest
10 Conference in Portland in early April, and have represented
11 California in weekly meetings in Portland with both the
12 scientific team and Peter Yu's economic team, throughout the
13 forest practices development of FEMAT, the Option 9 strategies,
14 and the development of community assistance program monies.

15 More recently, I've been meeting with the states of
16 Oregon and Washington, and the White House people in Washington,
17 D.C., and continue to conduct and carry on negotiations in
18 developing the state/federal Memorandum of Understanding, the
19 negotiations of putting the communities in touch directly with
20 the federal government instead of through a state process for
21 the development money, for the watershed assistance programs,
22 for the watershed restoration programs under Option 9.

23 I think there is no way I could say as eloquently as
24 Julie did and paint a picture of the reality, both cooperation
25 and needs, that's out there. I think everything she said should
26 be taken absolutely to heart. It was right on, at least from my
27 perspective.

28 And the cooperation that's continuing to go on. As

1 she said today, we've been meeting regularly with the
2 Supervisors of the northern eight counties. We hold weekly
3 conference calls, and we get together in person as often as we
4 can, and today is one of them. I think they're working right
5 now.

6 I think that there's a great deal of misunderstanding
7 about some of the financial packages. There is an ongoing
8 process with the substantive issues of Option 9. My perspective
9 is, we've only just begun; that it is not over. I think we have
10 a tremendous opportunity, as I think Secretary Wheeler pointed
11 out, to work with the draft release of the forest plans with
12 that kind of cooperative effort that Julie was underscoring, and
13 plan our future together instead of abdicating it to the federal
14 authorities right now.

15 I have worked closely both with Peter Yu's team, with
16 Jack Ward Thomas, with Jim Lyons, who presented last week in
17 Redding the Option 9 strategies, and with the Fish and Wildlife
18 Service people. And if there are any questions that you have of
19 me on any of the statuses of any of those processes, either from
20 the state level or from the federal level, I would certainly be
21 happy to answer them and, hopefully, be able to take up a little
22 bit of your time this morning.

23 CHAIRMAN THOMPSON: Do we have any questions?

24 Could you tell us the status of the job training
25 center proposal? I understand we're going to get two of them
26 from the Job Corps.

27 MS. GORTON: Job training or Job Corps?

28 CHAIRMAN THOMPSON: Job Corps.

1 MS. GORTON: Well, we wrote a letter -- this is
2 outside of any of the forest management and the Clinton Plan, of
3 course. We have been for some period of time very interested in
4 developing, particularly in rural -- my charge is the rural
5 portions of the economics of the state -- and trying to identify
6 and locate and promote with the federal government the opening
7 of Job Corps Centers in rural California.

8 Currently there are no -- no Job Corps Centers
9 anywhere in the State of California located in a rural area.
10 And if you know the unique nature, and composition, and focus of
11 Job Corps Centers, I have felt that that was a real missing
12 component, quite frankly, and very appropriate.

13 We have two locations identified in, let's see, I
14 think Hayfork, in Trinity County, is one location, and Yreka is
15 the other location. We have written letters, and I have talked
16 to some of the committee members in Washington when I was there
17 last, you know, maybe ten days ago.

18 There is a possibility, based on population
19 statistics, that California could have as many as four Job Corps
20 Centers located out of seven, but of course, this has been a
21 potential one, I think, at last read with the committees
22 nationally, so that we would capture four.

23 I'm not completely optimistic, but I'm very
24 optimistic that we will locate a couple of those Job Centers in
25 rural California, or at least one of them, hopefully, in rural
26 California. We're up, and we're ready, and we're on line with
27 promoting that idea.

28 CHAIRMAN THOMPSON: When you say, "We have asked for

1 one for Hayfork and one for Yreka," who is the "we"? And why
2 would we ask for two in virtually the same area? Why wouldn't
3 we ask for one in Humboldt County to maybe serve some of the
4 coastal region?

5 MS. GORTON: As I'm sure you're aware, Senator
6 Thompson, part of the composition of Job Corps Centers is, the
7 facility is a very, very important part of that component.

8 When you say "we", perhaps I think that in locating
9 where are the most likely, you have to start with what are the
10 most likely odds that we locate Job Corps Centers in California,
11 as opposed to, with only seven of them being allocated
12 nationally, losing those to other locations because we simply
13 pick a point on a map and say: well, this is what we think.

14 We've had closed Conservation Corps Camps, other
15 facilities in those two locations that were -- dovetailed
16 perfectly in both timing and the type of facility that was
17 available to immediately go on line.

18 Given the bent more recently, the historical
19 locations of these sites in more urban areas, there was
20 certainly a great deal of support from the Supervisors. And
21 again, this was coming from the local Supervisors, and very
22 viable locations that were ready, packages developed, a great
23 deal of promotion both from the Forest Service, locations that
24 would go on line to compete, quite frankly, in the national
25 picture.

26 If you're talking about if we had a dedication
27 statewide, I guess my answer would be I don't know. We're
28 competing nationally, and the focus in centers that could more

1 probably be selected seemed to be a natural one.

2 CHAIRMAN THOMPSON: For the Siskiyou County area.

3 MS. GORTON: And in Trinity.

4 CHAIRMAN THOMPSON: I'd like you to give some
5 consideration to this coastal region, and specifically Humboldt
6 County.

7 It seems to me that, given the job loss in the areas,
8 and the loss of different facilities, that we in Humboldt County
9 would be equally qualified in the eyes of the feds to be one of
10 the sites.

11 MS. GORTON: If you'd like to prepare a proposal, I'd
12 be more than happy to do that.

13 You have to understand that these are also areas with
14 tremendous impact --

15 SENATOR TORRES: That's not an appropriate response
16 to the Chairman of this Committee. That sounds like a
17 smart-alecky response.

18 We're just trying to find out how these decisions are
19 made.

20 MS. GORTON: I apologize. I'm trying to explain to
21 you --

22 SENATOR TORRES: I'm still unclear about what you
23 said earlier about, number one, who is "we"? Who made the
24 decision?

25 MS. GORTON: Well, the County Supervisors in --

26 SENATOR TORRES: Working with the Governor's Office?

27 MS. GORTON: -- quite frankly, working with the
28 Forest Service.

1 SENATOR TORRES: So it was a federal decision
2 ultimately?

3 MS. GORTON: Well, I don't think it was a federal
4 decision of which centers were located.

5 SENATOR TORRES: You said it was a national decision
6 making.

7 MS. GORTON: The national decision on where they
8 locate Job Corps Centers across the nation.

9 SENATOR TORRES: But what is the criteria the feds
10 use to do that?

11 MS. GORTON: I'm sorry, I don't know.

12 SENATOR TORRES: Well, that would be very relevant to
13 answer Senator Thompson's question of why were they located
14 there. If there's a criteria that needs to be followed, that
15 would make us understand it a little more clearly just how that
16 criteria, maybe, needs to be changed. Since we do have,
17 finally, a Democrat in the White House. Maybe some of us can
18 have some impact in helping the North area, which I'm sure
19 Senator Thompson could do.

20 CHAIRMAN THOMPSON: Maybe you could prepare for this
21 Committee an analysis of what that criteria is, and how the Job
22 Corps Centers are ultimately going to be sited.

23 MS. GORTON: I'd be happy to forward that. That
24 really isn't a part, quite frankly, of my focus right now.

25 What I'd be happy to do is forward that on to the
26 Forest Service and to the relevant federal agencies to be able
27 to prepare something for you, since it's their decision. I'd be
28 very happy to broker that for you.

1 CHAIRMAN THOMPSON: If you'd do that, I'd appreciate
2 it.

3 Senator Rogers.

4 SENATOR ROGERS: Just a comment along the line of the
5 Job Corps Centers to retrain.

6 Do I understand it's to retrain people whose
7 industry, perhaps, has for some reason shut down and they're out
8 of work? Is that correct?

9 MS. GORTON: No. The Job Corps Center -- Job Corps
10 is -- are you familiar with our California Conservation Corps?

11 SENATOR ROGERS: Yes, I am.

12 MS. GORTON: Okay, Job Corps is a federal -- I don't
13 want to say they're a mirror, but they're a very similar
14 program. It's primarily a program -- this is all outside of
15 Option 9, or Clinton Plan, or anything that has anything to do
16 that portion of this discussion today -- the Job Corps Centers
17 are primarily directed to take youth that are having problems,
18 people who need jobs, training for jobs, that don't have the
19 skills to go out and even make the applications. So, getting
20 them out oftentimes, quite frankly, urban -- these are kids
21 coming out of urban environments. And I think that's why the
22 focus has been for location in urban areas in the State of
23 California.

24 So, coming into the rural areas seemed to be a good
25 idea to promote, since the rural area would have an opportunity
26 to develop other skills that weren't necessarily available in
27 the urban areas: watershed restoration, outdoor activities, et
28 cetera, and locate them in an atmosphere -- and quite frankly,

1 as has been said before, a wonderful part of the State of
2 California.

3 SENATOR ROGERS: I recall, and I think I'm right on
4 the numbers here, that the cost for having a person involved in
5 the California Conservation Corps, it costs more, really, to
6 train them and have them, and care for them, more than it did --
7 somebody made the analogy if you send someone to Stanford
8 University.

9 SENATOR TORRES: That's \$26,000 a year.

10 SENATOR ROGERS: And a lot of us were not too
11 enamored with the California Conservation Corps program because
12 of the tremendous cost per participant. It was very expensive
13 and not cheap.

14 I guess my question is, if we do establish these Job
15 Corps Centers, and these youngsters maybe will have temporary
16 employment, what happens after that? Is there going to be a job
17 for them?

18 I look at a lot of students who graduate from college
19 today. They go through a lot of work and training, and you
20 know, excellent students, fine young people. They get their
21 degree, and a here they're all trained and ready to go to work,
22 and there're no jobs in this state for them.

23 I just wanted to say, I guess, I hope that there's
24 some consideration being given to once these people do get
25 trained. Are there going to be jobs for them?

26 MS. GORTON: Again, I think you're raising an
27 excellent point. This is a federal program. I'm not quite
28 sure, except that I was involved in passing around for Ross

1 Burgess the portfolios back to Washington.

2 SENATOR ROGERS: It's really a little unfair, I
3 think, for us to be throwing you these questions, and I
4 apologize for it.

5 MS. GORTON: Thank you.

6 SENATOR ROGERS: Still, I wanted to say it so perhaps
7 we could be giving more thought to not only the Job Corps area,
8 but all of our youngsters get trained, and they're ready to go
9 to work, and no jobs for them.

10 I know in Kern County, the unemployment rate is
11 almost 16 percent; City of Delano, the unemployment rate is 30
12 percent in that one city. We've got tremendous unemployment
13 problems in this state, and we'd better be getting our act
14 together in providing job opportunities, because right now
15 they're not there.

16 Excuse me. I wanted to interject that in the mix of
17 problems.

18 SENATOR TORRES: I think we just have to read the
19 testimony of Supervisor Fulkerson. Look at the options that
20 she's given us to develop a holistic approach, because it is
21 going to take a combination of effort to avoid paying 35,000 a
22 year to incarcerate someone in our state prisons, versus
23 spending a little less in the training, and utilizing, as Mr.
24 Rogers appropriately said, the opportunity for the development
25 of business within this community.

26 And I think that those of us who are
27 environmentalists and who vote that way in the Legislature, as
28 am I, have a duty to put our money where our mouth is, if we

1 want our environment protected. We also ought to make the
2 effort to encourage other business alternatives to retraining
3 and the development of business. And the partnership that this
4 hearing has provided gives all of us an opportunity. I think
5 it's a real solid beginning to do that.

6 MS. GORTON: Again, I think the County Supervisors,
7 together, really all of them, and with a steering committee, are
8 looking at all of them, and with a steering committee are
9 looking at the opportunity.

10 Like you, I concur that sometimes when government
11 intervenes, it becomes a one-stop that then falls off later.
12 And also, at the same time, I see this much desperately needed
13 money, seed money as Julie has indicated, and for the first
14 time, quite frankly, in the negotiations, we have -- are going
15 to participate in the overall diversification fund money, which
16 is a money pool, which has never come to California before, and
17 it's money that has very little in the way of federal strings,
18 and would provide that kind of rotating pool which would be
19 quasi-governmental, quasi-kind of private in a way, to be able
20 to help some of these programs, and start-up capital for people
21 who need to get on to a business that could be successful with
22 some of that start-up capital. And so, that's part of the
23 program.

24 And I heard Senator Marks mention the \$29 million,
25 and I just wanted to report, too, that in addition to the \$29
26 million, as of yesterday, Peter Yu reported that the
27 re-appropriation, that the security outside the \$29 million, is
28 at about 92 percent of the money, the \$270 million or \$275

1 million, for this year, FY '94, for the recovery monies in
2 Oregon, Washington, and California. The \$29 million portion of
3 it is in three principal programs: forest diversification
4 [sic], community assistance, and the watershed, which is in
5 conference, but not out of it yet.

6 SENATOR MARKS: Then \$275 million has been
7 appropriated?

8 MS. GORTON: I think the right term is redirected.

9 SENATOR MARKS: What does that mean?

10 MS. GORTON: In the Forest Service budget, and in
11 other Department of Interior budgets, and Ag. budget, the money
12 has been kind of gathered up from here, and gathered up from
13 there, to come up with a funding program for the forest recovery
14 and community assistance programs for Oregon, Washington, and
15 California. And the promise was for five years of assistance.

16 Congress has dealt directly with the funds to the
17 counties, but there has been no Congressional action or say at
18 this point for dedicated new monies. However, these are monies
19 that have been, I guess, re-appropriated from other budgets for
20 the assistance program for this year, FY '94.

21 SENATOR MARKS: Has that money been appropriated?

22 MS. GORTON: Appropriated then redirected.

23 SENATOR MARKS: The budget has been enacted?

24 MS. GORTON: Yes. So that the --

25 SENATOR MARKS: So the \$275 million, the federal
26 government's agreed to that? That \$275 million has already been
27 enacted?

28 MS. GORTON: Yes, for FY '94. Now, this was -- of

1 the current budget that was passed, monies were pulled out of
2 other --

3 SENATOR MARKS: Excuse me.

4 The federal government people say no.

5 MR. GREIMAN: No, I think that's accurate.

6 Harley Greiman, U.S. Forest Service again.

7 I think the key here is that the budget bill is going
8 to conference. There's the Senate version and the House
9 version. It'll go into conference, and we really won't know
10 what the final dollar package is until conference sends it off.

11 MS. GORTON: Of the 29 million.

12 MR. GREIMAN: Of the 29 million.

13 MS. GORTON: But the balance of it --

14 MR. GREIMAN: In our normal budget process, we do in
15 staff what we call different things: state and private
16 forestry, which is technical assistance to the state. We get
17 our program dollars for watershed and soil restoration. This is
18 some of the redirected funds that Ms. Gorton is referring to.

19 But the 29 million is a separate amount that's been
20 put into the project.

21 SENATOR MARKS: It's infinitesimal. It's small.

22 MS. GORTON: Compared to -- but it is just a portion
23 of the whole \$270 million --

24 MR. GREIMAN: That's obligated to the entire program
25 in '94, or it will be. Hopefully, it will be obligated in '94
26 once the budget is signed.

27 MS. GORTON: It is obligated. Yes, it's the 29
28 million that's still in question.

1 SENATOR MARKS: Thank you.

2 CHAIRMAN THOMPSON: Ms. Gorton, in the Committee
3 letter to the Secretary, we asked for an explanation of the
4 complete economic package; how the state will be expected to
5 interface; and what our responsibilities would be; and the
6 different elements of the Plan; who will serve; the level of
7 funding for organizations; the distribution system for
8 implementing the Plan.

9 Are you prepared today to talk about those?

10 MS. GORTON: Sure.

11 CHAIRMAN THOMPSON: Go ahead.

12 MS. GORTON: Well, again, from a meeting that was
13 held in Redding several months ago, it became very clear that as
14 the federal government dealt with the state, quote-unquote the
15 "state", it was the communities and the people at the local
16 level that wanted much more control over the future, and how to
17 negotiate something that hadn't even been contemplated by the
18 Clinton programming. All three states felt exactly the same
19 way.

20 So, we began a process of developing a system which
21 hadn't existed before, and no one, quite frankly, knew exactly
22 how to do it to begin with. So instead of a relationship
23 between the state, specifically the State of California and its
24 agencies, and the federal government for either watershed
25 planning, forestry issues, economic recovery issues, we instead
26 turned to the counties. The counties came to us and said, "Put
27 us in the driver's seat." So, we negotiated together,
28 collectively, as I say, the counties and myself, because it's

1 easier for us to have one person go into Washington, for a
2 Memorandum of Understanding -- I believe you have a copy of that
3 -- which has a relationship the federal government and the
4 counties, the communities in California.

5 That Memorandum of Understanding sets forth a
6 structure called a State CERT, which is a Community Economic
7 Revitalization Team, I think, that the Secretary referenced this
8 morning. That group will have two Governor's appointments on
9 it, and -- but be primarily composed of both federal
10 representatives that the federal agencies require be on that
11 team, and community representatives working through the county
12 Boards of Supervisor representatives here in the northern eight
13 counties. That was the structure they determined.

14 That team then will be in the Memorandum of
15 Understanding responsible for daily implementation of the Plan.
16 Remembering now there's two parallel programs going on at all
17 time: one of them is the community assistance side of the
18 program, and one is the watershed and restoration side of the
19 program. Watershed and restoration side is primarily going to
20 be run by the Forest Service/Bureau of Land Management where
21 appropriate.

22 The community assistance side of the program is
23 primarily run out of -- I think you've heard the name Peter Yu,
24 who is the Director of the National Economic Council, and from
25 the White House.

26 To make it more confusing for us, inside the
27 community assistance side of the program is watershed money, and
28 watershed restoration funding also, okay, but two different

1 programs.

2 The Adaptive Management Areas that I'm sure you've
3 heard so much about are going to be organized and run from the
4 watershed side of the program. My personal opinion, that side
5 of the program is in deep trouble financially.

6 The community assistance and restoration side of the
7 program, I think, is in very good condition, given the amount of
8 money, and given base closures and other huge issues competing
9 for those dollars. I think, you know, that they have followed
10 through at least for FY '94 in remarkable way.

11 Now, the state CERTs again, and they're state from
12 the perspective of the federal government, that Oregon has one,
13 Washington has one, and California has one. But they're really
14 community CERTs, but they're identified as state CERTs in the
15 document that I've provided for you.

16 Those state CERTs will then have representatives at a
17 regional CERT. Again, Oregon and Washington and California,
18 meeting together. We've already begun those meetings. Francie
19 Sullivan, I'm sure a number of you know from Shasta, has been
20 going with me to Portland, and we're going to be meeting in
21 Seattle next week sometime, representing our desires consistent
22 with Oregon and Washington. We're trying to make them
23 consistent with Oregon and Washington, and come up with a more
24 reasonable approach. Because obviously, the next thing that
25 should be on everybody's mind, certainly is on ours, are the
26 fisheries issues, and how we are going to move from timber and
27 integrate fisheries into a way that can be best addressed
28 regionally. Meaning, Oregon, Washington, and California sharing

1 the resources, sharing expertise, and surveys, scientists.
2 We're trying to get this kind of cooperative thing going, and
3 quite frankly, I think we're about a ten on the ten meter right
4 now. It could erode, but right now we're at ten on the ten
5 meter.

6 So this regional CERT, then, with representatives,
7 again, from each of the state CERTs, and federal
8 representatives, will develop regional plans. And that is
9 consistent with the Option 9 strategy, to look at broad-scaled,
10 far reaching resource management ideas and economic goals. That
11 group then is responsive to what's called a MAC, a multi-agency
12 command system, which will have all federal players on it, and
13 they essentially have the checkbook. But the MAC responds to
14 the planning which goes from the local level up.

15 And we have met together, the three states meeting
16 together, with input from the counties and the League of Cities
17 in some of our northern sister states, to develop some of the
18 amendments in the language in the community assistance program
19 of that \$29 million to expand the definition of rural community
20 to be able to make more money available to more communities in
21 the northern part of the state, where previously we just simply
22 didn't qualify under those programs before.

23 That's the kind of structure of this program. So
24 far, we've been dealing with members of both the White House and
25 very high level people in Washington who have been very
26 consistent with us. We met over a conference call with Bob
27 Nash, who is a long-time advisor of the President, and who is
28 going to be -- what's the term -- President of the MAC?

1 Director? Of the multi-agency command group, who pledges a
2 consistent time, his talent, and his staff to work with us
3 through the process and it's not going to be just a political
4 event that's going to go away. So that rapport is, kind of, I
5 think, how they're interfacing with us and where we're at.

6 I think we're very optimistic, cautiously optimistic,
7 that we can work through some of these things through the next
8 year. But then, of course, we do have to go back for full
9 Congressional appropriations, it appears, in the future, and
10 that fate will be very much undetermined.

11 CHAIRMAN THOMPSON: Thank you.

12 Next we'll hear from David Nelson, District Director
13 for Congressman Dan Hamburg.

14 MR. NELSON: Thank you, Senator Thompson, members of
15 the panel, Assemblyman Hauser. Thank you for having me here
16 today on behalf of Congressman Hamburg, who's been involved in
17 this process from the Portland Summit on through.

18 I think it might be worth pointing out that when we
19 talk about the economic assistance part of this package, it is
20 referred to as being a part of Option 9, but it's not really
21 tied to any particular option. I think the economic assistance
22 package is kind of independent of the options and was going to
23 come no matter what, because it's more of a political response
24 by the Clinton Administration, I think, to try to blunt the
25 problems that have been facing timber-dependent communities, and
26 also to speak to the problems that will grow out of the fact, if
27 there is less harvest coming off the federal forests. So, this
28 is not an option that was chosen along with Option 9. The

1 economic assistance was an independent program that was proposed
2 by the Clinton Administration, coming out of the Portland
3 Summit.

4 The money that's going to be made available is in a
5 number of different areas. I think I just want to try to
6 clarify what some of your questions were, Senator Marks. I
7 think you heard about a number. And the 29 million, that was
8 the Interior appropriations that the Forest Service was
9 concerned about.

10 But the money is coming out in different federal
11 program areas, in different lines, and from different agencies.
12 So, when we talk about the larger numbers, that includes all of
13 the programs, not just the Interior or the Forestry program.

14 The promise initially from the Clinton Administration
15 proposal after the Forestry Summit was that about \$275 million
16 would be made available. And in federal [sic] year '94, that's
17 extra money that had not been appropriated for these purposes
18 before. And the areas that it's covering are: first of all,
19 job training programs; secondly, economic development, business
20 development kinds of programs; thirdly, what they're calling
21 communities and infrastructure programs, money going into
22 communities for infrastructure improvements; and finally, what
23 they call ecosystem investment, which is the jobs in the woods,
24 the restoration and the watershed programs. So, it's going to
25 be in four different areas that the monies are coming.

26 To break them down, the original proposal called for
27 about 27 million in new money for job training in these three
28 states. About 78 million for economic development kinds of

1 monies for business and industry loans and grants, that sort of
2 thing. About 75 million for the communities and infrastructure
3 part of it to local communities. And about 108 million for the
4 restoration, jobs in the woods, the ecosystem kinds of things.
5 This totals about 288 million. If you look at their initial
6 figures, they were talking about 275 million.

7 Our information, the state of the appropriations as
8 of today is that about 90 percent of that money has been
9 secured, appropriated, and specifically secured for those
10 programs. There's still some questions about the Interior
11 appropriations, but essentially, the Clinton Administration has
12 followed through on the promise of these monies, and it has been
13 appropriated and secured.

14 You have to remember, of course, that the way the
15 relationships were worked out between states, and after certain
16 negotiations, it was agreed that California would have at least
17 15 percent of that money; that a floor of 15 percent would go to
18 each of the three states. So, when you start doing a little
19 math on that, that guarantees California in the range of \$40
20 million or so for California to these eight counties for these
21 sorts of programs.

22 Beyond that, 15 percent will be allowed according to
23 some perceived impact, and the content of the proposals that
24 come to the federal agencies.

25 The decision as to what programs get money will
26 remain federal decisions. The Memorandum of Understanding that
27 were developed between the federal, state and local agencies
28 were aimed at trying to determine how best to make those

1 decisions, but the end decision is going to be made by the
2 federal agency granting it. If it's economic development money,
3 that would be the EDA through Commerce. If it's RDA money, that
4 would be through the Agriculture Department. If it's job
5 training money, that's Labor. The federal agency is making the
6 final decision, but it'll be based on an input and the plans
7 that get to put together at the state and local level. And
8 that, as Ms. Gorton was referring to, the state CERTs that are
9 developing strategic plans, implementation plans, and so on.

10 So, the decision is being made through what seems
11 like a kind of a complex system of Memorandums of Understanding,
12 and so on, but they're all aimed, I think, at trying to make
13 sure that the money goes as directly as possible to the local
14 communities. That's the hope, anyway. And I know that's what
15 everybody's working toward.

16 It might, since this is a State Senate hearing, be
17 worth speaking a little bit about the state role in this matter.
18 Of course, everybody would be happy to have some state money
19 involved in all these sorts of programs, although it's not the
20 purpose of this hearing to ask for. I think, as I said, the
21 hope of everybody, from the federal level and the people
22 involved, is that the money will be made available as directly
23 as possible to the local communities and individuals that need
24 it. I think people agree that there's not a need for the money
25 to pass through state government's hands, or county government's
26 hands, except to appropriate into the individual programs.

27 For instance, the job training money will continue to
28 go, as JTPA money often does, most of it will go through the

1 state's Labor Department, because that's the way those monies
2 are administrated. But much of this money will go directly to
3 local groups.

4 At this point, the status of the program is that
5 these monies are appropriated. As soon as these strategic
6 plans, which being developed, and the implementation plans,
7 which are being developed, are finished, and each of those has
8 about a 45- day timeline, although they may be finished before
9 that, the money will begin flowing down the pipeline, is what
10 we're being told. And that even as we speak, there is some job
11 training money under Option 9 basically already being
12 appropriated.

13 SENATOR MARKS: Can you give a good explanation of
14 where this money is going to come from? I appreciate the
15 efforts you've made.

16 MR. NELSON: The way it happened in terms of the
17 local input, I think that the County Supervisors got involved,
18 and they have provided from the local perspective the local
19 implementation of the plan. And the state CERTs that have been
20 set up are including the County Supervisors as the state and
21 local representatives from local communities.

22 The infrastructure money, the money for the timber
23 reforestation and watershed programs, and so on, that money will
24 probably come primarily through the Forest Service and the BLM
25 in a sort of a separate fashion. And I think as Ms. Gorton
26 indicated, that's the money that probably is the least clear
27 that we're getting the whole amount promised, and it's also the
28 money that is the most difficult to ensure that it's going to

1 get spent in a way that everybody will agree on.

2 CHAIRMAN THOMPSON: David, will that restoration
3 apply only to federal lands, or can it go outside those federal
4 spheres?

5 MR. NELSON: I think realistically, most of the money
6 will be spent on federal land. There's some money in the Option
7 9 or under the funding programs that will be -- can be used for
8 private land management, but those are separate line items from
9 the general ecosystem management money.

10 CHAIRMAN THOMPSON: Habitat restoration won't extend
11 beyond federally owned property?

12 MR. NELSON: It may, in the sense that people are
13 trying to look at this in an ecosystem way. It might slop over
14 a little bit as we look at watersheds and so on. They've
15 targeted certain key watersheds that seem to need the money the
16 most, and that goes into the fishery issue. But in that sense,
17 it may spill over some into private lands, but I think most of
18 this money is going to be spent on federal lands.

19 CHAIRMAN THOMPSON: It would seem that that would be
20 not only important, but key to restoration of the fisheries. If
21 that could be inserted somehow, it probably should.

22 MR. NELSON: Yes, yes, and I think if you look at the
23 whole entire Option 9 process, the consideration of the fishery
24 resources are built in. It's a factor in all these decisions.

25 CHAIRMAN THOMPSON: Assemblyman Hauser.

26 ASSEMBLYMAN HAUSER: Thank you, Mr. Chairman.

27 Dave, just a couple points that I hope you'll pass on
28 to Congressman Hamburg as he can use his influence.

1 For those of us who lived through the Redwood
2 National Park retraining buy-out assistance programs would
3 acknowledge that, to a good extent, they were a disaster. A
4 little bit of the money went to help real people, but because of
5 federal regulations, a lot of it was used for outside
6 consultants for plans to do things. We have more plans than
7 projects.

8 Following up on some of those plans, we, of course,
9 spent a tremendous amount of money on the very large hardwoods
10 industry you see in Humboldt County, and I use that in jest, but
11 we spent an awful lot of money on it.

12 That there be, to the greatest extent possible, the
13 flexibility that Supervisor Fulkerson called for; be local
14 decision making, not outside decision making, on how these
15 monies will be utilized. Even the retraining, to a good extent
16 in the Redwood National Park, was for jobs that didn't exist.
17 Many of the people that did get retrained either had to move, or
18 actually eventually found jobs in other areas not involved with
19 the retraining.

20 So again, to the greatest extent possible, I would
21 urge that those decisions be local, and that they have the
22 greatest degree of local flexibility, and don't require through
23 federal rules, regulations, guidelines, that we spend it on a
24 large number of sophisticated plans by outside consultants.

25 CHAIRMAN THOMPSON: Thank you very much.

26 Next we'll take some public testimony. Three people
27 signed up. We'll start with Supervisor Anna Sparks, and then
28 we'll hear from Supervisor Francie Sullivan, and Supervisor

1 Norman De Vall.

2 MS. SPARKS: Senator, thank you very much for
3 allowing us to come before you.

4 We are the Option 9 Team, and I Co-Chair with Francie
5 Sullivan from Shasta County.

6 I would like to have Francie start, and I would like
7 to ask the Option 9 Team to come forward, which represents eight
8 counties, but seven of them are here today, since Roger
9 Swanzigler is not here today.

10 MS. SULLIVAN: We organized ourselves after the White
11 House --

12 CHAIRMAN THOMPSON: Francie, would you please
13 identify yourself and your affiliation.

14 MS. SULLIVAN: Yes, I'm Francie Sullivan, Supervisor
15 from Shasta County and the Co-Chair of the Option 9 steering
16 committee, the California Counties Option 9 Steering Committee.

17 In July, Peter Yu from the White House came out and
18 met with some California counties to discuss the economic
19 recovery portion of Option 9. At that time, Anna and I got
20 together and said, "Gee, you know. No one seems to be organizing
21 anything in California. We think we should -- somebody needs to
22 do something. This is going to hurt us where we live."

23 So, we invited all of these eight counties to send a
24 representative or two, in fact, to a meeting here in Eureka at
25 the end of July.

26 At the same time, the Governor created the position
27 that Terry Gorton now holds, and Terry from the beginning has
28 worked with us and been real crucial in keeping us involved in

1 that process.

2 We have been beneficially recognized by the White
3 House as the local government representatives, designated by the
4 Governor. Mr. Yu has been back and met with us. We have
5 ongoing correspondence. And hard as it is for us to saying
6 anything nice as county supervisors about the Governor this
7 year, it has been a God-send to have Terry Gorton from his
8 Office working with us on these issues.

9 We have been working on strategic plans for the State
10 of California, obviously the most important part of California,
11 our eight counties, and working on means of getting our
12 communities involved at the utmost level, working on goals. In
13 fact, we've been working on that all morning here.

14 I think at this time, Supervisor Sparks will
15 introduce the rest of our Committee. We appreciate you taking a
16 minute as well to allow us to be part of this.

17 MS. SPARKS: Thank you.

18 On my left is Del Norte County Supervisor Glenn
19 Smedley; Norm De Vall, Supervisor in Mendocino County; Walt
20 Wilcox, Lake County; Ross Burgess, Trinity County; Kathleen
21 Rowen from Tehama County.

22 We have come together to develop the economic
23 recovery plan and the strategy plan for the state in order for
24 us to come from the bottom-up to meet the Clinton
25 Administration's top-down. So that you have the local input,
26 the elected officials working with all of the economics, and the
27 Forestry, and everything that is involved. We have the past
28 history that Dan has talked about from the Redwood National

1 Park. We have tried implementing and organizing a number of
2 different things.

3 We have set aside our political differences, as Norm
4 and I can attest to. We would fight wholeheartedly from a whole
5 different set of standards that we believe in, but we can set
6 aside those differences and work together to try to form the
7 best plan that we possibly can to enhance our constituencies,
8 and your constituency, and the President's constituency.

9 We appreciate very much the Governor appointing and
10 working with our counties, and working with Doug Wheeler, to
11 make sure that we come up with the best strategies possible
12 throughout this entire plan. It's a complex, complicated plan
13 that has federal, and state, and local, and tribal councils all
14 working together to try to develop with our knowledge, and with
15 the utilization of all of the information put together, the best
16 overall economic and healthy environmental plan that we can
17 possibly put together.

18 And I would like to turn now and ask Norman, and each
19 one of them would like just a second to say something, because I
20 know you're going into your lunch hour.

21 CHAIRMAN THOMPSON: Before you leave the mike,
22 Senator Torres has a question for you.

23 SENATOR TORRES: You mentioned tribal councils. Are
24 they represented here today?

25 MS. SPARKS: They're not here today.

26 SENATOR TORRES: But they are part of the input that
27 you're working together with?

28 MS. SPARKS: Yes, sir.

1 MR. De Vall: Senator Thompson, my name is Norman De
2 Vall, Mendocino County.

3 My Board has asked that I sit on this committee and
4 go through this process. And please be reminded that this is a
5 Tuesday, Board meeting day throughout California. And this is
6 of such magnitude and of such importance that we seven
7 Supervisors have found that opportunity to be here today.

8 My comments will be very brief, and to just tailgate
9 on Senator Torres's question, we're very much aware of the
10 minority voice and the Native American voice that must included
11 in the planning and the strategy formation of how these funds
12 will be spent.

13 In Mendocino County, through the help of Congressman
14 Hamburg's office, we will be using the OEDP format so that we
15 are assured that that minority voice and Native American voice
16 will be there.

17 At minimum, the White House has pledged some \$18-plus
18 million for California. Now, this in essence will come in in
19 numbers that will not equal revenue sharing, but it's one of the
20 largest of sums to come into eight counties, and that is only 15
21 percent of the 1.2 billion over the next five years.

22 Your role in this can be of vital importance.
23 Several suggestions. One is that you work very closely with our
24 federal elected representatives in the context that you have the
25 federal agencies to make sure that this stays high profile and
26 on the front burner, and that this does not get lost behind the
27 Clinton health plan or the issues of NAFTA.

28 These eight counties, as you well know, are

1 economically devastated for all kinds of reasons, and this is
2 but a small but a major step forward in the re-establishment of
3 a new economy in these counties.

4 Second, please stay and monitor the work through the
5 Governor's Office, the Resources Agency, to make sure that our
6 facilitator, Terry Gorton, has adequate staff.

7 And our being able to be in contact with you to make
8 sure that the wheels are not falling off what we're trying to do
9 on behalf our counties would be one more way that you can help.

10 And to maintain this degree of monitoring from your
11 level up, and from your level sideways through the state
12 agencies and staying in touch with us would really be one of the
13 best things that you could do, especially if we know that we can
14 count on you.

15 Thank you very much.

16 CHAIRMAN THOMPSON: Are other members going to speak?

17 MR. BURGESS: Supervisor Ross Burgess from Trinity
18 County.

19 In summation, the people of this nation have made a
20 choice to redirect the use of the resources in this area. That
21 choice comes with the responsibility to offset the impacts of
22 that chosen alternative.

23 Trinity County, as an example, is going to lose 36
24 percent of its workforce.

25 We need your help and your support to continue to
26 exist at all.

27 Thank you.

28 CHAIRMAN THOMPSON: Senator Marks.

1 SENATOR MARKS: May I ask a question? What are we
2 supposed to do? You need our help. What do you expect us to
3 do?

4 MR. BURGESS: I expect our elected officials to
5 assume the responsibility of the decisions that they made in
6 support.

7 SENATOR MARKS: In our budget?

8 MR. BURGESS: I mean that my grandfather taught me
9 something a long time ago. You can do anything in this world
10 that you want to do if you're willing to accept the full
11 consequences for it. Every action has an opposite and equal
12 reaction.

13 The people of this country have chosen to do what
14 Option 9 does. The people of this country have the
15 responsibility to accept the consequences. They shouldn't be
16 borne by the families that have historically served this country
17 and paid income taxes.

18 CHAIRMAN THOMPSON: That's why we're here, is to best
19 understand Option 9, best understand the local impacts of Option
20 9, and be able to determine how we can best help.

21 MR. BURGESS: Currently, Option 9, fully implemented
22 in Trinity County, will reduce the use of the federal forests to
23 6.4 percent of the historical average between 1983 and 1990, as
24 reported by the State Board of Equalization. That is the best
25 current estimate of the forest supervisors within Trinity
26 County.

27 That will reduce the timber cut in Trinity County by
28 236 million feet. If you assume 7.4 jobs per million board

1 feet, which is the accepted number, we lose 1765 employees. Our
2 total workforce counted by the Census in 1990 is 4,450.

3 SENATOR MARKS: Are you for Option 9? Are you for
4 it?

5 MR. BURGESS: I am for serving my constituency in
6 Trinity County, regardless of my personal opinion of Option 9.

7 SENATOR MARKS: Are you for Option 9?

8 MR. BURGESS: No, sir. I'm personally only convinced
9 that it will not only destroy the economy of the area, but it
10 will also, over time if implemented, destroy the environment.
11 The environment is very different than it was when my
12 grandfather was born there in 1885.

13 SENATOR MARKS: You disagree with the federal
14 government's determination of Option 9?

15 MR. BURGESS: Yes.

16 SENATOR MARKS: Yes.

17 MR. De VALL: Norman De Vall again.

18 To answer Senator Marks's question in another way,
19 perhaps, on what your Natural Resources Committee could do, and
20 perhaps with Assemblyman Hauser's support on the Assembly side,
21 a Concurrent Joint Resolution recognizing the impact on these
22 counties, one.

23 Asking the Clinton Administration to keep moving on
24 the funds, two.

25 You can make sure that this money comes timely to
26 these subjected counties, three, would be something that we need
27 desperately in Northern California, because we are going to be
28 tucked in behind NAFTA and behind the health care plan.

1 And if Option 9 doesn't show up on the front page of
2 the L.A. Times, the chance of that money coming into California
3 is like last week's newspaper. We need all of the profile and
4 assistance that this does not get lost, and what sounded real
5 good in April is not going to be on the ground in California by
6 next April.

7 And staff, as we spoke before. In that Concurrent
8 Joint Resolution, if you would embody also direction that the
9 Governor and the Resources Agency make sure that Terry Gorton
10 has adequate staff to work with this committee, we will bring
11 out the plan, the strategic plan, the process, and the program
12 that will work in each of these counties for what is really
13 economic re-design.

14 SENATOR TORRES: I'll be happy to do that if the
15 Governor cut some of his press release plaques that are running
16 around the Capitol that could be used to support Terry and her
17 good works here. I'd be happy to support that.

18 Number two, I look forward to working with you, and
19 set up a meeting with the Editorial Board of the Los Angeles
20 Times, whose corporate offices are in my district in downtown
21 Los Angeles, to make sure that Senator Thompson, and Mr. Hauser,
22 and whoever else wants to come down, sits down with the
23 Editorial Board.

24 Because this President cannot be re-elected, and I
25 think he knows that very well, without California. And if
26 there's any sense of where this state has to move, and the
27 impacts of decisions that have been made, it's on the labor
28 force of this state.

1 And I think that coalition building is extremely
2 important for you here in the North to begin to build the
3 coalition with people in the South, especially Los Angeles
4 County that has suffered dramatic cutbacks as a result of the
5 decisions of the Bush Administration, implemented by the Clinton
6 Administration, on Defense cutbacks, which have riddled our
7 communities to no end. You've lost the opportunity here to
8 continue this effort, as have we in Southern California.

9 I just want to pledge to you, and the reason I'm
10 here, is to be supportive of my colleague, Senator Thompson, who
11 specifically said, "You've got to come up here to understand
12 what these issues are about because I need your help to help
13 this happen." And that's why I took the effort to come up here
14 this morning.

15 And I wish we would have had this hearing yesterday
16 because I was with the President last night in Los Angeles,
17 trying to get other messages out there.

18 But I think you're absolutely right. We cannot take
19 a back seat to NAFTA or the health care plan, which is way in
20 the future in terms of determination. And we're at a critical
21 point when it comes to the Appropriations Committees in the
22 House and in the Senate as how the impact of this money's going
23 to be in this area.

24 So, whenever you're ready to sit down with the Los
25 Angeles Times, please let Senator Thompson know and we'll set up
26 a meeting in L.A.

27 MR. De VALL: Thank you very much.

28 The President's words yesterday at the AFL-CIO

1 convention, and it's a quote, that he wouldn't do anything to
2 lose an American job, was certainly heard by us.

3 What we want to make sure is that that money comes
4 into Northern California, and we get our rightful and full share
5 of that money for programs that will work. And there's a lot of
6 different ways that we have to go out and make sure that that
7 happens.

8 Thank you, Senator.

9 CHAIRMAN THOMPSON: I want to thank all of you for
10 not only coming today, but for the work that you're doing on an
11 ongoing basis to help navigate us through what could be a very
12 tough time. Thank you.

13 We're going to break until 1:30 for lunch and
14 reconvene in this hearing room at that time.

15 [Thereupon the luncheon recess was taken.]
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AFTERNOON PROCEEDINGS

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3 CHAIRMAN THOMPSON: We'll reconvene this hearing of
4 the Senate Natural Resources Committee.

5 Senator Torres and Senator Rogers will be joining us
6 momentarily.

7 I'd like to take this time to introduce my friend and
8 colleague, a member of the Rules Committee, Senator Ruben Ayala,
9 who stopped in to join us this afternoon. Ruben, thanks for
10 being here.

11 This afternoon we are going to start by looking at
12 the impact of the forest plan on the environment and on the
13 wildlife. We have Chad Roberts, Tim McKay, Susie Van Kirk, Jud
14 Ellinwood, and someone from the Humboldt Bay Fishermen. We'll
15 start with Chad.

16 Identify yourself and your affiliation.

17 MR. ROBERTS: Thank you, Senator. Chad Roberts, the
18 Conservation Chair of the Redwood Region Audubon Society, which
19 is the local chapter of the National Audubon Society for
20 Humboldt and Del Norte Counties. We have about 600 members in
21 those two counties.

22 CHAIRMAN THOMPSON: Just go ahead with your
23 presentation.

24 What we're doing is, we're transcribing the hearing,
25 which will be sent back to the Clinton Administration.

26 MR. ROBERTS: Excellent.

27 I have a written version of a statement which I'm not
28 going to read. You can enter it into the Committee's record.

1 I have spent probably already about 30-40 hours
2 trying to get on top of the Clinton Forest Plan, which is
3 equated to Option 9; they're essentially the same thing, so I
4 might use those terms interchangeably.

5 Option 9 is very good in some respects for the
6 environment and wildlife. In particular, it recognizes for the
7 first time, the first Forest Service document that I've ever
8 seen that recognizes the full range of environmental values that
9 are present on the forested landscape in Northern California.
10 And for that, I'm eternally grateful, and I hope that we're able
11 to get the Forest Service to fully implement those provisions of
12 the President's Forest Plan.

13 The forests in this part of California are unique.
14 That's a point that I've heard made by the Governor and other
15 political appointees of the Governor. That needs to be
16 corrected, and now's a good time to do that.

17 The Governor is fond of saying that California
18 forests are different from the forests of Washington or Oregon,
19 and also interrelated with that, the California Spotted Owl is
20 different from the Northern Spotted Owl. The implication of
21 that is that we can basically ignore the requirements available
22 for the Northern Spotted Owl requirements. Well, in fact, in
23 this part of the world, both of those presumptions are
24 incorrect.

25 The forests in Northwestern California are part of
26 the Klamath Mountains and also of the southern Cascades. They
27 are distinctly different from the Sierra Nevadas. The Northern
28 Spotted Owl occurs all the way down from southern British

1 Columbia down to Washington and Oregon and into Northwestern
2 California. So we are, in fact, dealing with the Northern
3 Spotted Owl in this part of California.

4 We don't have the California Spotted Owl in this
5 area. It could well be that the California Spotted Owl is also
6 worthy of being considered under the Endangered Species Act, but
7 that question has yet to be raised.

8 So, when you hear the Governor or someone from the
9 Department of Forestry making comments to you that we should
10 differentiate this part of California from the rest of the
11 Pacific Northwest, there's no factual basis that would support
12 that distinction.

13 With respect to the nature of the forests here, the
14 Klamath Mountains have the highest diversity of coniferous tree
15 species in the world. I'm personally aware and have seen at
16 least 18 different species in the Klamath Mountains. There's no
17 place in the United States -- there might be a place in New
18 Zealand that has as many conifer species, but there's nowhere
19 else that's like this area.

20 This area was what's called a refuge during the
21 glaciation. The Klamath Mountains were not glaciated. All the
22 trees and all the species that occurred in the mountains there a
23 million years ago are still there today. And hopefully, if we
24 can get the Forest Service to manage appropriately, they'll stay
25 in those mountains for a long time yet to come.

26 About two decades ago, a couple botanists with U.S.
27 Davis, while I was a graduate student, published a paper that
28 looked at indigenous California vegetation, at species that only

1 occur within California's borders. The Klamath Mountains showed
2 as one of the two areas in California where the highest
3 diversity of endemic plant species, the other one being the
4 California deserts: the Mojave on the Colorado and Arizona
5 border.

6 Studies that have been conducted in the last decade
7 by scientists from the Forest Service have documented residual
8 patterns of wildlife diversity that are similar to or, in fact,
9 greater than those that have been described in the Oregon
10 Cascades.

11 For all of these reasons, the national forest lands
12 in Northern California and the adjacent private lands are
13 definitely worthy of what we've been involved in in the last 15
14 years in this area, which is an extended, protracted battle with
15 both the Department of Forestry and the Forest Service regarding
16 the appropriate way to do logging.

17 With respect to the Forest Plan and how it deals with
18 those resources, again, while I support the general concept of
19 Option 9, and recognize the biological value of the forests
20 here, there are a lot of things I don't like about the
21 President's Forest Plan. The thing that I don't like about
22 Option 9 is that if you look at the Environmental Impact
23 Statement produced by the Forest Service, Option 1 universally
24 -- universally -- is a better option for accomplishing the goals
25 that the President himself endorsed. That is, protecting all
26 of the species that occur in the ancient forests of the Pacific
27 Northwest, including Northern California, and also complying
28 with federal law.

1 And yet, we see Option 9 proposed, and the reason is
2 fairly obvious. It's because Option 9 allows a greater
3 production of logs from federal forest lands. In fact, there's
4 an area that we were just talking about before you guys came
5 back from lunch that's particularly germane. We've been talking
6 about a place called the Dillon Creek Basin in the Klamath
7 National Forest, which is Six Rivers, for a long time now. And
8 the Forest Service finally got to the point of agreeing with us
9 that this was a particularly relevant area for biological
10 diversity in terms of connecting together some of these
11 set-aside areas. We have joined together the Mortal Mountain
12 wilderness area with the Siskiyou Mountains wilderness area.
13 Again, Option 9 has picked this area, that we'd already thought
14 was on the agreement list in Klamath National Forest for
15 protection as a significant wildlife component. It's something
16 unique, which means it's available for logging under the
17 standards and guides that are adopted as part of the Plan.

18 This is not consistent with protecting, you know, the
19 wildlife and ancient forest values of the Klamath Mountains.
20 Somewhere or another, the President or the President's staff
21 lost the vision that he'd enunciated in Portland.

22 I think I'll stop at that point. If any of you have
23 questions about Option 9, and if they're not answered in this
24 statement, I'm always available for contact.

25 CHAIRMAN THOMPSON: Thank you very much.

26 Anyone have any question? All right, Susan Van Kirk.

27 MS. VAN KIRK: I'm Susie Van Kirk, the Conservation
28 Chair for the local Sierra Club, and we cover Del Norte,

1 Trinity, Humboldt, and western Siskiyou County.

2 I've been involved in environmental issues on the
3 North Coast for about 20 years, and more particularly, the
4 Forest Service management issues for the past 13 years.

5 I appreciate being invited to speak today.

6 When Mr. Lane called me, he asked me to address two
7 issues. He asked me to talk about the value of old growth, and
8 whether Option 9 adequately protects that value.

9 For the past 40 years, the old forests of this region
10 have been valued for their timber and managed almost exclusively
11 by the Forest Service with the objective of meeting timber
12 targets. Timber was considered a resource. Fish and wildlife,
13 stream systems, water quality, air quality, wilderness,
14 botanical reserves, and recreation were considered amenities;
15 attractive, pleasurable things not really necessary and provided
16 for only when they didn't impede timber production.

17 The perspective is changing as we proceed through the
18 agony of crisis management for single species and the social and
19 economic transitions that inevitably accompany the end of an
20 exploited natural resource.

21 The old forests that once covered 60-70 percent of
22 the forested landscape in this region have been reduced to a
23 remnant, and much of that remnant survives merely as fragments,
24 pieces. What we stand to lose is not only species, but the
25 land's capacity to maintain ecological processes and functions.

26 If the Spotted Owl disappeared from these forests, we
27 would have an ecologically and spiritually diminished ecosystem,
28 but we would continue to have a functioning one. If we lose

1 those species that maintain the processes -- the fungal species
2 that facilitate nutrient and water uptake in trees, or the
3 decomposers that reduce the fallen logs to soil components, or a
4 host of creatures that keep the energy coursing through the
5 system -- then we could lose the entire forest.

6 The projected allowable sale quantity for the four
7 Northern California forests under Option 9 is 152 million board
8 feet that Martha talked to you about this morning. This is a 35
9 percent reduction from the allowable sale quantity proposed
10 under the preferred alternatives. That 152 million board feet
11 is about what Six Rivers alone would cut in recent years. Now,
12 Six Rivers could cut only 20 million board feet, far less than a
13 single district produced in the past.

14 What do these figures tell us? They tell us two
15 things. One, they tell us that we have been brutal, absolutely
16 brutal in the way we've managed the forests in this region over
17 the past 40 years.

18 And two, it tells us that the value of these forests
19 for ecological processes, wildlife, fish, clean water and air,
20 recreation, cultural values, wilderness, wild and scenic rivers,
21 and locally endemic plant and animal species transcends any
22 value for timber. Timber is a single-use management. It can
23 destroy all those other values and has, in fact, been on that
24 course for nearly half a century.

25 So, how well does Option 9 perform in protecting
26 these values? Well, if you wade through all the charts in the
27 FEMAT report, you would conclude that none of the options do a
28 very good job of perpetuating and restoring late-successional

1 forests. And they look even worse for maintaining processes,
2 particularly in the dry provinces like our noncoastal Northern
3 California forests. Within the 100-year timeframe, the outlook
4 isn't promising. You simply can't get old forests on a cutover
5 landscape in 100 years, when old forest attributes take 200-500
6 years to develop.

7 Option 9 is a first step, but we have a long way to
8 go. Because late-successional forests comprise only 42 percent
9 of the reserves under Option 9, we need to expand the reserves
10 to include the old forest fragments: those areas not considered
11 ecologically significant in earlier reports, but recognized by
12 the FEMAT scientists as important for localized populations and
13 for sources of recolonization.

14 Two, the reserves should be inviolate. We simply
15 don't know how to thin and salvage as nature would. Logging
16 doesn't duplicate fire and other natural disturbances. We don't
17 have the empirical data, and there is no unanimity of expert
18 opinion on the effectiveness of silvicultural treatments in
19 accelerating the development of late-successional forests.

20 Three, we need a system of Congressionally designated
21 reserves, not simply an administrative system subject to
22 political whims.

23 Four, riparian reserves should include the broadest
24 protective standards recommended in the SAT report, including
25 non-key watershed intermittent streams. And the list of key
26 watersheds needs expansion.

27 Five, a watershed analysis should be conducted for
28 every assessment area prior to the development of management

1 activities. Decommissioning, upgrading, and maintenance of roads
2 should be a mandatory part of each analysis.

3 And last, we need to proceed with caution. Ten years
4 ago, the Klamath National Forest released a draft land
5 management plan that proposed liquidation of the remaining old
6 forest, reserving only 5 percent. The Forest Service
7 confidently told the public that the agency knew what it was
8 doing. Not only were we going to have a managed landscape of
9 young plantations, we were going to have more salmon in the
10 streams as well.

11 Fortunately, we didn't take that path, but here we
12 are with another report. We must continually remind ourselves
13 of how little we know about these forests. We can never justify
14 the loss of these forests as a trade-off for short-term economic
15 benefits.

16 To paraphrase that far-sighted Canadian salmon
17 biologist, a man named Peter Larkin, responsibility for the
18 future should not rest on the shoulders of the old forests. No
19 minority group, no economic stress, no social pressure should
20 prevail over our responsibility to perpetuate these natural
21 systems.

22 CHAIRMAN THOMPSON: Thank you.

23 Any questions?

24 Tim.

25 MR. MCKAY: Thank you, Senator Thompson, Assemblyman
26 Hauser, distinguished members of the Senate Committee on Natural
27 Resources and Wildlife.

28 We would like to thank you for taking the time to

1 come to the North Coast of California to listen to the
2 knowledgeable concerns of those who have been so deeply involved
3 with the state and federal forest policy here for many, many
4 years.

5 While it is a sad day that this had to come after so
6 much resource and human damage have occurred in this region, it
7 is hopeful that a new day is dawning, one in which humans will
8 attempt to live with nature rather than against it.

9 Historical factors have shaped the current forest
10 management milieu, while the rapid rate of social change and the
11 growth of scientific knowledge have overtaken that milieu and
12 made it unworkable. It's a time for new thinking to integrate
13 new knowledge and change into a workable landscape management
14 program. And much of the regulatory burden, I think, that we
15 have here is an artifact of an unnatural pattern of land
16 ownership.

17 This is not to imply that any party is guilty
18 of owning too much land, or that the wrong person or persons own
19 land, but to recognize that the pattern of square sections and
20 subsections cuts across more symmetrical zones of natural
21 function on the landscape that are critical for maintaining
22 necessary biological processes.

23 Demonstration projects are needed in an effort to
24 build models that offer alternatives to the current gridlock in
25 forest policy. The Clinton Plan for the 17 Northern Spotted Owl
26 forests is a blue print for one model. It is the most
27 comprehensive model that has been offered to date. It attempts
28 to integrate economics and ecology by adopting a series of

1 economic initiatives to counteract the ill effects of the end of
2 the old-growth timber era that crested in the 1950s, and to
3 adopt a series of ecological initiatives that are intended to
4 restore watershed values and ancient forest values across the
5 landscape.

6 The pitfalls that confront the Clinton Forest Plan
7 are several. First, there's always the possibility that what is
8 proposed is too little and comes too late. Because this is
9 considered to be a real possibility by some groups, they may
10 more actively seek support for the more restrictive federal
11 forest management option, Option 1, that essentially halts
12 timber sales on the affected federal forests.

13 Second, there's a belief that the riparian management
14 standards don't go far enough to effectively stem the decline of
15 wild salmon and steelhead in the Northwest rivers and streams.
16 The Clinton Plan cuts scientifically suggested protections for
17 ephemeral non-fish bearing streams, or first order streams, by
18 approximately one-half. Since these are the waters that feed
19 fish bearing streams, and also are those often located on the
20 most unstable hill slopes, the concern is that the politically
21 weakened criteria will cause continued downstream degradation of
22 the fish bearing segments.

23 Third, there's a lack of trust, expressed as a
24 concern that the proposed ecological standards won't be
25 implemented even if they would be effective for achieving stated
26 objectives. This fear stems from a long history of Congress and
27 the Forest Service favoring timber sales over other forest
28 values. In the view of legions of forest conservationists with

1 centuries of collective experience in dealing with federal
2 forest management issues, the Forest Service has consistently
3 abused its discretion. For the Clinton Plan to work, the Forest
4 Service must propose budgets that implement the Plan, and the
5 Congress must fund those proposals.

6 To date, the budget process has resulted in cutting
7 interdisciplinary environmental specialists at the district and
8 forest level, while the Forest Service bureaucracy at the
9 regional and Washington level has continued to grow. This trend
10 must be reversed to put the necessary expertise on the ground,
11 and to free up agency dollars to implement the proposed
12 ecological and economic restoration programs, and to begin the
13 healing process of building trust between parties which have
14 been at odds for a generation.

15 Fourthly, there's doubt as to the development and
16 implementation of a comprehensive and ongoing ecological
17 monitoring program. An experiment cannot be evaluated without
18 measurement of results. The National Forest Management Act of
19 1976 called for monitoring of certain environmental parameters
20 that as of yet have not been consistently determined or
21 implemented. Forest management in the Pacific Northwest has not
22 been conducted in a scientific manner to date.

23 Fifth, the success of the Clinton Forest Plan will
24 require a high level of interagency cooperation between federal,
25 state, and local agencies. A level of cooperation between
26 bureaucracies that strains the credulity of most average
27 citizens. The state must look hard at what it must do to bring
28 its agencies into a framework that is complementary to the

1 intent of ecological forest management.

2 Sixth, timber interests that have extraordinary
3 access to the state political and regulatory process will
4 attempt to undermine the Clinton Forest Plan. Their argument
5 that California is somehow different from Oregon and Washington,
6 and therefore should be excused from the Clinton Plan already
7 seems to be the unofficial state position in this matter. This
8 in spite of a shared legacy of watershed abuse that is entirely
9 consistent with the post-war logging boom's effects on private
10 and public timber land in the three West Coast states.

11 The Forest Ecosystem Management Report that
12 accompanies the Clinton Forest Plan suggest there are 4300 miles
13 of fish bearing streams on four Northwestern California owl
14 forests, while there are some 20,000 miles of logging roads on
15 those forests. These roads, which are mostly unpaved and
16 infrequently maintained, are the primary contributor of
17 sediments to the salmon and steelhead streams of the region.

18 But as serious, this is the first time that any
19 agency has published even a partial estimate for such road
20 miles, and the road mileage figure is only for the national
21 forests. According to the staff of the North Coast Regional
22 Water Quality Control Board, no comparable forest road data
23 exists for the timber lands outside national forest ownerships,
24 but that the numbers are probably greater, possibly by a factor
25 of two, than those for the national forests.

26 If private industrial road miles were only equal to
27 those on the national forests, they would cover approximately
28 240,000 acres of the region. Acres that grow no trees,

1 wildlife, or fish; acres that more or less erode everyday, year
2 in and year out. These same roads also contain as many as
3 90,000 stream crossings or culverts that significantly compound
4 water quality problems.

5 If the Clinton Forest Plan is to succeed, then state
6 forest and water quality agencies must begin to effectively
7 monitor road mileage and maintenance for the comprehensive
8 watershed restoration program, as envisioned in the Clinton
9 Plan. That includes selective road decommissioning and adequate
10 maintenance of the remaining roads, and viability analysis for
11 native salmon stocks which, under the Plan, is medium-high.
12 Without that implementation of the watershed repair, the
13 prospects for salmon go to medium in the viability analysis, or
14 simply a 50-50 chance that this irreplaceable element will
15 survive. In other words, flip a coin.

16 And funding for a comprehensive forest watershed
17 restoration program is questionable. To be successful at
18 landscape management, new institutional arrangements are
19 necessary, and new funding mechanisms are needed as well. And I
20 think though I've got a couple of them elaborated here in this
21 statement, I think the one that needs the most attention is some
22 sort of user fees to garner and sustain the necessary funding
23 for forest watershed restoration, like a sediment tax. Such a
24 water quality user fee could be assessed on the area of roads or
25 maintained open ground that compacts the surface in a manner
26 that causes overland flow of water and sediment transport. A
27 mechanism for assessing these user fees could also include road
28 density, the number of stream crossings, adequacy of culvert

1 size, frequency of maintenance, and so forth. And it would be
2 up to the forest restoration plan land owners to offset the user
3 fee by conducting approved restoration work. That's something
4 that's happening at the state level to complement the Clinton
5 Forest Plan, and something that's long over due.

6 Thank you.

7 CHAIRMAN THOMPSON: Any questions?

8 SENATOR TORRES: The sediment tax that you're
9 referring to, who would incur that tax?

10 MR. MCKAY: Well, I think it would be useful if the
11 State of California would incur that tax on private roads.

12 SENATOR ROGERS: Throughout the state?

13 MR. MCKAY: Throughout the state.

14 CHAIRMAN THOMPSON: They would incur it or they would
15 assess it?

16 MR. MCKAY: Assess. Private land owners would be
17 assessed a tax based on their area of roads, and stream
18 crossings, and so forth. And then some portion of that
19 assessment would be used to fund some of these watershed
20 restoration programs.

21 In other words, the watershed problems don't end at
22 the national forest boundaries. So, we need to have a
23 complementary state program that could help carry out this
24 restoration, and obviously there are no funds for it at the
25 moment.

26 SENATOR ROGERS: Does anyone else use these roads
27 other than the logging companies?

28 MR. MCKAY: I suspect that in some cases, some of the

1 companies do open their road nets on occasion for when they have
2 a bear hunt, or elk hunt, or something.

3 In my experience, that's been relatively rare. It's
4 not generally accessible to the public.

5 Thank you very much.

6 MR. BITTS: Thank you, Mr. Chairman. Thank you all
7 for coming today.

8 My name is Dave Bitts. I'm an officer of the
9 Humboldt Fisherman's Marketing Association in Eureka.

10 I've been a commercial fisherman for about 20 years,
11 and as such, I have a vested interest in healthy salmon stock, a
12 very heavily vested interest, as do my fellow fishermen.

13 I'd like to think of myself as a practical
14 environmentalist in the sense that I make my livelihood off of a
15 wonderful natural resource and need to see that whatever can be
16 done is done to keep that resource healthy. Otherwise, I'm sure
17 I don't really belong on this panel.

18 As far as Option 9 goes, I'm afraid I've been away
19 fishing all summer, and I kind of just fell off the turnip truck
20 on this one. I just received one of the documents Sunday and
21 haven't seen the other one at all. And I hope that in spite of
22 that, my comments today will be at least somewhat germane.

23 It's long been my belief that with sound management,
24 we should be able to cut trees and catch fish forever on the
25 North Coast. And I have some hope that maybe the best elements
26 of this plan can survive and be a step in that direction.

27 It's not always recognized that salmon and steelhead
28 are a forest product, every bit as much as timber being a forest

1 product, and there is a body of opinion to the effect that the
2 value of the fisheries from healthy watersheds exceeds the value
3 of the timber, the reason being that we can harvest the fish
4 every year, God willing, and do it right, whereas, we can only
5 harvest the timber off a given unit every 70 years, or whatever
6 the rotation is.

7 Also, fish are worth more per board foot in general
8 than timber.

9 But we have had some problems with management in the
10 past. And I'm afraid that substantial damage to fisheries has
11 already begun, not all by logging, but some. As an example of
12 the effects of this damage, there used to be about 300
13 commercial salmon fishermen working out of the port of Eureka.
14 We used to have the largest King Salmon population of any single
15 port in California.

16 We now have about 100 fishermen who will fish salmon
17 commercially if we have an opportunity within the range they
18 feel they can go. For the past two years, the range in which
19 we've been allowed to fish has been so restricted that only one
20 or two dozen of those 100 fishermen have caught a salmon and
21 landed a salmon commercially in the past two years.

22 We're hanging on by our fingernails as salmon
23 fishermen. If we didn't have good crab grounds, probably none
24 of us would still be around as salmon fishermen.

25 I'm not saying that logging practices are the sole
26 factor that has caused this decline by any means, but they have
27 been a part of the problem.

28 Purely from a fisheries point of view, without



1 considering the other factors which the other panelists have
2 alluded to, two very simple things that we must have in our
3 timber practices in order to have good runs of fish. We've got
4 to keep the hills out of the streams. That's the first thing,
5 and a lot has been mentioned in the specifics of roads and what
6 have you on that. And we have to leave riparian corridors for
7 shade and for food for the juvenile fish. Keep the water
8 temperatures down so they'll have a food supply. Those are the
9 biggest things that we have to do.

10 If we can meet those standards from here on, and do
11 whatever is possible to do to repair the damage that has
12 occurred from not meeting those standards in the past, we've got
13 a fighting chance to be able to catch fish forever.

14 Now, I'm hoping -- I think I'm hearing that there
15 might be just a little drip of money for fisheries restoration
16 coming out of this program. It doesn't sound like it's going to
17 be a very big percentage of the whole.

18 I would hope that fishermen would have a role in
19 expending that money and working on those projects to restore
20 those fisheries, and there are probably three areas where
21 fishermen could be very valuable to that -- in that goal. They
22 can serve as consultants in terms of what needs to be done, what
23 is desirable to do. They can serve as stream surveyors for
24 assessing current habitat conditions. Most importantly, they
25 can serve as operators of small-scale bio-enhancement projects
26 on suitable streams. This is something where we have a track
27 record, a very good track record. There are a number of small
28 projects in this area of the state which have been initiated,

1 organized, run by commercial fishermen with great success.

2 I would hope that we would be able to do quite a bit
3 more of that. I'm not quire sure why it is that fishermen seem
4 to have knack, but it may have to do with being very result-
5 oriented. I've been a commercial fisherman for 20 years, and
6 I've never, in that time, I've never been paid for fishing.
7 Never, ever. I've only been paid for catching.

8 So, that may have something to do with it. I'm not
9 sure.

10 But there are areas that have a lot of potential for
11 these kinds of projects, if you want results, from whatever
12 monies there are to perform. It's a very good way to go.

13 And if you want to check out what I'm saying, you
14 might compare the results that have been obtained from the
15 Trinity River Task Force with the results obtained from the
16 Salmon Subcommittee. You might also check with your colleague,
17 Assemblyman Hauser who has many years of experience in working
18 with fishermen to enable bio-enhancement projects, and has been
19 the best friend that we and the resource has, I would say, over
20 the years in that regard.

21 CHAIRMAN THOMPSON: Any questions?

22 SENATOR ROGERS: On your last comment, I've seen
23 Assemblyman Hauser do a lot of fishing, but I haven't seen him
24 do much catching, either.

25 [Laughter.]

26 CHAIRMAN THOMPSON: I just want to point out, in
27 defense of my friend and colleague, on the Fish and Game camping
28 trip, he did catch the biggest fish.

1 Jud.

2 MR. ELLINWOOD: Thank you, Mike. It's a pleasure to
3 be here today.

4 My name is Jud Ellinwood. I'm the Executive Director
5 of the Salmonid Restoration Federation. We're an organization
6 that provides representation and support services to the
7 individuals and organizations who are actively engaged in
8 restoring California's salmon and steelhead streams.

9 Today, I'd like to draw your attention to concerns
10 that have been voiced about how Option 9 watershed and fisheries
11 restoration components will be implements. Maybe this will be a
12 good change of pace, to go from the general to the specific.

13 To begin with, we believe the principle goals of the
14 watershed and fisheries restoration program should be
15 restoration of the biological functions of streams. Salmon
16 populations are a key indicator of watershed conditions.
17 Excessive sedimentation of North Coast salmon and steelhead
18 bearing streams has been identified as a principle cause of fish
19 population decline.

20 Deposition of eroded hill side soils into these
21 streams can degrade this habitat in a variety of ways. When a
22 stream's ability to transport sediment is overloaded, the
23 excessive sediment fills pools, abrade channels causing stream
24 bank erosion and raising water temperatures, then clogs spawning
25 gravel with egg-smothering silt.

26 Efforts in California to deal with impacts of
27 accelerated erosion on fisheries have been characterized by
28 limited success so far. Why? Because they have been, in large

1 part, been focused on treating the symptoms and not the causes.
2 This has been primarily a result of not being able to change
3 land management policies until now.

4 Option 9 policies will open the door to treating
5 causes. Long-term benefits can only come from focusing efforts
6 on prevention and control of up-slope erosion, and restoring the
7 biological function of riparian areas.

8 Erosion associated with roads is the primary source
9 of sediment delivered to streams. Storm-proofing road systems
10 must be given a top priority. This would entail putting unused
11 roads to bed, obliterating and revegetating landing sites,
12 replacing undersized culverts with culverts that can transport
13 100-year flood event flows, and out-sloping and water-barring
14 roads.

15 It is important to understand that fixing in-stream
16 habitat with structures that have a relatively short life span
17 will provide or no long-term benefits if sediment continues to
18 be delivered to streams, and they should not be a major
19 component of the restoration and fisheries restoration strategy.

20 It is important to realize that, one, the amount of
21 funding dedicated to Option 9 watershed restoration is grossly
22 insufficient to solve existing watershed problems. And two,
23 restoration work is very expensive. Treating causes and not
24 effects must be the top allocation priority of watershed and
25 fisheries restoration funding.

26 Restoring biological function of riparian areas
27 should be another central component of the watershed and
28 fisheries restoration strategy. One biological function of

1 riparian areas, for example, is largely debris recruitment.
2 Large woody debris is a vital fish habitat element. Among other
3 things, large woody debris provides critical refuge and creates
4 and maintains pools when exposed to the scouring effects of a
5 stream's flow. The source of the best large woody debris is
6 conifers that are several decades old produced in stream-side
7 riparian areas.

8 In addition to our concern about what kinds of
9 restoration work is funded, we're also concerned about the
10 process that will determine what projects are funded, and who
11 will do the work. In our view, grants in many cases are the
12 most appropriate funding vehicle. The advantages of a grant
13 program include: one, greater project design flexibility; two,
14 substantially less overhead costs; three, enhanced employment
15 opportunities for local contractors; four, qualitative
16 contractor selection criteria can be considered when hiring or
17 selecting contractors; and five, nonessential research costs are
18 minimized.

19 We believe overhead costs will be minimized and on
20 the ground benefits maximized by contracting work through RPDs,
21 that is to say, Resource Conservation Districts -- there are too
22 many letters here this morning -- and with local nonprofits.
23 Past experience has taught us that project funding is routinely
24 squandered on ill-advised projects in the absence of an
25 established process for projecting project proposals through a
26 rigorous, objective evaluation.

27 Projects should be evaluated by applying a standard
28 set of criteria that assess technical merit, feasibility, cost-

1 effectiveness, biological soundness, and contractor's past
2 performance.

3 Lessons learned from existing federal fishery
4 restoration programs teach us that it would be a serious mistake
5 to assign project selection responsibility solely to the
6 agencies responsible for program administration and management.
7 Project evaluation should be conducted by local or bio-regional
8 technical group, comprised of members appointed by principal
9 user and management agencies who represent the broad range of
10 training, experience, and perhaps most germane to our
11 discussion, local resource knowledge.

12 Thank you.

13 CHAIRMAN THOMPSON: Any questions from members?

14 ASSEMBLYMAN HAUSER: Mr. Chairman, as much as
15 anything, I think we need to really stress that last point that
16 Jud made.

17 The review has to be -- not only the selection
18 process, but the review -- has to be made by those that are
19 knowledgeable, and not just on a criteria of so many miles for
20 so many dollars. We have seen that too often, that without
21 knowledge of what it is you're trying to accomplish, and how to
22 get to it, you're not going to get anywhere in this process.

23 That kind of review is so critical, that we have not
24 just some sort of agency abstract review process, but we have
25 something by knowledgeable people that know what they're doing,
26 what they're looking for, and results is not just so many miles
27 of stream. Get actual results, which means get fish back in
28 that stream.

1 MR. ELLINWOOD: California has established a
2 reputation for probably being involved in public
3 participation-driven restoration programs longer than any other
4 state on the Pacific coast. And we've learned very many
5 valuable lessons.

6 And I was hoping to impart a couple of those to you
7 today, but the point I'm trying to make is, if this process is
8 so project-driven, and it is so single-minded about getting
9 funding out into the field that it neglects to pay attention to
10 these lessons, we are going to be wasting a lot of money. And
11 it's not money that's going to be easily replaced, and it's not
12 money that is in excessive quantity. We have to really be
13 careful about how we spend it.

14 CHAIRMAN THOMPSON: Senator Marks.

15 SENATOR MARKS: May I ask a question of Mr. Roberts.

16 I was reading your statement here a moment ago. It
17 says that the most decision was made to increase log production.

18 Now, the federal government told us a while ago that
19 the amount was to be reduced, reduce the amount of production.

20 MR. ROBERTS: What Martha was talking about changing
21 the focus in Option 9 in the way the Forest Service was directed
22 to operate, and in fact is still directed as part of the
23 implementation of Option 9, by the Chief of the Forest Service,
24 and by Congressional appropriations process.

25 Option 9 does indeed represent a reduction in
26 logging; however, Option 9 is an increase in logging when
27 compared to Option 1, which is in fact the only option that I
28 can see, based on the EIS, that will accomplish the goals

1 established by the federal ecosystem management team. Option 9,
2 therefore, represents an increase in logging on federal timber
3 lands.

4 This is the reason -- and I'm sure that the other
5 panel members will vouchsafe this -- it is the reason why Option
6 9 was selected instead of Option 1. The history of the process
7 is that federal ecosystem management, or FEMAT, produced eight
8 options for the President to review. The President and the
9 Administration did not like any of them and directed the FEMAT
10 to come up with two additional options, one of which was Option
11 9. It was selected because it allowed the federal timber land
12 to produce additional timber that would not have been produced
13 by any of the other eight options. Option 9 was created to
14 increase timber production.

15 SENATOR MARKS: Option 9 would increase timber
16 production --

17 MR. ROBERTS: Above any of the other options that
18 were considered.

19 MR. MCKAY: Excuse me.

20 I think also that a lot of the assumption is that
21 under the current situation with the injunction, there is no
22 timber available at all, so whatever option's adopted, it's
23 going to be an increase over the current situation.

24 MR. ROBERTS: May I make a couple additional
25 comments regarding what I consider to be somewhat potentially
26 fatal institutional problems with Option 9?

27 One is that the Forest Service, one, has no history
28 of conducting monitoring, even though monitoring is an essential

1 central feature in Option 9. That is, the federal government
2 will put people on the ground to determine whether or not these
3 programs in Option 9 are actually doing what they're supposed to
4 do. The Forest Service has never done that before.

5 Secondly, none of this work has been funded. In
6 fact, through the National Audubon Society, we've been trying to
7 identify the funding that will be used to produce the
8 information required to make sure that Option 9 is complying
9 with the President's direction and with the commitment that
10 Option 9 makes. So far, meetings have been canceled regarding
11 where the money is and how it should be allocated. We can't
12 find anywhere -- in fact, the forests, like Six Rivers -- cannot
13 give us an allocated dollar amount that will be available, is
14 available now, or will be available to them in the future for
15 conducting monitoring.

16 Martha doesn't have it; nobody has it.

17 SENATOR TORRES: Then how can they give it to you?

18 MR. ROBERTS: That's the point. How can they give it
19 to us. We've been trying to get it to see whether or not the
20 Administration is really seriously committed to following
21 through on what they're proposing to do.

22 The other institutional problem, and could, in fact,
23 be literally a fatal flaw, is that AMAs, the Adaptive Management
24 Areas, one of which is incorporated as part of Six Rivers and
25 goes over into Trinity County. Within the Hayfork AMA, there
26 are two areas in the Six Rivers National Forest.

27 We don't really know yet what the AMAs are all about,
28 and what kind of impacts they might have on national forest

1 management in this area.

2 Some of the things that Jud was talking about, some
3 of the money that the President has committed, will be made
4 available, or is to be allocated within AMAs to locally
5 originated projects. So, there really are kind of two general
6 focuses: one is the forest as a whole, and then the second one
7 is within the AMA.

8 If it turns out, and we don't know the truth of this,
9 but AMAs are intended simply to be a way to increase logging
10 within those designated AMA areas beyond what would be allowed
11 in Option 9, then clearly Option 9 isn't going to work. And the
12 President needs to get this message very clearly.

13 Thanks.

14 CHAIRMAN THOMPSON: Senator Ayala.

15 SENATOR AYALA: You referred to restoration. Does
16 that include new wetlands?

17 MR. ELLINWOOD: Creating new wetlands? I wouldn't go
18 so far as to say creating new wetlands, but if there are
19 wetlands that have been degraded or substantially altered in the
20 past, recovering them to past good conditions would certainly
21 fall under that category.

22 SENATOR AYALA: If you do that, where would this
23 water come from? New developed sources must be developed before
24 you find restoration of wetlands.

25 MR. ELLINWOOD: I'm not talking, addressing
26 specifically wetlands that would be in areas distant from
27 streams. I'm talking primarily about areas adjacent to riparian
28 areas, where you already have a supply of existing water.

1 SENATOR AYALA: Thank you.

2 MR. BITTS: There's also quite a bit of salt water
3 wetlands, estuaries, which are critical habitats for many marine
4 species; water that comes from the ocean, or at least a lot of
5 it does.

6 SENATOR AYALA: I get concerned when people talk
7 about restoration, especially wetlands, since we don't have
8 enough water to go around today.

9 MR. ELLINWOOD: The wetlands that you may be
10 referring to are, I would believe, not necessarily associated
11 with Option 9 forests.

12 I'm addressing concerns about riparian areas adjacent
13 to free flowing streams.

14 CHAIRMAN THOMPSON: Thank you very much.

15 Next we'll hear on the impact of the Forest Plan on
16 timber and related industries. We have Dave Kaney, Vice
17 President and General Manager of Simpson Timber Company; Tim
18 Treichelt, Regional Manager for Government Affairs of
19 Georgia-Pacific Corporation; Ron Samuelson, California Farm
20 Bureau/Forest Landowners of California; Mark Anderson, a
21 forester, Schmidbauer Lumber; and Bonnie Sue Smith, Local 3-89,
22 International Woodworkers of America.

23 First we'll take a give-minute break.

24 [Thereupon a brief recess was taken.]

25 CHAIRMAN THOMPSON: We're ready to reconvene the
26 hearing. We will start with you, Dave.

27 MR. KANEY: Thank you.

28 My name is Dave Kaney, Vice President and General

1 manager of Simpson Timber company here in California operations.

2 I'm here today on behalf of the Forest Resource
3 Council, which represents both coastal and inland companies that
4 town private lands. The Forestry Resource Council members are
5 not directly dependent on federal lands for timber supplies, but
6 we are directly impacted by the Option 9 provisions.

7 As members of the public, we're also concerned that
8 Option 9 substantially reduces the productivity for federal
9 lands.

10 The Forest Resource Council provided testimony
11 earlier to your Committee in Sacramento, and I'd like to just
12 elaborate a few of the points, and we have some written comments
13 for distribution later as well.

14 First of all, I'd like to point out, and I'd like you
15 all to remember, that in spite of all the talk about ecosystem
16 management, and the involvement of experts in the drafting of
17 this plan, that it really is a land use allocation plan. It is
18 not an ecosystem allocation plan. Those allocations include
19 roads, ancient forest reserves, adaptive management areas,
20 matrix, and so on that you've heard about today.

21 These allocations have really been based on opinions
22 about species and forest conditions, and not based upon science
23 and data. They're also based on opinion about the public
24 interest in those resources and values, and they give little
25 consideration to economic or employment impacts.

26 We do not dispute the right of the public, the owners
27 of these federal lands, to decide land use allocations, but we
28 do believe that the environmental assessment on arriving at that

1 allocation is too narrow. Therefore, Option 9 is not in the
2 best interests of the public.

3 Greater weight should be given to utilizing the
4 productivity of federal lands to produce environmentally
5 friendly consumer products. Forest products for home building,
6 paper making, and a thousand other uses are the most
7 environmentally sensible products and should be encouraged there
8 in their use. These products are renewable, recyclable,
9 biodegradable, energy efficient to produce, and production and
10 growth of these reduce fluorocarbons in the air, permit forest
11 growth cycles, provide a habitat for fish and wildlife.

12 The land use allocations in Option 9 will reduce the
13 availability for forest products for federal lands from 75
14 percent, and that must be replaced by nonrenewable resources
15 that are more environmentally damaging, or by timber in much
16 less productive areas, such as tropical forests and Siberia.
17 The popular bumper sticker that says, "Think Globally and Act
18 Locally" has a very direct application here.

19 The first thing the Committee could do is communicate
20 very directly with the Clinton Administration that the land use
21 allocation in Option 9 is wrong, not in the best interests of
22 California or the nation. Demand that the set-asides and the
23 reserves be reduced so that more of the productive lands can be
24 utilized. As an example, the scientists here in California have
25 declared that the large preserves are not necessary for the
26 protection of the Spotted Owl.

27 Second, to require the economic impact on rural
28 forest-dependent communities receive greater weight in the

1 allocation.

2 While Option 9 disclaims any jurisdiction over
3 private lands, the document repeatedly suggests that Option 9
4 restrictions should be extended to private lands without
5 recognition of California's forestry regulatory system. At the
6 same time, Option 9 assumes that private lands will increase
7 output and replace much of the lost volume.

8 California's forest policy is to maintain and enhance
9 productivity on private lands. Part of that policy is reflected
10 in zoning of forest lands for timber production in the land use
11 allocation. The second part is the very comprehensive forest
12 practice rules and the general rule-making process that balance
13 environmental concerns for these related resources. And the
14 third part is the licensing of professional foresters to
15 maintain high standards of technical proficiency in evaluation
16 of environmental impacts.

17 California forest practice regulations are the most
18 strict in the nation. California is the leader in adopting
19 rules for the protection of the Northern Spotted Owl. Since
20 enactment of the 1974 Forest Practice Act, the rules have been
21 revised repeatedly to deal more specifically and fairly with
22 potential impacts. The Board of Forestry is today finalizing
23 its new total re-write of the rules that became effective in
24 1984. The revised sections deal with sensitive watersheds,
25 silviculture, and old-growth; the same key issues that are
26 addressed in Option 9. The result of this re-write will be a
27 landscape-wide approach to impacts and a long-term management
28 plan.

1 California forests are different in many ways from
2 those of Oregon and Washington. The species are different; the
3 climate is different; the population impacts are different. And
4 most of all, California has a system in place to deal
5 specifically with those forest-related issues and private lands
6 in California.

7 Our recommendation to this Committee would be support
8 the California forest practice regulatory process as superior to
9 Option 9 in the protection of the environmental values, fish,
10 wildlife, water, soil, et cetera. Reject the notion that Option
11 9 provides a stream protection zone should be overlaid by an
12 already comprehensive stream protection rural system. Recognize
13 the role private land owners can best fulfill the protection of
14 these habitats is not promoted in Option 9.

15 CHAIRMAN THOMPSON: Dave, question from Senator
16 Torres.

17 SENATOR TORRES: You reject the Governor's
18 representative's proposal for a regional plan? Is that what
19 you're suggesting by the differentiation between the state and
20 species and regions?

21 MR. KANEY: Not necessarily.

22 I'm suggesting that the applications of the Option 9
23 provisions are inappropriate and unnecessary in California,
24 because we have a regulatory process in place.

25 SENATOR TORRES: Well, the Governor's representative
26 indicated that she supported a regional plan, which is why we're
27 spending time in Portland and Seattle, to develop a regional
28 plan.

1 You're arguing against a regional plan?

2 MR. KANEY: Not necessarily, but I think we're moving
3 towards -- more towards watershed-type and landscape-type of
4 planning processes. Whether that amounts to a full regional
5 plan on a much broader scale, I'm focusing much more locally.

6 SENATOR TORRES: Thank you.

7 MR. KANEY: The third thing that we would recommend
8 this Committee directly have some input to would be to authorize
9 for reasonable planning periods by authorizing a ten-year
10 renewable sustained yield plan under the Forest Practice Act,
11 Senator Leslie's bill.

12 Based on Option 9 and the other alternatives, we no
13 longer view the federal lands as good neighbors. The proposed
14 preserve of the matrix and limited silvicultural activities will
15 increase the risk of fire and the extent that damage could
16 spread to our lands. Reduced activity levels in the forests,
17 combined with reduced budgets, will reduce the federal ability
18 to respond to and fight fire. Reserved set-asides will result
19 in rapid fuel build-up and increase the potential for
20 catastrophic fire. These actions will increase the burden on
21 the State of California and private land owners for fire
22 protection and suppression. The potential for fire damage on
23 state and private lands will increase substantially,
24 particularly in areas where checkerboard ownerships exist.

25 We recommend your Committee ask the Clinton
26 Administration to reject Option 9 in favor of an alternative
27 which gives full recognition to the fire protection needs of
28 California's forests, its citizens, and private land owners.

1 SENATOR MARKS: Option 9 calls for a reduction by
2 three-quarters?

3 MR. KANEY: No, sir, it will not.

4 SENATOR MARKS: Why will it not?

5 MR. KANEY: The direct application of Option 9 to
6 federal lands will not directly affect what happens on our lands
7 unless those provisions are further extended to the state
8 regulatory process on private lands.

9 SENATOR MARKS: It will not affect your production at
10 all?

11 MR. KANEY: Not as long as those restrictions are
12 applied only to federal lands.

13 Before I conclude, let me touch on a separate but
14 related subject for the sake of some clarification.

15 Many of you may know by now, this last week I
16 announced that beginning in 1994, Simpson -- we've reconfigured
17 the sawmill operation for Corbel, California. I want to make
18 several points about that.

19 First of all, beginning in January, 1994, we will
20 shut down that portion of the Corbel mill that processes larger
21 logs. This change results from the curtailment of approximately
22 55 jobs. This is not a response to automation, by the way.

23 The changes are required to balance our manufacturing
24 capabilities with the available resource. Simpson has completed
25 the conversion over the past 40 years of old growth and 100
26 percent young growth operations. On average, then, the logs are
27 smaller and more uniform, and only require the smaller equipment
28 for processing. And because of the harvest restrictions on

1 public and private land, there's less volume available for us to
2 go out and purchase the remaining volume to fill that capacity.

3 The change is necessary to support Simpson's
4 sustained yield plan from now until Simpson harvest levels can
5 increase, just after the year 2000. The announcement, of
6 course, is being made now, three months ahead of time, so that
7 our employees can make an orderly transition and have time to
8 explore and find other options.

9 This is not an easy decision arrived at lightly. We
10 will assist our employees as much as we can through this change.

11 In closing, let me just summarize a few points.

12 The most difficult variables to adjust in forest
13 management are time and the land base. Just by the very nature
14 of the long cycle of growth and maturing in the commercial
15 forest, 50-100 years, we're required to use long-term
16 projections when deciding on construction plans and employment
17 levels. Any significant change in the timing or availability of
18 harvest has an immediate and dramatic impact on employment and
19 the rural economies of California.

20 Much of the current employment decline is the result
21 of these policy changes, such as the creation of the Redwood
22 National Park, the listing of the Northern Spotted Owl, and set-
23 aside of large protection areas, lengthening rotation cycles
24 land revision of the National Forest Plan.

25 Now we're faced with Option 9, the largest and most
26 immediate reduction in available productive land base, and its
27 impacts will be catastrophic. There'll be severe damage in
28 rural economies, severe damage to consumers in the cost of wood

1 products, severe damage to the environment as we utilize
2 substitute materials. I believe Option 9 is not good for any of
3 us.

4 Thank you for this opportunity to present these
5 remarks. I'd be happy to answer questions.

6 CHAIRMAN THOMPSON: Anyone have any questions?

7 Tim.

8 MR. TREICHEL: Thank you, Mr. Chairman.

9 Mr. Chairman and members of the Committee, my name is
10 Tim Treichelt, and I'm Regional Manager of Government Affairs
11 for Georgia-Pacific Corporation. I'm also a registered
12 professional forester with field experience in the North Coast
13 area, primarily the Mendocino and Sonoma Counties.

14 Georgia-Pacific Corporation owns about 190,000 acres
15 of young growth of Redwood and Douglas fir forest land in
16 coastal Mendocino County, just south of here. Appurtenant to
17 this land base is a lumber manufacturing facility at Fort Bragg
18 that employs 572 people. Well over a thousand additional people
19 are employed by contractors primarily working in the harvesting
20 and hauling process.

21 At this time, the Georgia-Pacific Fort Bragg forest
22 supplies about 70 percent of the sawmill volume. The other 30
23 percent is purchased from outside sources, including Jackson
24 State Forest and private nonindustrial forest lands.

25 Regarding Option 9 in the FEMAT report, we are
26 disappointed that the scientific team developed a set of options
27 that did not allow for a higher harvest on public forest lands.
28 We believe that a higher level of harvest can be maintained

1 while still protecting the environment. We're concerned that in
2 some cases federal resource managers may have over reacted and
3 based harvest levels on information not well supported by facts.

4 A recent media report of new data that could support
5 higher harvest levels was presented on the "NBC Nightly News" on
6 Friday, September 17th. Anchor Tom Brokaw and his staff
7 reported that in California on private land, the Northern
8 Spotted Owl appears to be doing much better than was assumed
9 when the bird was listed as a federal threatened species.

10 I've brought with me a copy, a video copy, of that
11 four-minute newscast. I understand there's no facility here to
12 show it, but I would like to make it available to the Committee
13 members. Please let me know, and I'll have copies delivered.

14 I will talk a little bit about the report, and in the
15 handout that I gave you, there's a full transcript of that
16 report.

17 Just briefly, Brokaw's reporter, Roger O'Neil, points
18 out that 5,000 California jobs have been lost as a result of the
19 listing of the Northern Spotted Owl, and that the Owl appears to
20 be thriving in young-growth, previously harvested forests. The
21 report also points out that the Owl appears to be compatible
22 with harvesting, at least that is what U.S. Fish and Wildlife
23 Service biologist, Phil Dietrick, indicated in the report, and
24 you heard Phil this morning testify before this Committee.

25 The report also suggests that the listing of the
26 Northern Spotted Owl was a part of a bigger environmentalist
27 strategy, and that the politics of environmentalism may have
28 gotten in the way of careful science.

1 Georgia-Pacific's 190,000 acre commercial forest in
2 coastal Mendocino County has all been previously harvested. Yet
3 in this young-growth previously harvest forest, like many other
4 young-growth forests in the area, biologists are finding a
5 density of Owls that are greater than what the Interagency
6 Scientific Committee, headed by Dr. Jack Ward Thomas, reported
7 as viable in 1990. In fact, on Georgia-Pacific Corporation
8 lands, the density of Owls is four times greater than the ISC
9 report identified as viable. Our biological data also shows
10 that the Owls are producing young in numbers well in excess of
11 the amount needed to repopulate all the area where the Owls are
12 living.

13 Now, I guess the question is, if this can occur in
14 young-growth industrial forest that has been subject to
15 a harvesting by Georgia-Pacific and other land owners for the
16 last century, how can the Owl be referred to as old-growth
17 dependent? And if the Owl is not old-growth dependent and is,
18 in fact, thriving in young-growth industrial forest, how can it
19 be threatened? And if the Owl is not threatened, why is
20 harvesting prohibited on thousands of acres of forest land that
21 could produce building products for our nation's housing needs,
22 as well as supplying jobs contributing to healthy --

23 SENATOR MARKS: Are these areas you're talking about
24 on public lands?

25 MR. TREICHEL: Well, the Owl -- our land -- the Owl
26 habitat I'm referring to is fee-owned lands, Georgia-Pacific
27 land.

28 My point is that the Owl, the listing of the Owl, and

1 the Northern Spotted Owl's viability on federal public lands,
2 has driven the entire process, not just the listing but also the
3 Option 9, the effort to show -- produce a plan that proves
4 viability.

5 SENATOR MARKS: Option 9 talks about public lands.

6 MR. TREICHEL: Option 9 is federal public land.

7 But the listing and Option 9 were driven in a great, great part
8 by the Northern Spotted Owl.

9 SENATOR MARKS: But it's federal public land we're
10 talking about.

11 MR. TREICHEL: I'm talking about the Owl, which
12 influenced the policy on federal public land as well as private
13 land.

14 SENATOR ROGERS: Mr. Treichelt, the statement here in
15 the report that you gave us a copy of, of Tom Brokaw --

16 MR. TREICHEL: Yes.

17 SENATOR ROGERS: -- where, I guess, Mr. O'Neil is
18 saying that the environmentalists grudgingly agree, now there
19 are more Owls but contend the bird is still in danger. They
20 also admit the Spotted Owl is part of a bigger strategy, which
21 was to stop the cutting of big oak trees in the national
22 forests.

23 I guess my question to you is, if in fact this is
24 true, and the Spotted Owl is used to further another strategy
25 here, what do you suggest that can be done to prevent this from
26 happening again? In other words, from some other bird or animal
27 being seen and being used the way the Spotted Owl was used.

28 Do you have any suggestions as to what we can do to

1 prevent this from happening again, because it's cost an awful
2 lot of jobs. If, in fact, this is true, it sure has cost a lot
3 of jobs.

4 MR. TREICHELDT: Well, I think that the comment I made
5 about careful science is a place to start. And I think my
6 company's policy, and certainly trend in its practices, has been
7 to find practices -- adopt practices that balance the
8 environment with the economic interests that we have to support.
9 And I think we just need to be careful about decisions that have
10 broad-based effects, especially when the science is not well
11 established.

12 In the case of Endangered Species, this suggests, if
13 you accept it, it suggests that perhaps it should have been more
14 studied before the decision was made the way it was.

15 CHAIRMAN THOMPSON: We've heard today and in past
16 testimony that there's some 40 or 42 species that may in fact be
17 listed, and a salmon specie as well.

18 So, while we're talking a lot about Spotted Owl
19 habitat, it's irrespective of whether or not it's in danger or
20 ever was in danger or will continue to be in danger. And if
21 it's taken off the list, there still is a potential for 42 other
22 species to be added to the list. That's going to have an impact
23 as well.

24 I'm wondering if we should even focusing on the Owl,
25 or we should be looking at the overall proposal for protecting
26 entire regions.

27 MR. TREICHELDT: The overall forest health, I think;
28 that's what you're alluding to, and that's an important

1 consideration.

2 I think that, as I've observed the evolution of
3 forest practices in California, the overall forest health that
4 you're referring to has been something that's been constantly
5 moved towards. Stream protection is a very highly regulated
6 area in harvesting. There's regulations that require erosion
7 control, removing our roads from old railroad grades along the
8 streams to mid-slope roads. So, we're staying further and
9 further away from streams, using more cable equipment, and
10 trying to put old roads to bed, and using smaller tractors and
11 less -- a great deal of emphasis on forest protection in the
12 forest practice rules.

13 I think the Owl, I'm referring to the Owl because it
14 seems to be a point of polarity, and it has been referred to as
15 an indicator species of forest health. The other species are
16 important, and I think my point here is just that this may be a
17 situation, may represent a situation, where the regulators went
18 too far, and the costs were pretty high.

19 I think in the future, as we balance the needs of the
20 forest with our activities, we need to be careful not to over
21 regulate.

22 I'm getting close to the end, so if there no more
23 questions, I'd just say that I'd like to draw attention to the
24 efforts of California industry and the California regulatory
25 agencies that have attempted to cooperate and be pro-active in
26 protecting the Owl and its habitat. Companies like my own and
27 others have surveyed their land to attempt to find the truth. I
28 think that's an important thing that needs to be done, too, is

1 to find the truth.

2 The State of California produced a draft Habitat
3 Conservation Plan for the Northern Spotted Owl, and the Board of
4 Forestry passed regulations to assure that there would be no
5 take of the Owl and its purported habitat. All this was done in
6 good faith, with a belief that the listing process was
7 necessary.

8 So now, with the new evidence that suggests that we
9 may have gone too far, I'd ask the Committee to review this
10 issue, and if appropriate, communicate with the federal
11 government about what's occurred in California, and recommend
12 some adjustments.

13 CHAIRMAN THOMPSON: Any questions?

14 Thank you very much.

15 Next we'll hear from Ron Samuelson.

16 MR. SAMUELSON: Members of the Senate Committee on
17 Natural Resources and Wildlife, on behalf of the Humboldt County
18 Farm Bureau and the Forest Landowners of California, I would
19 like to welcome you to Humboldt County.

20 I'd like to say a little bit about myself and why I'm
21 here. I'm a forest land owner in Humboldt County. The
22 property's been in my wife's family since her great-granddad
23 homesteaded it in 1884. Hopefully, there'll be a 2084
24 celebration, but you begin to wonder as things go on and you
25 look at the rules and regulations.

26 There's still timber on the property. We run cows on
27 it. Hopefully, we'll still be around, somebody in the family, a
28 hundred years from now.

1 I'd like to inform you that the family forest owners
2 get little attention, but we own over 50 percent of the private
3 timber lands in California, and around 4 million acres, and
4 50-plus thousand ownerships in nonindustrial timber lands.

5 In the past, it seems that we've been ignored.
6 Industry always gets -- I'm not knocking industry. I think
7 they're important to us, and I'll allude to that in a little
8 while -- but I think industry can survive in a regulatory
9 climate that the nonindustrial land owner would have a tough
10 surviving in. And we've been trying to get that message across
11 for a long time, and it almost seems like at times, nobody's
12 listening.

13 Today I'd like to cover three main areas: number
14 one, how Option 9 will impact the family forests; number two,
15 some suggestions on improvements; and three, implications for
16 forest practices on private land.

17 The implementation of the Clinton Forest Plan will
18 cause severe restrictions on the state's federal timber supply,
19 and in turn, the markets for our timber. As the supply drops
20 and the number of sawmills decline, there will be less
21 competition for our product. And most of the sawmills have a
22 capacity to cut more than what they're growing on their own
23 lands, and to cover that capacity, they've used private land and
24 federal timber.

25 And one of the things that I see potentially
26 happening is, as the prices go up, you may possibly see an
27 over-harvest on private land among some of the smaller land
28 owners because they're going to -- they're getting tired of

1 what's going on.

2 High regulatory costs already are discouraging many
3 family forest owners from prudent and responsible forest
4 management. If the costs, hassles, and restrictions continue,
5 the likelihood of conversion to other uses increases.

6 Option 9 calls for ecosystem management, and yet 83
7 percent of the area involved is set aside for uses not related
8 to timber harvesting.

9 Four of California's national forests produced enough
10 wood annually to build 135,000 new homes. Under Option 9, the
11 cut will be reduced to 13,000 homes. The 135,000 homes, when
12 they were beefing it up for 135,000 homes, that was still less
13 than what the potential growth was in the forests. So, you can
14 see if you put it in board footage or houses, look at it from a
15 number of houses produced, and the point in California is, the
16 reduction in the federal cut is significant.

17 In many areas, there is private timberland within the
18 national forests. Option 9 will increase the fire hazard risk
19 for those owners. Burnt timberland will result in less wildlife
20 habitat and these product values.

21 Because California has a much higher percentage of
22 private timber than Oregon and Washington, the impact of the
23 Endangered Species Act is greater. Our forest practices rules
24 are the most costly, restrictive, lawsuit-producing, and
25 cumbersome around. Restrictions placed on our land as a result
26 of the Endangered Species Act have not been preceded by adequate
27 scientific evidence. The Northern Spotted Owl, for example, an
28 old-growth dependent species, is found in the lowest

1 concentrations in old-growth forests on national forest lands,
2 and the highest concentrations in second growth.

3 I think someplace I heard this slogan: Remember that
4 trees grow jobs. I think that's a true statement, and if
5 managed correctly, not only do they grow jobs, they'll grow jobs
6 indefinitely.

7 I have a few suggestions for improvement. I think
8 that Option 9 needs to be looked at from being modified, at
9 least in California, like these gentlemen alluded to. I think
10 that there is a difference between California, and the
11 productivity, and everything else.

12 I think that maybe either a separate plan or maybe
13 what we need to be looking at is current forest practices rules,
14 and looking at those types of rules in national forest
15 management.

16 I think we need to base the listing of endangered
17 species on sound peer-reviewed science, not just the best
18 evidence. It's my understanding that the way the Endangered
19 Species Act works, the best scientific evidence available at the
20 time, and theoretically, that could be a graduate student's
21 paper on a specific species that concludes that, in his opinion,
22 the species is in decline. Theoretically, that could be enough
23 to list a species, because it might be the only paper on that
24 particular species.

25 I think that's one of the ways that things need to be
26 looked at, and there needs to be better data to begin with.

27 I also think the watershed management concept is
28 something that definitely needs to be looked at, and so instead

1 of spinning our wheels on one species at a time, that we're
2 concentrating on the entire watershed, or bio-region, or
3 whatever we want to call it.

4 CHAIRMAN THOMPSON: Is that true? Can it be that
5 extreme, a graduate student's paper? Is Phil Dietrick still
6 here?

7 MR. SAMUELSON: Anyway, I was in Washington, D.C.
8 earlier in the year, and we had a meeting with the Department of
9 the Interior. That's the way it was explained to us, the best
10 -- what the law says is the best scientific data available.

11 I'm not sure that it's scientific data. I think it's
12 the best data available.

13 And I think peer review would go a long ways to
14 eliminating some of the problems.

15 Implications for forest practices on private lands,
16 it appears likely that we will have an additional layer of
17 government imposed by the federal government on family forests.
18 This will, of course, lead to one or both of the following:
19 one, over-harvesting; two, conversion or subdivision of land.

20 Rumor has it that Section 4(d) of Option 9 allows the
21 U.S. Fish and Wildlife Service to enter into agreements with the
22 states for greater control of the private land. This, of
23 course, would cause concern on all of our parts. We think we
24 have enough control without adding additional -- let me rephrase
25 that. I think the people that have control are doing enough
26 without adding an additional layer of government.

27 In conclusion, the State of California and the
28 timbered counties can't afford this Option. The U.S. Forest

1 Service has to get back to true multiple use for the national
2 forests.

3 Species will continue to become extinct just as they
4 have since the beginning of time. That doesn't mean that we
5 have to stick our heads in the same and go about business as
6 usual. What we need is some balance in the Endangered Species
7 Act, keeping in mind that the U.S. Constitution guarantees
8 property rights and compensation for the taking of property.

9 Thank you.

10 CHAIRMAN THOMPSON: Thank you.

11 Any questions?

12 Mark Anderson.

13 MR. ANDERSON: Good afternoon.

14 I handed out a package that has my business card on
15 the front.

16 I am Mark Anderson. I work for Schmidbauer Lumber.
17 Schmidbauer is a small business located in Eureka, California.
18 I believe David Ford addressed your Committee here roughly a
19 month ago on small business. I don't think I could add much to
20 Mr. Ford's presentation.

21 I think, you know, in general, the nature of small
22 businesses -- I typed my own speech, so I don't think I could
23 say much more about it.

24 We've been here roughly 21 years. It was founded by
25 the Schmidbauer Family. We manufacture second growth timber
26 into lumber products as demanded by the American consumer. In
27 addition, we have cogeneration for lumber drying, secondary
28 manufacturing of cut stock, and retail of building products, all

1 at the same location. Our company has the reputation for being
2 both innovative in our production techniques and our business
3 operations.

4 Now, when President Clinton held the Forest
5 Conference, I thought, "Boy, he's going to like us. We've got
6 all the things that he's been trying to promote."

7 Unfortunately, that didn't -- my excitement didn't last long
8 when I saw the results, because it's probably not going to do
9 much for us, if anything.

10 Until 1987, 70 percent of the logs that we cut were
11 provided from the public lands. In 1990 -- pardon me, last
12 year, roughly about 5 percent of the logs we cut into lumber.
13 Traditionally our operation has operated pretty close to the
14 bone. We didn't have a lot of federal timber under contract.
15 We had lots of -- we pretty well responded to the current
16 situation.

17 So, beginning, you remember with the Owl problems and
18 whatnot, we've been talking about, the Owl was listed in 1990.
19 In 1991, we began curtailing our operations -- roughly two
20 months out of every year, affecting roughly 140 employees.

21 As I speak, our sawmill's down again. We just can't
22 get enough wood under the current climate to consistently
23 operate throughout the year, which is an experience that's
24 shared by many others at the table from time to time.

25 In your packet, I gave you some California timber
26 harvest information. It's just directly behind the two pages I
27 typed. That's what I wanted to talk about.

28 This information comes from the Board of

1 Equalization. And it pretty well, I think, illuminates the
2 story. If you look back to 1987, and I didn't chose that year
3 for any particular reason, it's just that everybody can kind of
4 remember 1987, but Humboldt County harvested 855 million feet.
5 In 1992, Humboldt County, the harvest was 476 million feet.
6 Those numbers are kind of hard to read. That's why I'm giving
7 them to you. Now, this would include both public and private
8 timber harvesting in Humboldt County only, as represented
9 through the Board of Equalization. Last I checked, they keep
10 pretty close tabs on this stuff.

11 If you look all the way down at the bottom of this,
12 what I've represented here is the major timber producing
13 counties in the State of California. And I just sum totaled
14 those, and if you look right below, that includes the entire
15 State of California.

16 In 1987, the State of California had a total timber
17 harvest, public and private, of 4.4 billion board feet. In
18 1992, it was 2.9 billion board feet. Cut down about a third.
19 We're down about 45 percent here locally in Humboldt County, and
20 a lot to do with the Forest Service cutbacks, and the dramatic
21 declines at the hands of both state and federal regulations,
22 along with unfavorable judicial actions.

23 So anyhow, that's kind of right there in cold, hard
24 print what's happened to the log supply that the American
25 consumers demand in the form of lumber.

26 I might remind you that the mills around here, we
27 don't go around and advertise two-by-fours. The American public
28 demands it. It's almost like flour. It's a basic necessity

1 that in general everybody has needed.

2 As we try to continue to supply this demand, we are
3 beginning to look for alternative sources. As you well can
4 imagine, we don't have any substantial private timber holdings.
5 We rely on public timber, so what are you going to do?

6 One of the things that we, I guess, are doing is,
7 we're going across the ocean. If you look at my business card,
8 you can see we're on Humboldt Bay right on the dock. We're in
9 the process of importing logs to meet the American consumer's
10 demand.

11 CHAIRMAN THOMPSON: From where?

12 MR. ANDERSON: This would be what is known as Lejera
13 Pine, the seed for which was taken from the Monterey Peninsula,
14 also known as the Monterey Pine. It was taken to Chile and New
15 Zealand, grown up into trees, and we're bringing them back for
16 lumber, and you all are going to buy it.

17 I guess it doesn't make good sense, but I did include
18 an article relating to that, and the title of the article is,
19 "Tempting Log Prices Result Could Be Global Harvest." It
20 relates to the volume per acre in foreign supplies, and how it
21 relates to our growth potential here. Whereas, they feel that
22 they're harvesting more acres to get the same amount of volume
23 as lumber for the American public.

24 CHAIRMAN THOMPSON: You'll mill those logs, right?
25 Your mills will stay open and jobs?

26 MR. ANDERSON: Yes, we'll be milling those particular
27 logs. There's a significant increase in imported lumber,
28 though, that's coming into California.

1 CHAIRMAN THOMPSON: Increase as far as price?

2 MR. ANDERSON: Volume from imported sources.

3 CHAIRMAN THOMPSON: It's better for our local jobs
4 than the Chilean wine that's coming into other parts of my
5 district.

6 MR. ANDERSON: Also in your package, I hope it kind
7 of flows a little bit, it's kind of a lengthy article, and the
8 title of that one is, "Wood Versus Nonwood Materials in U.S.
9 Residential Construction: Some Energy-related Global
10 Implications."

11 Now, about two months ago, the fellow that runs our
12 retail operation went to a seminar on the use of metal studs.
13 And for the first time, we're seeing larger scaled use of metal
14 studs in residential housing. Now, we've seen it in commercial
15 buildings for years. The contractors in L.A. are tired of this
16 fluctuation in lumber prices; it's driving them crazy. They
17 can't bid a project. Use metal studs, you know where every
18 bolt's going to go; you know what's going to happen. You don't
19 have the problems you have with wood.

20 But there are some other related problems, and this
21 article details those problems. Specifically, let's compare
22 wood studs versus steel studs. The energy required to
23 manufacture a steel stud versus a wood stud is approximately ten
24 times as much energy, which in fact relates to our energy
25 policy.

26 Hopefully, you'll realize that what I'm driving at
27 here is that, I'm detailing the Clinton Plan a little bit, and
28 what I'm trying to detail are some of the things that I feel

1 that he did not consider when he took these particular actions.

2 So, we're digging it out of the ground instead of
3 growing it. In other words, that energy in the form of trees is
4 done through the photosynthesis process. We get it from the
5 sun. The energy to develop steel studs is both, you dig it out
6 of the ground, and you burn quite a bit of oil to get there.

7 So, that's the point of that article. It's rather
8 lengthy, but a gentleman, Peter Koch, who wrote the article,
9 made some very valid points that I don't think have been
10 considered by the Clinton Administration.

11 CHAIRMAN THOMPSON: I think the numbers in this, the
12 increase of about 17 million gallons of oil annually, and about
13 7.5 million dockside, is that in addition to what is consumed to
14 produce lumber, or is that just to make --

15 MR. ANDERSON: That is comparing, for every billion
16 board feet that's utilized, that would be an increase by
17 utilization of alternative products.

18 So again, this is an energy policy consideration that
19 has not been fully explored by the Clinton Administration.

20 Okay, well, lastly I included some information for
21 you, and it comes from some biologists out of Berkeley. It has
22 to do with the Clinton Forest Plan. This letter was written on
23 June 29th, prior to the release of the Forest Plan. It was
24 written by Kevin McKelvey, Barry Noon, Jared Verner, and Phillip
25 Weatherspoon, all of which have been fairly active. You might
26 might recognize Barry Noon as being highly involved with the
27 Spotted Owl research, particularly locally. Jared Verner is the
28 Verner Report that started off the California Spotted Owl

1 conflict in the Sierra.

2 Biologists aren't -- I have some friends who are
3 biologists, and I don't want to hurt their feelings, but they're
4 not often succinct. So, if I could just make their points for
5 them, their concern is fire. And specifically, the hands-off
6 approach that the Clinton Plan is doing, the hands-off, what
7 that means is, they're proposing potential management on 10
8 percent or less of the forested area. So, they're intensifying
9 activity in very local areas, and the rest of it, they'll kind
10 of -- they're not going to do anything. And their concern is
11 that by nonmanagement, they're incurring all the things that
12 they're trying to protect might burn up, is what they're saying.

13 And those of us who are familiar with the Tillamuck
14 Fire, the Tillamuck Fire occurred, I believe it was around the
15 1930s, just west of Portland. And you could see the Tillamuck
16 Fire from San Francisco, is what the old-timers tell me. That
17 is a very hot, intense fire --

18 SENATOR MARKS: I never saw it. I was in San
19 Francisco.

20 MR. ANDERSON: That's the type of fire -- what
21 they're saying is, that's the type of fire that would happen in
22 a coastal, moist climate versus the type of fires you generally
23 find in the Sierran climate, where they're more frequent and
24 they're less intense. So, we can have all the restoration and
25 wildlife improvement, if it all burns up, it's all for naught,
26 and we should not forget that. I guess that would be my point
27 on that one.

28 I guess in conclusion, the biggest problem with

1 Option 9 is, number one, it does not allow for SBA operators,
2 such as ourselves, 60 percent of the public timber volume is
3 given to SBA operators historically, and typically we --
4 operators such as ourselves do not have extensive timberlands.
5 But it also has a major effect on non-SBA operators as well.

6 Secondly, the Clinton Plan does not address commerce.
7 The American consumer will not necessarily stop consuming wood
8 because President Clinton decided to enact Option 9. And the
9 Pacific Northwest has been a major contributor of wood products
10 for the American public. They in fact will go to other places,
11 and in fact, already have, as well as eke out alternative
12 materials which are, I think, much more detrimental to the
13 global environment than the problems they're attempting to
14 address in this Plan.

15 And I guess I'll close with this. I give a lot to
16 President Clinton, because he took on a very difficult political
17 problem in the Pacific Northwest, so you've got to give the boy
18 credit where credit is due. It's not an easy one.

19 My only problem with the way it's been solved is that
20 it was far too narrow of a scope and did not address the needs
21 that it intended to.

22 Thank you.

23 CHAIRMAN THOMPSON: Thank you very much.

24 Any questions?

25 Bonnie Sue Smith.

26 MS. SMITH: I'm Bonnie Sue Smith with Local 3-98 of
27 the International Woodworkers of America, U.S.

28 We have more to lose than our jobs: our ability to

1 keep our self-esteem, our very existence, our roots, and the
2 security of homes and family, which all of us have spent our
3 entire lives planning and dreaming about.

4 We have seen what has happened when the chain
5 reaction occurs. This is nothing new. But if you live here and
6 continued to see the downslide of a continuing community being
7 destroyed, piece by piece, only then would you understand why
8 our cry for help must be heard.

9 Put yourselves in the place of our workers, for
10 example. Say you are 40 or 50 years old, and the government
11 told you, "We are going to take your job away from you," and you
12 only knew one trade -- that which you have done all your life.
13 It was a trade you though would always be here, because it was a
14 renewable resource from which you manufactured your product.
15 You had the security you always wanted, so you began planting
16 roots for your future and the future of your children by buying
17 a home. You sent your children to school, and you a mortgage,
18 and you a school loan payment and other bills within your means.

19 You began to put some money away for your retirement,
20 begin to see the light at the end of the long tunnel which was
21 your future. You had always taken care of your family, and you
22 were able to put food on the table, and food in their mouths,
23 and shoes on their feet. You were proud, and you felt good
24 about yourself, until one day, the government stepped in and
25 takes your job.

26 What would you do? What would you feel? Is the job
27 the only thing the government will be taking? What about
28 security, self-esteem and family?

1 Statistics have proven many devastating changes occur
2 during a loss, be it financial, material, or emotional.
3 Depression is always there. Family breakups begin to occur.
4 Crime rates rise; suicide increases. All because of the loss of
5 their jobs, and particularly when they are not certain there is
6 a good reason to have lost the job.

7 If you lay on your bed, close your eyes, and think
8 about how would you react to this situation, what would your
9 answer be?

10 Option 9 is a poor policy. We have just lost 55 more
11 of our jobs due to reduction in availability of large logs. A
12 gradual reduction has occurred over the past few years due to
13 more and more restrictive governmental regulations. We have
14 gone from a field of membership of 1600, to a current 450, which
15 is being reduced by 55 more as of December, 1993. We have seen
16 plant closure after plant closure. These are figures of only
17 one local union in our area, compared to all the rest.

18 Option 9 speaks of 6,000 jobs, which is below the
19 actual level of jobs to be lost. This is why we feel the need
20 in the Plan for a wider window is necessary. Three years is not
21 long enough. We need no less than five years, because once the
22 Plan goes into effect, it will take time for the effect to come
23 down.

24 This was the problem we had after the park was
25 bought. In some areas, the loss of jobs occurred later, but was
26 still due to the impact of legislation, and by that time the
27 benefits were not available. People needed retraining and
28 schooling and et cetera, but could not afford to do this because

1 they had to come up with money for home payments, taxes, and et
2 cetera.

3 Unemployment and minimum wage did not cover this, and
4 they certainly did not want to lost their homes, so they were
5 forced to sell their homes and drop out of the program in order
6 to start all over again.

7 The entire dislocated worker program at the state and
8 the local level treats the dislocated worker as if they all are
9 the reason for their dislocation, instead of recognizing that
10 the worker is dislocated because of national forest policies.

11 Providing resume preparation, job search skills, and
12 self-esteem training does not help feed the family, pay the
13 mortgage, or maintain health insurance, buy school clothes for
14 your children, or pay the high educations needed. These skills
15 do little good if these basic human needs are not met. These
16 are the real problems that don't compare about the facts of the
17 economic problems which this Plan will create.

18 Increased used in the imported fibers, carbon
19 emissions from energy used in aluminum frames, is three times
20 greater, while steel framing is two-and-one-half times greater
21 than wood.

22 Harvest levels are standardly below growth levels,
23 leading to increased full load on the ground, which create wild
24 fires.

25 Also contributing towards the substitution of
26 nonrenewable forest products, such as aluminum and steel, Option
27 9 will increase global oil consumption by 6 billion gallons per
28 year, and annually add another 62 million tons of carbon dioxide

1 into the atmosphere.

2 Shifting harvest from highly managed forests to less
3 productive and less managed forests, primarily in Third World
4 countries like Russia, who needs 1.53 million acres to equal the
5 4.7 billion board feet which we harvest from 100,000 acres on
6 the Pacific Northwest lands. Logs are being brought in from
7 Chile and from Russia, and now chips from Brazil -- all from
8 places who do not manage their harvest.

9 The impact of Option 9 on the people and our
10 community will be devastating. Option 9 will cause unemployment
11 for about 60,000 North workers. The Option 9 job loss figure of
12 6,000 is misleading because it only counts direct job loss in
13 rural communities, and it ignores the indirect jobs lost, such
14 as pulp and paper mills -- about eight mills on brink of
15 supply-related closure -- and urban producers of machinery and
16 services for timber industry.

17 It ignores the market reality of what happens to high
18 cost producers. The competition disadvantages will close many
19 marginal mills, while making many profitable mills marginal for
20 lack of timber. The smaller dimension of logs dramatically
21 decreases profitability. New investment will steer clear
22 because of uncertainty. Secondary manufacturing cannot develop
23 and grow without primary manufacturing activity.

24 Annual unemployment rate average for the three
25 Northwest counties of Mendocino, Humboldt, and Del Norte has
26 risen dramatically in the last three-and-one-half years: from a
27 rate of 9.4 in 1990, to a rate of 12.8 as of August, 1993. The
28 12.8 rate does not include the annual increase of unemployment

1 in the winter months. Humboldt County alone had an annual
2 average rate of 7.6 in 1990 , and as of August of 1993, has a
3 rate of 10.7. This again does not include our increase that
4 usually occurs in our winter months. Add the figures as a
5 result of Option 9, and you will see an economically devastating
6 average that will destroy communities.

7 Foreseeing a disastering [sic] effect on people and
8 our communities, we would like you to consider the following
9 changes to help meet the needs of the people who will lose their
10 jobs: one, extend the window from three years to at least five
11 years; two, develop ways for them to keep their homes; three, a
12 way that their property tax and income tax can be deferred until
13 they have secured a job which provided them with the same income
14 they had at the time they lost their job; four, a full payoff by
15 the government for all student loans currently being paid by
16 these employees who lose their jobs; five, relocation and
17 retraining needs a longer window of time; six (a), subsidize a
18 person's income other than unemployment while he or she is in
19 the readjustment period; (b), extend unemployment benefits
20 rather than cutting off extensions; seven, counseling for
21 families and children directly affected at all degrees of their
22 problems.

23 Thank you.

24 CHAIRMAN THOMPSON: Thank you very much.

25 Does anyone have any questions of anyone on this
26 panel?

27 Thank you all very much.

28 We have two members of the public who have signed up

1 and would like to speak: Linda Haynes, Redwood Region Economic
2 Development Commission.

3 MS. HAYNES: Good afternoon, Senator Thompson, other
4 members of the Committee.

5 My name is Linda Haynes. I'm Executive Director of
6 RREDC, the Redwood Region Economic Development Commission.

7 I actually began my involvement with Humboldt County
8 economic development back in 1977, at the time of Redwood
9 National Park expansion, and I've been involved in various
10 planning and implementation efforts since then.

11 I just had some comments I'd like to make. One of
12 the things that we've been doing is, we've been tracking the
13 status of Humboldt County's economy since 1965 and have a real
14 solid data base to measure the relationship between timber
15 harvest and the employment levels in the County.

16 Based on that, I believe that the Option 9 Plan does
17 seriously underestimate the job loss which will result. As of
18 1988, it's my understanding that the Six Rivers Management Plan
19 at that time indicated that the sustainable yield harvest level
20 for the Six Rivers National Forest was 180-200 million board
21 feet a year. And based on that number -- and again, I'm not a
22 forester and I'm not a biologist or a botanist -- but to the
23 extent that that did have some scientific basis at that time,
24 then we're dropping down to somewhere between 20-50 million
25 board feet per year off the forest, so what we're looking at
26 basically is 1700 jobs lost based on the decrease in timber
27 harvest in the Six Rivers Forest alone.

28 When you look at the Option 9 estimates of 6,000 job

1 reductions for the whole Northwest, it seems like of out of
2 proportion. That would mean that our 1700 jobs would be over 25
3 percent of the whole Northwest. So, my feeling is that the
4 whole Northwest is going to be experiencing much stronger
5 impacts.

6 In any case, as far as our economic base as a whole,
7 and looking at its history, and the point I'd like for you to be
8 aware of is how serious the decline is for us. In the early
9 1960s, of all the income that was earned by Humboldt County
10 residents, two-thirds of that income was from -- the source of
11 that income was salaries and wages earned from productive work.
12 The current statistics show that barely one-half, 51 percent of
13 all the income earned by Humboldt County residents, is from
14 wages and salaries. The rest is from nonproductive work, and
15 about 20 percent of that is from transfer payments, Social
16 Security, and welfare, which is really kind of scary if you
17 think about it.

18 How long can a public sector that depends on driving
19 its resources from a continually declining productive sector
20 continue without collapse? And I know that's true for our local
21 economy, and there's also similar things going on at the state
22 and national levels.

23 Although sustainability and wildlife preservation are
24 important goals, too, we definitely need to make our resource
25 decisions with our eyes open. We need to be realistic about the
26 job loss that occurs when property rights are transferred to
27 plants and animals.

28 We also need to be realistic about what the

1 government can do via economic development programs and what
2 they can't do. In some respects, we're pretty proud of the
3 track record here locally, as Julie Fulkerson pointed out this
4 morning. We've had a lot of exemplary economic development
5 success stories that received some public assistance and were,
6 indeed, able to start up successful businesses that are now
7 employing people.

8 My rough estimates are that since the Redwood
9 National Park expansion, the economic development agencies
10 locally have been able to successfully create about 1,000 jobs;
11 which, I think, if you look at the statistics nationally, that's
12 really quite a good success record for programs of our type, if
13 you look at the jobs and cost effectiveness. Nevertheless,
14 that's 1,000 jobs that took 15 years for our agencies to create.
15 And at that rate, it will take us over 25 years to offset the
16 1700 job loss from the Six Rivers National Forest timber harvest
17 reduction alone.

18 With all those comments being made, I wanted to
19 follow up a little bit on some of the small business policy
20 questions that were put forward this morning, since I have about
21 seven years' experience managing a public revolving loan fund.
22 Again, I have mixed feelings about the government financing for
23 business loans.

24 Our program in some respects has been pretty
25 successful. We've received a \$3 million grant from the Federal
26 Economic Development Administration, EDA, at the time of the
27 Redwood National Park expansion, and we were able to lend that
28 out to local businesses, and most of those were successful. We

1 had a few serious failures along the way. But basically, the
2 way the program worked is, after the initial funds were lent out
3 to various businesses throughout the community, when they were
4 repaid, they were made available to other businesses. And
5 therefore, we had this continuing revolving effect.

6 The other thing it's enabled us to do is, the
7 interest from that revolving loan fund has been available to
8 support our ongoing administrative costs. So, it's enabled us
9 to exist as a self-sufficient local government agency.

10 So basically, since we've fully revolved the monies
11 in the first round, we've issued a total of \$6 million in small
12 business loans here locally. Based on the 2.9 million when they
13 gave it to us, we've actually built up our base capital to a
14 level of \$3 million. In a way, that investment we feel was a
15 good one, and we are still putting it to work here in the
16 County.

17 And the cost effectiveness rate of that program turns
18 out to be \$10,000 per job. There's currently 600 people working
19 in Humboldt County in businesses that have been assisted by our
20 agency.

21 But on the other hand, I have seen a lot of public
22 money going to idealistic economic development projects which
23 are not rooted in economic feasibility, and a lot of times there
24 is a lot of pressure on local officials for giving money to
25 idealistic projects, and projects that aren't really strongly
26 interrelated with market feasibility. I know of examples where
27 there's -- oh, for example, like \$1.5 million in public grant
28 funds going to create 30 low, minimum wage jobs. And at least

1 by my standards, that's probably not a cost effective use of
2 public funds. We do not have enough public funds to subsidize
3 projects that do not otherwise -- are not otherwise close to
4 market feasibility.

5 There are some legitimate financing gaps where people
6 cannot get financing from commercial banks to start businesses.
7 One of the best examples we've run into of that -- and even SBA
8 loans won't cover these situations -- you have people who were,
9 say, laid off. They maybe worked in an industry for 10 or 20
10 years. People have built up a lot of equity in a home, you
11 know, maybe 50,000, or 60,000, or 70,000 dollars worth of equity
12 in their home.

13 And they go to the bank, they can't get a second on
14 their home because they don't have any current income. In
15 addition to the collateral value and equity value that the banks
16 look at, you have to show the W-2s that show you're working.
17 And if you don't have that, they won't accept the idea that
18 you're anxious to be self-employed to count on repaying your
19 loan, even if that person is willing to fully put their home on
20 the line and agree that, hey, if this business doesn't work out,
21 I will sacrifice my home. You can resell it, you know, public
22 sector bank, whatever, and get your money back. The loans are
23 still not being made. And we've definitely seen some examples
24 where you have people that have an appropriate management track
25 record, a lot of equity in their home, but they just cannot get
26 one because there needs to be a three-year repayment record from
27 the business. And that's generally even true with SBA loans.

28 So in any case, there are some legitimate financing

1 gaps. It doesn't have to be through public programs; it could
2 be through, you know, different types of encouraging regulations
3 for commercial banks, but there are situations that aren't being
4 met.

5 In any case, after saying all this, I'm not sure I
6 have any real answers for where we're at. Somehow that way we
7 teach our kids that when they grow up, that someone -- the
8 government, or some corporation somewhere -- will provide them
9 with a job doesn't promote entrepreneurship in our society.
10 Jobs are created when people find ways to help meet other
11 people's needs, and there is a limit to what government can do
12 to create jobs through economic developed programs, especially
13 if government doesn't have any money.

14 Finally, after going through all that, I had one
15 specific comment, since I still haven't given up on trying to
16 work with whatever public funds are flowing for these purposes,
17 to try to use the public dollars most cost effectively to
18 diversify the economy. The specific federal programs in the
19 Option 9, two of the main ones are through EDA, the Economic
20 Development Administration, and RDA, the Rural Development
21 Administration. In fact, one of the big programs is being
22 funded through the Rural Development Administration.

23 When I read through the program guidelines,
24 specifically excluded from eligibility are tourism development
25 projects. And although tourism development is certainly in
26 itself probably isn't, by itself, going to offset the job loss,
27 it is one of the areas that there are clearly market forces that
28 are working in the right direction to support economic growth in

1 our area. So, I would like to see some efforts to try to remove
2 that prohibition against using these public funds towards
3 tourism development projects, because that may be a solution
4 that our local officials would choose as the most cost effective
5 project, as one option, for some of the use of funds that I'd
6 like to see at least an option.

7 So, I guess that concludes my testimony, and thanks
8 for being in here in Humboldt County to listen.

9 CHAIRMAN THOMPSON: Thank you very much.

10 Next we'll hear from Jerry Partain, Swedish Homes
11 Task Force.

12 MR. PARTAIN: Thank you, Senator Thompson, Senator
13 Marks, Senator Ayala. Welcome back to the North Coast again,
14 Ruben. And Dan, welcome home.

15 I can't break myself, apparently, of testifying, but
16 I did want to make one comment. I am attempting to bring into
17 the County a Swedish Home Building project. Now, all that is is
18 simply a high quality manufactured home, an effort that builds
19 the homes completely here in the County and then exports the
20 completed home. The idea, of course, being that it raises the
21 value and it increased the value added from the raw logs to the
22 finished home, and obviously, returns more money to the local
23 community.

24 And the reason I mention it is because just the other
25 day, I ran into a problem that I had not anticipated, and it
26 hinges on the subject today. That is, the shortage of the right
27 kind of lumber that might be available in the area, and that is
28 kiln-dried lumber, because this project requires dried lumber

1 rather than the green lumber. And because of the uncertainties,
2 and the ups and downs of the lumber market in recent years, most
3 of the lumber goes out of here raw and green now, rather than
4 dried, and so there's actually a shortage of dry kilns in the
5 area.

6 But let me just make one point that has bothered me
7 for some time. Most or a good deal of the discussion today was
8 about how we can utilize the money that is promised us in some
9 way or another to come from the federal government in mitigating
10 the impact of Option 9.

11 And I would plead for -- and I realize it's not your
12 job, but I want you to recognize this -- that there is an
13 alternative, and that is to use some of that money to more
14 intensively manage the forest land that we are talking about.
15 For example, instead of drawing a border around a large area on
16 national forest land and saying, as they are doing in Six Rivers
17 and excluding 90 percent of that from regular timber management
18 -- 90 percent of it cannot be used for regular timber management
19 -- instead of doing that, allow the national forest to have some
20 of that additional money that might be lying around, available
21 from somewhere else, and applying that directly to the
22 management of those lands.

23 Let me give you an example. The contrast between
24 timber management/forest management in Europe, in Western
25 Europe, and in our country. Most of the money spent in Western
26 Europe is spent directly on the land itself, identifying what
27 can be grown there on site-specific conditions, and then set
28 about investing in order to grow that timber.

1 Here, a good portion of our money goes into either
2 political lobbying or agitating, or trying to figure out the
3 bureaucratic process, and do the paper work, and so forth, and
4 very little of it gets down to the ground where the actual
5 management needs to be taken.

6 And that's my concern, is that we're spending far too
7 much money on other things than managing the land. If we were
8 able to focus our attention on the site-specific, we could do a
9 better job. We could produce more timber, and that hasn't even
10 been mentioned today. We could produce more timber on both
11 private and federal lands, and negate the necessity of going
12 overseas. California imports about 60-70 percent of the lumber
13 that they use now from somewhere else. And as former Senator
14 Baher told me one time in a meeting in Marin County, I asked him
15 where did he want us to get the timber if we can't harvest it in
16 California, and his off-hand comment was, "Well, Oregon,
17 Washington, Canada, or somewhere else." Well, now you can't get
18 it from Oregon or Washington, either, and probably not from
19 Canada.

20 So, it is becoming more difficult, and that's the
21 only point I'd like to make with you, is that there needs to be
22 some consideration for a greater intensity of management of the
23 national forest lands for timber production as well as a concern
24 for the other resources that they are now focusing on.

25 Thank you very much.

26 CHAIRMAN THOMPSON: Thank you.

27 I'd like to thank everybody who participated in
28 today's hearing. I'd like to thank especially the members who

1 gave up their time in their districts to come up. It was, I
2 think, very helpful to all of us. It was specifically helpful
3 to those of us who don't have a familiarity with the area
4 already. Dan's been around a long time, and he's someone I turn
5 to often for advice. And I've been around a while now and have
6 a constant exposure. But for those of you who came from out of
7 the area, I really appreciate it.

8 I think it's helpful not only in looking at
9 legislation that comes before the Committee, but also in
10 determining how we're going to deal with some of these problems
11 that we're going to face collectively as a state. It may affect
12 only this region, but we're going to feel the rippling effect
13 throughout the state.

14 I think we're going to be better equipped to do that,
15 and we're going to be better equipped also going into our
16 October 26th hearing. We'll have a much better understanding of
17 what we're dealing with there as well.

18 Assemblyman Hauser and I talked earlier. Together,
19 we're going to pursue the Joint Resolution idea to emphasize to
20 the feds how important it is that we do get all of the resources
21 that have been promised and all the help.

22 I think it's safe to say that we're also going to
23 ensure that the CERT has the appropriate state staffing to make
24 sure that they can do the job that they have to do in getting
25 this money to the local level as quickly and as directly as
26 possible, without intervention and without strings.

27 And I certainly will take Senator Torres up on his
28 offer to help highlight this issue with our media friends in the

1 more populated area of the state.

2 So, I want to thank everyone very much, and I look
3 forward to the third hearing on October 26th.

4 That ends today's hearing, and again, thank you.

5 [Thereupon this portion of the
6 Senate Natural Resources and
7 Wildlife Committee hearing
8 was terminated at approximately
9 4:15 P.M.]

10 --oo0oo--

CERTIFICATE OF SHORTHAND REPORTER

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2
3 I, EVELYN J. MIZAK, a Shorthand Reporter of the
4 State of California, do hereby certify:

5 That I am a disinterested person herein; that
6 the foregoing Senate Natural Resources & Wildlife Committee
7 hearing was reported verbatim in shorthand by me, Evelyn Mizak,
8 and thereafter transcribed into typewriting.

9 I further certify that I am not of counsel or
10 attorney for any of the parties to said hearing, nor in any way
11 interested in the outcome of said hearing.

12 IN WITNESS WHEREOF, I have hereunto set my hand
13 this 15th day of October, 1993.

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18 EVELYN J. MIZAK
19 Shorthand Reporter
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28



California Legislature

Senate Committee

on

Natural Resources and Wildlife

MIKE THOMPSON
CHAIRMAN

AGENDA

**IMPACT OF THE CLINTON FOREST PLAN ON LOCAL COMMUNITIES,
THE ENVIRONMENT, AND THE ECONOMY OF THE NORTH COAST REGION
AND RELATED FORESTRY ISSUES**

**October 5, 1993
Eureka City Hall
Eureka, California**

9:30 The Forestry Component of the Plan

Martha Ketelle, Forest Supervisor, Six Rivers National Forest

Harley Greiman, Regional Foresters Representative, Pacific Southwest Region

Phil Dietrich, U.S. Fish & Wildlife Service

10:15 State Assessment of the Forestry Component and Implications for Private Harvests

Douglas Wheeler, Secretary, The Resources Agency

Robert Ewing, Chief, Strategic Planning Program, California Department of Forestry and Fire Protection

11:00 The Economic Assistance Component of the Plan

Julie Fulkerson, Supervisor, County of Humboldt

Terry Gorton, Assistant Secretary for Forestry & Economic Development, California Resource Agency

David Nelson, District Director, Congressman Dan Hamburg

11:30 Open testimony*

12:30 Lunch

*Please sign up to testify with the Sergeant-at-Arms. Depending on the number of persons who wish to testify, a time limit will be established.

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ROOM 2205
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Tentative Agenda
Page 2

1:30 Impact of the Forest Plan on the Environment and Wildlife

Chad Roberts, Chairman, Conservation Committee, Redwood
Region of the Audubon Society

Tim McKay, Executive Director, North Coast
Environmental Center

Susie Van Kirk, Conservation Chair, North Group of the
Redwood Chapter, Sierra Club

Humboldt Fisherman's Marketing Association

Jud Ellinwood, Executive Director, Salmonid Restoration
Federation

2:45 Impact of the Forest Plan on Timber and Related Industries

Dave Kaney, Vice President and General Manager,
Simpson Timber Company

Tim Treichel, Regional Manager, Government Affairs,
Georgia-Pacific Corporation

Ron Samuelson, California Farm Bureau/Forest
Landowners of California

Mark Anderson, Forester, Schmidbauer Lumber

Bonnie Sue Smith, Local 3-89, International Woodworkers
of America

4:00 Open Testimony*

5:00 Conclude

*Please sign up to testify with the Sergeant-at-Arms. Depending on the number of persons who wish to testify, a time limit will be established.

#1098

STATEMENT
By Senator Mike Thompson
For the Interim Hearing to Review
the Clinton Forest Plan and Its Impact on Local Communities, the
Economy and Environment of the North Coast Region
October 5, 1993

In May 1991, Judge William Dwyer of the U.S. Court in Seattle issued an injunction halting timber sales in national forests inhabited by the Northern Spotted Owl until the U.S. Forest Service complied with provisions of federal law relating to timber harvesting and wildlife protection.

President Clinton convened The Forest Conference in April 1993 in Portland and subsequently appointed teams of experts to produce a forest plan. In July, the President issued his Forest Plan.

Three different documents constitute the Plan: The Forest Plan, a summary document; the report of the Forest Ecosystem Management Team, referred to as the FEMAT Report; and a Draft Supplement Environmental Impact Statement. Of the several options reviewed by the team of experts, the President selected Option 9 to comprise the recommended Forest Plan.

The purpose of this hearing is to assess the near and long-term impact of the Plan on local communities, the economy and the environment of the North Coast Region. We had one previous hearing in Sacramento in August during which we examined the effects of the Plan on California's economy and environment. However, much of the information we obtained was very general in nature, largely because federal officials had only recently begun the process of implementation. We now wish to continue our inquiry with a more precise local focus.

The Clinton Forest Plan includes four major areas of reform, all of which will have an impact on the region. The Plan:

- 1) **Modifies forest management practices including limiting logging to 1.2 billion board feet annually in spotted owl areas of the Cascade and Westside forests of Washington, Oregon, and Northern California;**
- 2) **Establishes watersheds, rather than political boundaries, as the fundamental building block for planning;**
- 3) **Fosters increased agency coordination; and**
- 4) **Offers \$1.2 billion over five years in economic assistance to affected areas.**

At this hearing we have chosen to focus on the forestry and economic components of the Plan. We hope to obtain more precise responses to several questions:

- 1) **How will the allowable cut be allocated among the U.S. forests in this region and the state?**
- 2) **What are the impacts of the Plan on fish, wildlife, and the environment?**
- 3) **What are the implications of the restrictions on U.S. forests for the harvest of timber on private lands?**
- 4) **How much economic assistance will be available and how will it be distributed among the three western states, regions, and affected communities?**
- 5) **What is the status of implementation of the Plan and what are the specific timelines we need to know in order to receive economic assistance and commence harvesting again?**

- 6) **What improvements can be made to the Plan that will still accomplish its purpose but reduce the potentially adverse impacts on local communities and the state?**

In this hearing we will have the opportunity to hear from representatives from agencies implementing the plan who will be able to identify how the plan will affect our region and California.

We will first hear from a U.S. Forest Service representative who will give an overview of the plan and discuss allowable cuts in our forests. She will be followed by a representative from the regional offices of the U.S. Fish and Wildlife Service who will discuss wildlife issues and the so-called "4(d) rule" relating to harvest on private lands.

Following the federal agency presentations, we will hear from state representatives who are reviewing the Plan and who will discuss its implications for private harvests and the status of new timber harvest rules being reviewed by the State Board of Forestry.

Next, we will review the economic assistance component to understand the federal, state, and local roles and responsibilities in order to assist us in applying for and receiving economic assistance.

In the afternoon, we will hear from two panels that will discuss the effects on fish and wildlife and the environment and the impact on timber and related industries.

We have set aside time in both the morning and afternoon sessions to hear from any other persons who may wish to speak to us on these important issues. Those wishing to testify should see our Sergeants at Arms to sign a sign-up sheet. We will impose a time limit depending on the number of those persons who wish to testify.

Before we begin, I want to caution our witnesses to be brief because we have a very full agenda. Also, I want to inform you that we plan

to hold an additional hearing on the impact of timber harvest practices in the Sierras on October 26 in Blairsden.

#1160

**BACKGROUND BRIEFS
ON
FORESTS IN CALIFORNIA**

Revised: September 22, 1993

Summary of President Clinton's Forest Plan

Major Laws Pertaining to Forest Land

Z'Berg-Nejedly Forest Practice Act Summary

Selected Topics in Forestry

Forest and Timber Resources in California

Economic Profile of the California Lumber Industry

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SUMMARY OF PRESIDENT CLINTON'S FOREST PLAN

Revised: September 22, 1993

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SUMMARY OF PRESIDENT CLINTON'S FOREST PLAN

President's Plan Responds to Court Injunction Halting Logging in Owl Habitat

In May 1991, Judge William Dwyer of the U.S. District Court in Seattle enjoined timber sales in national forests inhabited by the spotted owl. Judge Dwyer required that the Forest Service comply with endangered species protections before logging could resume.

In February of 1993, President Clinton declared his intention to develop a plan for the Northwest Forests that would meet both the judge's requirements and the needs of forest-dependent communities in Washington, Oregon and northern California. The President and Vice-President initiated development of the forest plan at an April 2nd "forest summit" in Portland, Oregon.

On July 1 the White House issued a summary of the plan, a seven-page press release titled "The Forest Plan: For a Sustainable Economy and a Sustainable Environment."

In July 1993, the Interior Department released technical information on the plan in two major documents:

- *Draft Supplemental Environmental Impact Statement on Management of Habitat for Late-Successional and Old-Growth Forest Related Species Within the Range of the Northern Spotted Owl*, Interagency SEIS Team, July 1993 (the draft SEIS)
- *Forest Ecosystem Management: An Ecological, Economic, and Social Assessment*, Report of the Forest Ecosystem Management Assessment Team, July 1993 (the FEMAT report)¹

The draft SEIS and the FEMAT report discuss ten management options for the affected forests. According to the draft SEIS,²

Alternative [Option] 9 is the preferred alternative for this Draft SEIS. It is the alternative that most closely offers the specific management direction that would put into effect the plan that President Clinton announced on July 1, 1993, titled "The Forest Plan: For a Sustainable Economy and a Sustainable Environment".³

¹The FEMAT report, Appendix A of the draft SEIS, is itself a complete document.

²Draft SEIS, page 2-43 (Chapter 2, page 43).

³However, the "Forest Plan" document is the press release that *announced* the plan; it is *not* a complete plan. This leaves unclear what actually constitutes the plan. According to Forest Service staff in Sacramento, two parts of the forest plan remain to be completed. These are the economic portion and the agency coordination portion. Only the scientific portion, the FEMAT report, has been completed and published.

The draft SEIS is subject to comment and revision before the end of the year. Both logging interests and environmentalists have attacked the draft plan as litigation-prone and failing to meet their concerns.

The plan covers the Cascades and "westside" forests of Washington, Oregon, and northern California inhabited by the spotted owl. The map accompanying this summary identifies the affected national forests.

The Scientific Team

An interdisciplinary and interagency scientific team analyzed the numerous issues related to the forest plan. The team included:

. . . scientists and technical experts of a variety of disciplines from the Forest Service, Bureau of Land Management, Environmental Protection Agency, U.S. Fish and Wildlife Service, National Park Service, National Marine Fisheries Service, and from several universities. Over 600 scientists, technicians, and support personnel contributed in some fashion to this effort.⁴

The team, the Forest Ecosystem Management Assessment Team (FEMAT) produced the FEMAT report cited above. That report provided the scientific basis for the draft supplemental impact statement.

"Option 9"

The draft supplemental impact statement (SEIS) identifies "ten action alternatives" for management of forests in the northern spotted owl area. The alternatives, usually called "options" in discussions of the forest plan, encompass different potential harvest levels and forest management methods.⁵ Probable timber sales levels under the alternatives range from 0.2 billion board feet to 1.8 billion board feet per year. The level depends on the extent of reserved area and the types of logging limits required under each alternative.

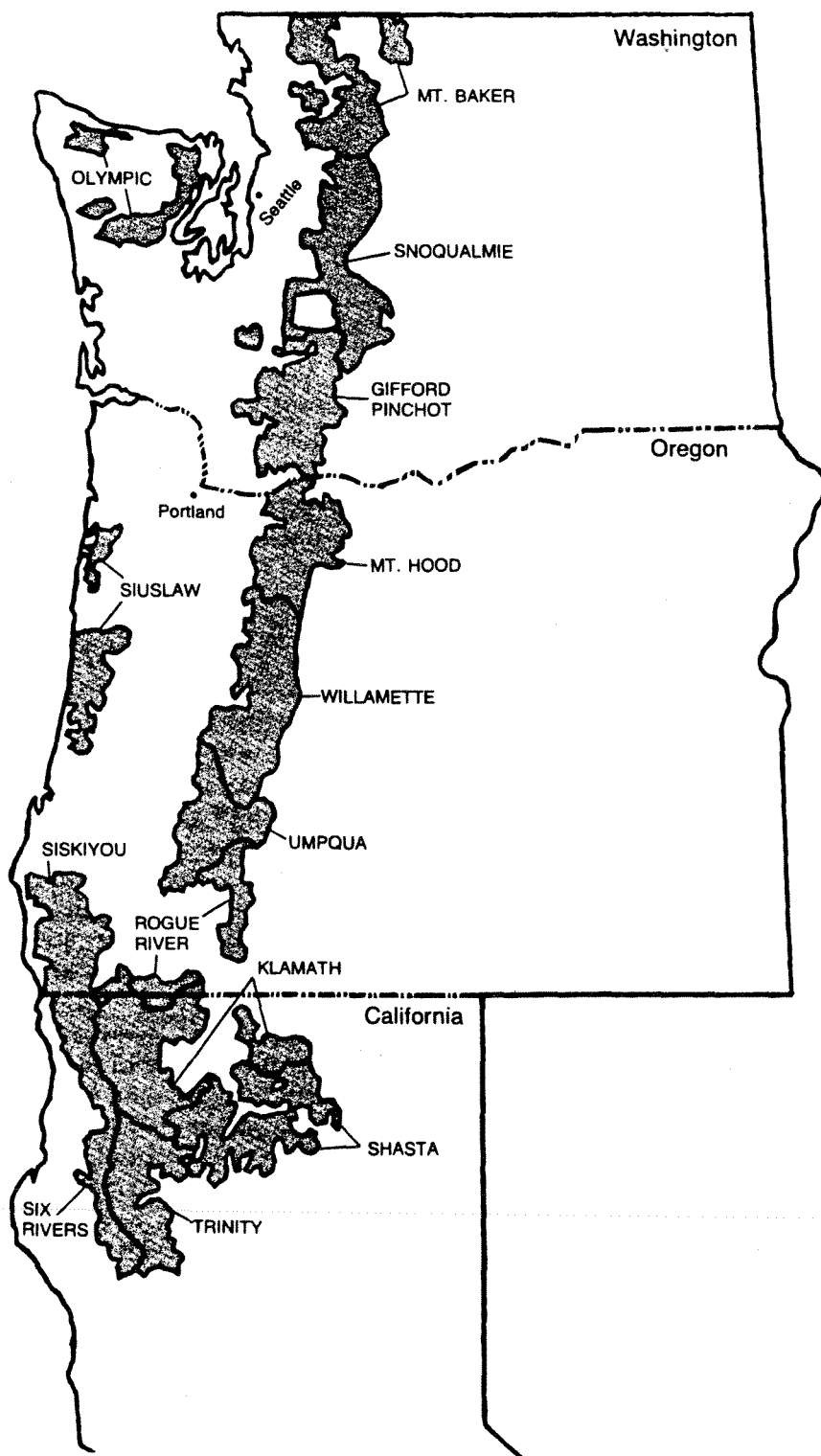
"Option 9" would allow an average annual harvest of 1.2 billion board feet, roughly midway between the highest and lowest among the options. Option Nine, unlike the other options, provides for "adaptive management areas." The purpose of the ten adaptive management areas is "to encourage the development and testing of technical and social approaches to achieving desired ecological, economic, and other social objectives."⁶

⁴FEMAT report, page I-1. The team leader was Jack Ward Thomas, Chief Research Wildlife Biologist, Forest Service, Pacific Northwest Research Station, Forestry and Range Sciences Laboratory, La Grande, Oregon.

⁵They are also called "options" in the FEMAT report, which analyzes the options from ecological, economic, and social perspectives.

⁶Draft SEIS, page 2-41 (Chapter 2, page 41).

National Forests Affected by the President's Forest Plan



Key Elements of the President's Plan

According to the President's statement, the plan includes the following features:

Forest Management

- Limits logging in the northern spotted owl areas to 1.2 billion board feet per year, in contrast to more than 4 billion per year that took place during part of the 1980s.
- Speeds marketing of backlogged timber sales from Indian reservations and in other ways seeks increased logging in early years of the plan.
- Establishes watersheds, rather than political boundaries, as the fundamental building block for planning.
- Severely limits activities in 6.7 million acres of reserved areas. The reserves emphasize streams and the most valuable old growth forests and areas designated for protection of specific species. Only limited salvage and thinning would be permitted in those areas.
- Specifies ten "adaptive management areas" of 78,000 to 380,000 acres each for intensive ecological experimentation and social innovation.
- Proposes easing of "owl circle" restrictions on certain non-federal lands and encourages private companies to commit the timber released by these changes to processing in domestic mills.

Agency Coordination

- Creates new focus for forest planning based on watersheds and "physiographic provinces." Management is to reflect the unique ecology of each region.
- Creates a new interagency geographic information system (GIS) data base to aid coordination of land and resource management data.
- Creates interagency "provincial-level" teams to analyze physiographic provinces and particular watersheds.
- Revises the consultation process under the Endangered Species Act to emphasize an integrated ecosystem approach. Fish and Wildlife Service and National Marine Fisheries Service would be involved early in the process and would include regional consultations where appropriate.

Economic Development

- Requests Congressional approval for economic assistance to the affected region totaling \$1.2 billion over five years, starting with \$270 million in FY 1984. The assistance is spread among several programs, described in more detail below.

Economic Impact of President's Plan

The Clinton administration estimates that its forest plan will result in the elimination of a total of 6,000 jobs in Oregon, Washington, and California. It did not indicate how the losses would be spread over the three states. Apparently, many observers disagree with these job-loss estimates. Press reports have quoted some industry and labor groups who say that the President's plan could cause the loss of as many as 72,000 jobs. The administration has not released its analysis of job losses. We therefore do not have any basis for estimating the accuracy of job-loss estimates of the President or others. As specific information becomes available, we will evaluate the potential economic impact of the President's forest plan on California and the directly affected timber communities.

Economic Assistance Seeks to Minimize Job Loss

The President's plan includes varied elements to reduce the adverse economic effects of logging restrictions. The July 1st summary did not break down assistance on a state-by-state basis. The plan would:

- Increase from \$20.2 million to \$42 million Job Training Partnership Act funding for job search assistance, retraining, and relocation.
- Increase funding for business development in the Pacific Northwest and northern California. Elements include improved access to capital, expanded technical assistance, and enhanced access to domestic and international markets. Plan proposes a 47 percent increase in funding for these purposes, from \$163 million to \$239.7 million.
- Establish constant levels of financial assistance to timber counties, to avoid ups and downs tied to timber harvest. Assistance to be provided through Community Development Block Grant lending, Rural Development Administration (RDA) community facilities, and the RDA water/program. Funding to be increased from \$298.6 million to \$373.6 million.
- Expand funding for environmental protection and monitoring, watershed maintenance, research, and forest stewardship (small landowner forest management). Funding to be increased from \$438.2 million to \$519.8 million.
- Eliminate tax incentives for export of raw logs and make avoidance of raw log export limitations more difficult. Purpose is to direct more log processing to local mills. The

President has already signed a bill to block export of raw logs harvested from federal lands.

- Direct the Cabinet to identify and implement ways to strengthen small businesses and secondary manufacturing in the wood products industry.

Industry and Environmentalists Oppose the Plan

Forest-product-related industry and local officials have stated that the logging limits are too low to support the region's economy and will increase lumber prices. The 1.2 billion board feet per year limit is only about 40 percent of what timber interests sought.

Environmentalists believe that the plan offers insufficient protection to threatened species and sensitive ecosystems. They have stated that the plan's allowance of selective harvesting for purposes of thinning and salvage would open a huge loophole in protection of ancient forests. Both sides anticipate litigation over the plan as proposed.

MAJOR LAWS PERTAINING TO FOREST LAND

Revised: September 21, 1993

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MAJOR LAWS PERTAINING TO FOREST LAND

Revised September 21, 1993

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MAJOR LAWS PERTAINING TO FOREST LAND

The Clinton Administration recently issued a plan and supporting documents addressing timber harvesting on federal land in the Pacific Northwest.¹ This plan and the discussions leading up to it have generated wide interest, especially in the states of Washington, Oregon, and California, in which the affected forests are located.

Laws affecting forestry are numerous and complex. The following highlights of major federal and state laws pertaining to forestry and timber harvesting provide background for understanding the administration plan and other forestry issues. This summary only gives a broad view of the issues. More information is available in the sources listed at the end of the paper and in the forest plan documents.

OVERVIEW

In a nutshell:

- Federal law governs timber harvesting in national forests
- Federal law requires national forests to serve multiple purposes of timber production, grazing, recreation, wilderness, watershed management, and wildlife protection
- State and local governments receive a share of national forest revenues
- Federal and state environmental and wildlife protection laws restrict timber harvesting on federal, state, and private land
- California state law requires owners to obtain approval for their "timber harvest plan" from the Department of Forestry and Fire Protection prior to harvesting timber on private land

¹The plan is outlined in "The Forest Plan: For a Sustainable Economy and a Sustainable Environment," issued by the White House Press Office on July 1, 1993. Further information appears in Forest Ecosystem Management: An Ecological, Economic, and Social Assessment, Report of the Forest Ecosystem Management Assessment Team, July 1983, and Draft Supplemental Environmental Impact Statement on Management of Habitat for Late-Successional and Old-Growth Forest Related Species Within the Range of the Northern Spotted Owl, Interagency SEIS Team, Portland, Oregon, July 1993.

FEDERAL LAW

The central policy thread running through a century of national forest policy is the achievement of a steady, high rate of timber production. Over the years, that thread has been joined by others emphasizing sharing of national forest revenues, multiple-purpose use of national forests, and environmental and wildlife protection. These threads do not always form a uniform fabric.

Basic National Forest Policies Are a Century Old

The "Organic Administration Act" of 1897 is the foundation of the modern national forest system. It established the system's primary purposes as "to improve the forest within the [national forest] boundaries, . . . [to secure] favorable conditions of water flows, and to furnish a continuous supply of timber for the use and necessities of citizens of the United States" (U.S.D.A. Forest Service, 1983: 5-6.) Since 1897, Federal law and Forest Service practice have emphasized that (1) the national forests should yield the maximum amount of timber that can be produced on a continuing basis, and (2) national forest timber production should contribute to economic stability of forest-dependent communities. (Clary, 1986: passim.)

The Organic Act required the Forest Service to sell national forest timber only at or above an appraised value set by forestry officials (Clary, 1986: 29). However, federal law and regulations do not require that the Forest Service sell national forest timber at a profit (Laitos and Tomain, 1992: 328). Forest service expenses for building and maintaining logging roads, administration, and other necessary activities often result in the Forest Service selling timber at a net loss. This practice has been controversial. (Anderson and Gehrke, 1988: 24-26.)

National forest management also encompasses research, pest control, fire protection, road maintenance, recreation planning and management, wildlife and fish habitat management, and other programs, often in cooperation with state and local governments. (U.S.D.A. Forest Service, 1983: passim.)

National Forest Receipts Benefit States and Localities

Since 1908, federal law (16 U.S.C. 500) has directed 25 percent of national forest receipts to states and counties in which the forests are located. Those funds go to the respective states "for the benefit of the public schools and public roads of the county or counties in which such national forest is located." The sharing requirement has been extended over the years to types of national forest revenue beyond the timber sales revenues encompassed in the 1908 act.

In addition, the Payments in Lieu of Taxes Act of 1976 authorizes payments to local governments in place of property taxes on national forests, national parks, and other specified federal land. The payments "may be used by [the local government] for any governmental purpose." (31 U.S.C. 1601.)

Multiple Use and Sustained Yield Are National Forest Policy

The Multiple-Use Sustained-Yield Act of 1960 acknowledged that forests are more than the trees within them. While not diminishing the original purposes of the national forests, the 1960 law dedicated the national forests to "outdoor recreation, range, timber, watershed, and wildlife and fish purposes." The act authorizes the Secretary of Agriculture to cooperate with state and local governments in managing national forests for those varied purposes. (16 U.S.C. 528 and 530.)

The act requires the Forest Service to manage national forests for "sustained yield." It defines sustained yield as "the achievement and maintenance in perpetuity of a high-level annual or regular periodic output of the various renewable resources of the national forests without impairment of the productivity of the land." (16 U.S.C. 531.) In other words, forests must not be "mined" for their timber and the land then abandoned. Rather, the Forest Service is to manage them as renewable resources, productive of timber, recreation, fish, and wildlife, year after year.

The multiple-use and sustained-yield concepts also appear in the Forest and Rangeland Renewable Resources Planning Act of 1974, the Federal Land Policy and Management Act of 1976, and the National Forest Management Act of 1976. The latter act requires the Forest Service to plant new trees (reforest) in cut-over areas and to maintain "appropriate forest cover." Critics question whether the Forest Service has complied with those requirements (Carey, et al., 1988: 30-31).

The Role of Environmental and Wildlife Protection Has Grown

Early national forest legislation emphasized timber production. It paid little attention to environmental issues except watershed protection. In recent decades, however, Congress has enacted many environmental laws. These laws affect forest management as well as numerous other activities performed or regulated by government. California and other states have often adopted comparable laws.

The following federal laws are among the most important environmental protections affecting forest management:

- The Wilderness Act of 1964
- The National Environmental Policy Act of 1969
- The Endangered Species Act of 1973
- The "diversity" requirement of the National Forest Management Act of 1976
- The Clean Water Act (Federal Water Pollution Control Act Amendments of 1972)

These laws reflect awareness of the long-term environmental impacts of timber harvesting and other human activities in national forests and on other public lands. The earlier predominant

concern with timber production has had to accommodate the sensitivity to environmental issues expressed in these laws.

The Wilderness Act "established a National Wilderness Preservation System to be composed of federally owned areas designated by Congress as 'wilderness areas' [to be] unimpaired for future use and enjoyment as wilderness" Unless Congress specifies otherwise in law, Congressionally designated wilderness areas remain under the management of the agency under whose jurisdiction they fell immediately prior to the designation. That is, there is not a separate department or agency to manage wilderness areas. (16 U.S.C. 1131.)

Designated wilderness areas are to remain as unaffected by human activity as possible, free of roads, construction, and other development. The act prohibits virtually all timber harvesting in wilderness areas.

Implementation of the Wilderness Act has been controversial. Litigation has frequently followed the designation and release from designation of areas considered for wilderness status. Courts have ruled that the federal agency in charge of the specific wilderness area must prepare an environmental impact statement (EIS) before it may release for multiple uses any area it is considering for wilderness designation. In effect, consideration of an area for wilderness designation confers protected status as a "wilderness study area" pending a formal determination regarding the area. (Laitos and Tomain, 1992: 112-115 summarizes pertinent litigation.)

The National Environmental Policy Act (NEPA) both enables and requires every federal agency to consider its activities' impacts on the environment. NEPA applies to many types of actions of federal agencies, including issuance of permits for private activities as well as construction and other activities directly undertaken by federal agencies. "In essence," state Findley and Farber, "the statute requires the agency to prepare a detailed explanation of the environmental consequences of its actions, and to make that report available to higher-level agency officials, other agencies, and the public." (Findley and Farber, 1992: 26.) That "detailed explanation" is the environmental impact statement (EIS).

Each national forest's land-management plan encompasses proposed timber sales, road building, recreation, and other actions for that forest. Each plan requires an environmental impact statement. The EIS process enables the Forest Service to weigh environmental impacts of proposed logging and other forest uses and to consider feasible alternatives to mitigate those impacts. If the Forest Service does not strictly follow NEPA procedures or adequately address environmental impacts in the EIS, its forest plan can be challenged in court. Similar requirements apply to timber sales.

The Endangered Species Act of 1973 (ESA) declared "the policy of Congress that all Federal departments and agencies shall seek to conserve endangered and threatened species" (16 U.S.C. 1531.) The act prohibits trade in endangered or threatened species and requires conservation of habitats of endangered and threatened species.

National forests provide habitat for many species, including the northern spotted owl, marbled murrelet, and others at risk of extinction. ESA prohibits logging and other activities that harm endangered or threatened species or their critical habitats unless the Secretary of the Interior has approved a conservation plan. That plan must describe the expected impact of the activity, consider alternatives to proposed actions, and propose ways to mitigate adverse environmental effects. (16 U.S.C. 1539.)

The National Forest Management Act of 1976 requires that forest planning "provide for the diversity of plant and animal communities based on the suitability and capability of the specific land area" (16 U.S.C. 1604.) That requirement expands species protection beyond "the handful of rare species covered by the Endangered Species Act." (Wilcove, 1988: 6.)

Forest Service regulations (36 C.F.R. 219.19) interpret the diversity provision to require that "[f]ish and wildlife habitat shall be managed to maintain viable populations of existing native and desired nonnative vertebrate species in the planning area."² Judge William Dwyer's finding that the Forest Service had paid inadequate attention to this requirement in forest plans for the Pacific Northwest led him to enjoin logging in federal lands in spotted owl areas. Logging there cannot resume until Judge Dwyer, of the Federal District Court in Seattle, is satisfied that the Forest Service has complied with applicable planning requirements.³

The Clean Water Act requires use of "best management practices" (BMPs) to minimize non-point sources of water pollution. Agriculture and silviculture are major sources of non-point pollution. Non-point pollution originates over a wide area and is not traceable to a single, specific source.⁴ Sediment washing into lakes and streams as a result of logging is one of the non-point pollution sources that BMPs must address. State agencies with jurisdiction over water quality enforce BMP requirements in cooperation with federal agencies. The State Water Quality Control Board and the regional water quality control boards enforce water quality laws in California.

Federal Law Requires Forest Service to Produce Management Plans

The Forest and Rangeland Renewable Resources Planning Act of 1974 (RPA) assigned research and planning responsibilities to the Forest Service. "The renewable resource program," states the RPA, "must be based on a comprehensive assessment of renewable resources from the Nation's public and private forests and rangelands, through analysis of environmental and economic impacts, coordination of multiple use and sustained yield opportunities . . . , and public participation in the development of the program." (16 U.S.C. 1600.)

The RPA documents are diverse and extensive, addressing all aspects of forests and forest uses. Technical documents on timber, water, range forage, outdoor recreation, and other issues support

²Quoted in Wilcove, 1988: 6.

³Judge Dwyer's order pertained to requirements of the National Forest Management Act of 1976 (NFMA), not the Endangered Species Act, although some reports of the controversy have cited ESA as the basis of the order. Among its many provisions, NFMA requires national forest land management plans to "provide for diversity of plant and animal communities . . . [16 U.S.C. 1604]."

⁴Urban areas are also non-point sources of water pollution.

the RPA-mandated decennial long-term strategic plan. The latest plan was published in 1990.

The Federal Land Policy and Management Act of 1976 amended the RPA, expanding land use planning requirements for public lands.

CALIFORNIA LAW

California's forestry and environmental laws in some ways mirror federal laws. They also go farther, to regulate timber harvesting on private lands.

Summarizing broadly, California law:

- Requires consideration of environmental protection as part of timber harvest planning
- Requires private timber owners to restock harvested timber land
- Encourages retention of open space and agricultural and forest land in preference to urban development of such land
- Controls the use and management of state forests⁵

California laws affecting forest management and timber harvesting range from the broad environmental mandates of the California Environmental Quality Act to the forestry-specific requirements of the Z'berg-Nejedly Forest Practice Act. Other state laws address protection of water quality and endangered species, issues that are important in forest management.

California Environmental Quality Act Provides Framework for Environmental Protection

The California Environmental Quality Act of 1970 (CEQA) mandates that:

- California state and local government agencies may not undertake or issue a permit for any project that might have a significant environmental impact unless they prepare, under public review, an environmental impact report (EIR) on the project
- For any project with potentially significant environmental impacts, the agency must, in the EIR, evaluate feasible alternatives to mitigate those impacts to below the level of significance

In 1979, the Secretary of the Resources Agency declared the timber harvest plan process

⁵California state forests encompass only 68,664 acres, a small fraction of the 18.6 million acres of forest land in California. The state forests are devoted to demonstration, research, recreation, education, and timber production. They are managed by the California Department of Forestry and Fire Protection. (Kreissman, 1991: 82-83; California Department of Forestry and Fire Protection, 1988: 110; California Code of Regulations, Title 14, Division 1.5, Chapter 9.)

(discussed briefly below) to be the "functional equivalent" of the CEQA process, incorporating comparable standards of environmental protection and public review procedures. The Z'Berg-Nejedly Forest Practices Act and the California forest practice rules (regulations implementing the act) specify environmental protection standards and timber harvest plan review procedures.

California Law Provides Protections for Water Quality and Endangered Species

The Porter-Cologne Water Quality Control Act of 1969 governs water quality control in California. The forest practice rules (discussed below) address forestry aspects of water quality issues covered by the Porter-Cologne act. The act authorizes the State Water Resources Control Board (SWRCB) to review water quality control aspects of timber harvest plans and of the forest practice rules (Water Code, Section 13163).

The SWRCB coordinates its water quality protection efforts with the requirements of the federal Clean Water Act.

The California Endangered Species Act (Fish and Game Code, Division 3, Chapter 1.5) provides state protections broadly comparable to those of the federal Endangered Species Act. The act "declares that it is the policy of the state that state agencies should not approve projects as proposed which would jeopardize the continued existence of any endangered species or threatened species . . . if there are reasonable and prudent alternatives . . . [Section 2053]." Further, if "specific economic, social, or other conditions make infeasible such alternatives, individual projects may be approved if appropriate mitigation and enhancement measures are provided [Section 2054]."

Representatives of the Department of Fish and Game review timber harvest plans with a view to fish and wildlife issues, including those mandated by the Endangered Species Act.

Z'Berg-Nejedly Forest Practice Act Sets California Forestry Ground Rules

The Z'Berg-Nejedly Forest Practice Act of 1973 is the framework for forestry practices in California. Among its provisions, the act:

- Regulates timber harvesting on private lands to promote long-term timber productivity and protection of watersheds, fish, and wildlife
- Requires the CDF to license "timber operators," persons who engage in commercial timber operations
- Requires owners of private timberlands to obtain approval of "timber harvest plans" or nonindustrial timber management plans from the CDF in advance of harvesting timber⁶

⁶The nonindustrial timber management plan (NTMP) is the THP equivalent for "timberland owned by a nonindustrial tree farmer . . . [which] means an owner of timberland with less than 2,500 acres . . . not primarily engaged in the manufacture of forest products." (Public Resources Code Section 4593.2 (a) and (b).) For most

- Requires timber harvest plans to be prepared only by registered professional foresters⁷ and to be reviewed and approved by the CDF
- Requires owners to "restock" harvested areas in accordance with standards in the forest practice rules
- Requires the CDF to inspect timber harvesting operations on private lands to ensure that the owners comply with the harvest plan and applicable laws
- Restricts the size, location, and spacing of clear-cuts; limits practices that cause soil erosion; and requires owners to employ fire protection measures

The act exempts several kinds of timber operations from timber harvest plan requirements. These include harvesting of Christmas trees, harvesting on "ownerships of timberland of less than 3 acres (1.214 ha) and not part of a larger parcel of timberland in the same ownership," and harvesting under certain emergency conditions. (California Code of Regulations, Title 14, Division 1.5, Sections 1038 and 1052 et seq.)⁸

California's Forest Practice Rules Govern Timber Harvesting

The California Board of Forestry adopts regulations, the "Forest Practice Rules," to implement the Z'Berg-Nejedly Forest Practice Act and other California laws affecting the practice of forestry. Many of the regulations apply to forestry statewide, but some are specific to particular counties or groups of counties. The rules are in Title 14, Division 1.5 of the California Code of Regulations.

Section 897 of the rules states their intent:

Persons who prepare [timber harvest] plans shall consider the range of feasible silvicultural systems, operating methods, and procedures provided in these rules in seeking to avoid or substantially lessen significant adverse effects on the environment from timber harvesting.

The same section also cites "the goal of . . . production of high quality timber products . . ."

The Forest Practice Rules encompass the following topics:

- Preparation, review, appeal, and enforcement of timber harvesting plans

purposes, the Forest Practice Rules for THPs also apply to NTMPs. (California Code of Regulations, Title 14, Division 1.5, Section 1090.)

⁷Registered professional foresters are licensed by the California Board of Forestry under the Professional Foresters Law, Public Resources Code Sections 750 et seq.

⁸According to figures published by the California Department of Forestry and Fire Protection, one-third or less of the acreage that undergoes harvest activity each year is harvested under a timber harvest plan. Most of the balance occurs under exemption permits; some is harvested under emergency notices. (See "California's Forest Practice Program, 1987" and "California's Forest Practice Program: 1989-1991 Report.")

- Silvicultural (forest cultivation) methods
- Harvesting practices and erosion control
- Preparation of timber harvest sites
- Watercourse and lake protection
- Hazard reduction and fire protection
- Requirements for logging roads and landings
- Wildlife protection requirements
- Forest improvement practices, including restocking requirements
- Special rules for Coastal Commission areas
- Archeological and historical resource protection
- Timber operator license requirements and procedures
- Registration of professional foresters

In addition, the rules encompass practices for state forests (use and sales), implementation of CEQA, exemptions from timber harvest plan requirements, and various specialized requirements.

Tax Incentives Encourage Preservation of Agricultural and Forest Lands

California offers property tax breaks to land owners who agree to preserve agricultural and forest lands from urban and other uses. Counties or cities may choose to participate in the following tax-incentive programs:

The Williamson Act (the California Land Conservation Act of 1965, Government Code Title 5, Division 1, Part 1, Chapter 7) allows a county or city to designate specific lands as "agricultural preserves" under annually-extended ten-year contracts. Under the act, "agricultural preserves" may include a variety of open-space, recreational, scenic, and wildlife-habitat areas in addition to farmland. The act provides that local governments participating in the program shall assess the value of Williamson Act lands for the purposes of property taxes at the value of the lands for agriculture or other non-urban uses specified in the contracts. Resulting property-taxes frequently are lower on Williamson Act lands than they would be if the local governments assessed them, as they normally would, to reflect the value of the lands if converted to their "highest and best uses."

The Open Space Subvention Act of 1969 (Government Code Section 16142) partially reimburses participating counties for property tax losses resulting from Williamson Act zoning.

The Timberland Productivity Act (Government Code Title 5, Division 1, Part 1, Chapter 6.7) authorizes a city or county to designate forest lands as "timberland productivity zones" (TPZs). The act restricts how owners may use land enrolled in a TPZ, and correspondingly requires local jurisdictions to tax the lands at a lower rate than might otherwise apply. In exchange for the favorable property tax treatment, the landowner contracts not to convert the land to non-timberland uses without first giving the local jurisdiction ten-year notice and without obtaining county or city approval.

These TPZs, at that time known as "timberland preservation zones," replaced Williamson Act contracts on timberland in 1976.

Both the Williamson Act and the Timberland Productivity Act allow immediate rezoning under some circumstances, but not solely to meet economic needs of the property owners.

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Z'BERG-NEJEDLY FOREST PRACTICE ACT SUMMARY

September 21, 1993

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Z'BERG-NEJEDLY FOREST PRACTICE ACT SUMMARY

September 21, 1993

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Z'BERG-NEJEDLY FOREST PRACTICE ACT SUMMARY

INTRODUCTION

The Z'Berg-Nejedly Forest Practice Act of 1973¹ governs the management of privately owned timberland in California. Of California's approximately 101 million acres (159 thousand square miles), about 16.2 million acres are commercial forest land. About 7.5 million acres of that are privately owned.² Six California counties account for 53 percent of commercial timberlands (those open to production) in the state. They are Siskiyou, Humboldt, Mendocino, Plumas, Shasta, and Trinity.

The Forest Practice Act encompasses standards for the practice of forestry, the organization of forestry regulation, and requirements for timber harvest planning.

The Legislature declared its intent for the act as,

... to create and maintain an effective and comprehensive system of regulation and use of all timberlands so as to assure that (a) Where feasible, the productivity of timberlands is restored, enhanced, and maintained [and] (b) The goal of maximum sustained production of high-quality timber products is achieved while giving consideration to values relating to recreation, watershed, wildlife, range and forage, fisheries, regional economic vitality, employment, and aesthetic enjoyment.³

This statement emphasizes timber production, and secondarily emphasizes (gives "consideration to") a range of other purposes served by forests in California.

Although the act affects privately held forests, the Legislature declared, "It is not the intent of the Legislature ... to take private property for public use without payment of just compensation in violation of the California and United States Constitutions."⁴ The act, does, however, regulate the use and management of privately owned timberland and requires timberland owners to follow a complex set of rules.

¹Division 4, Chapter 8, Public Resources Code (PRC) (Section 4511 et seq.).

²Commercial forest acreage figures are from *California Statistical Abstract, 1992*, California Department of Finance, p. 105.

³PRC §4513.

⁴PRC §4512.

ORGANIZATION OF FORESTRY IN CALIFORNIA

Several agencies have a role in the management of forestry in California. Following is a brief overview of those organizations (excluding federal agencies) and their major functions.

The Board of Forestry

The nine-member State Board of Forestry directs policy for the Department of Forestry and Fire Protection. The Governor appoints board members, subject to Senate confirmation. The members serve staggered four-year terms.⁵ The Board adopts forestry regulations under the Forest Practice Act and other laws. The Board hears appeals of timber harvesting plan denials. Under some circumstances it hears appeals of THP approvals.

The Board also licenses registered professional foresters.

The Department of Forestry and Fire Protection

The California Department of Forestry and Fire Protection (CDF) prevents and combats forest fires throughout the state and manages the forest practice program. The department cooperates with the U.S. Forest Service in fighting fires and in a variety of forest improvement, research, and management programs. The department reviews and approves or disapproves timber harvesting plans and nonindustrial timber management plans and inspects harvest sites to assure compliance with the Forest Practice Act and its regulations. The department also licenses timber operators.

Districts and Committees⁶

Forest types and conditions differ from one part of the state to another. The Forest Practice Act therefore requires the Board of Forestry to divide California into at least three districts with "substantially similar characteristics and that will best be served by substantially similar regulations."⁷ The three districts established by the Board are:

- Coast District--coastal strip from Oregon border to, and including, Santa Cruz County
- Northern District--non-coastal portion of northern California generally north of a meandering line extending from the Benicia Bridge to Lake Tahoe

⁵See PRC §§730-745.

⁶This section describes relevant provisions of the law and regulations, and it reflects past practice. However, as of 1993, the district committees are no longer funded and no longer function. According to a CDF staff member, there is no current expectation of new funding for the committees or for a resumption of committee operations.

⁷PRC §4531.

- Southern District--remainder of the state

Each district has a nine-member technical advisory committee, appointed by the Board of Forestry. Members serve staggered four-year terms. Each member is to have professional knowledge and experience in forestry, ecology, watershed hydrology, or related area or areas specified in the law.⁸

Each district committee meets at least annually and advises the Board of Forestry with respect to forest practice rules suited to its own area of the state. The committees do not administer the forest practice program; they have only an advisory role.

Advisory Agencies

The Board must seek advice and recommendations from other state agencies in developing and revising its regulations⁹ and in reviewing timber harvesting plans.¹⁰

- The Department of Fish and Game advises on protection of fish and wildlife
- The State Water Resources Control board and regional water quality control boards advise on water quality
- The Air Resources Board and local air pollution control districts advise on air pollution control
- The California Coastal Commission advises on protection of natural and scenic coastal zone resources in Commission-designated "special treatment areas"
- The Tahoe Regional Planning Agency advises on matters affecting its area
- County governments may recommend special rules and regulations pertinent to their local needs and may advise on specific timber harvesting plans during the review process¹¹

The act's general guidance for the regulations is that they "be based upon a study of the factors that significantly affect the present and future condition of timberlands."¹² The

⁸PRC §4533.

⁹PRC §4551.5.

¹⁰PRC §4582.6.

¹¹The general authority (applicable to all counties) to recommend regulations is in §4516.6. In addition, PRC §4516.8 specifically allows the counties of Marin, Monterey, San Mateo, Santa Clara, and Santa Cruz to recommend rules and regulations addressing local concerns about log hauling routes and encroachment permits.

¹²PRC §4552.

Board must consider the other agencies' recommendations regarding regulations,¹³ but is not bound by them.

Forest Practice Regulations

The Forest Practice Act requires the Board of Forestry to adopt regulations on many forest management issues.¹⁴ The regulations are often cited as the "Forest Practice Rules." The Forest Practice Rules not only respond to the Z'Berg-Nejedly Forest Practice Act, they also address other California laws¹⁵ that affect the practice of forestry. Many of the regulations have uniform, statewide effect. Some are specific to a particular district, county, or counties.

The Forest Practice Act requires the regulations to cover at least the following topics:

- Prevention and control of fires
- Control of soil erosion
- Preparation of timber harvest sites
- Control of water and watershed quality
- Control of floods
- Stocking of harvested areas (planting of replacement trees or other means of reforestation)
- Protection against unnecessary destruction of young timber or productivity of the soil
- Prevention and control of forest insect, pest, and disease damage
- Protection of natural and scenic qualities
- Preparation of timber harvesting plans

The Forest Practice Act currently requires forest managers and timber operators to take special precautions with respect to the Pacific yew (*taxus brevifolia*). The bark of the

¹³PRC §4551.5.

¹⁴The Forest Practice Act's implementing regulations, the California Forest Practice Rules, are found in California Code of Regulations (CCR), Title 14, Division 1.5. Most of the regulations are reprinted, in an unofficial format designed for timber operators, in California Forest Practice Rules, published by the California Department of Forestry and Fire Protection.

¹⁵These include The Porter-Cologne Water Quality Control Act of 1969, The California Endangered Species Act, the Professional Foresters Law, and the California Environmental Quality Act of 1970 (CEQA).

Pacific yew may contain a cancer-fighting chemical, so that species is of special concern.¹⁶ The Forest Practice Rules also address the Pacific yew provisions.

If the director of CDF finds existing regulations to be inadequate to address significant issues in a pending timber harvesting plan, the director may so advise the Board. If the Board agrees with the director, it may, after a public hearing, issue emergency regulations to meet the specific need. The department then resumes consideration of the timber harvesting plan under the amended regulations. The Board may make the emergency regulations permanent by following the usual procedures for adopting non-emergency regulations.¹⁷

Licensure of Forestry Personnel

The State of California requires licensure of "registered professional foresters" (RPFs) and of "timber operators."¹⁸

Registered Professional Foresters

The Professional Foresters Law prescribes professional standards and examination procedures for registered professional foresters (RPFs). Professional standards for RPFs encompass education, experience, and personal character. The Board of Forestry licenses as RPFs those persons who have passed its examination and met other requirements specified in the law and regulations.

RPFs have a key role in California forestry because only registered professional foresters may prepare timber harvesting plans. Certain other actions under the Forest Practice Act, such as emergency notices, and nonindustrial timber management plans, also require participation or certification by an RPF.

Timber Operators

Only licensed timber operators may "engage in timber operations," and they may harvest timber only in accordance with approved timber harvesting plans where applicable.¹⁹

The Forest Practice Act broadly outlines licensure requirements for timber operators. The regulations require the timber operator to complete a training program before he or she may be licensed. The program must use training materials that "address the contents of

¹⁶The Pacific yew provisions expire January 1, 1996, unless extended by legislation before that date.

¹⁷PRC §4555.

¹⁸The licensure requirements for registered professional foresters (RPFs) are in the Professional Foresters Law (PRC §§750 et seq.). The licensure requirements for timber operators (persons who harvest timber) are in the Forest Practice Act (at PRC §§4571 et seq.).

¹⁹Timber harvesting under exemptions and emergency conditions specified in the act does not require a timber harvest plan. The harvesting must still be done by licensed timber operators and meet all applicable regulations.

the rules of the Board." A timber operator's license is valid only for the calendar year in which it is issued. The license must be renewed annually thereafter. The Board may deny licensure or renewal of licensure if the applicant has violated the forestry law or regulations.²⁰

OVERVIEW OF TIMBER HARVESTING PLAN REQUIREMENTS

A timber harvesting plan (THP) describes and documents a proposed timber harvest. The THP specifies:

- What kind of harvest or other timber operation is planned
- Where the harvest will be
- What methods will be used during the harvest or other timber operation
- What protections will be used for watersheds, wildlife, and other environmental concerns affected by the operation

A later section of this paper outlines the THP review process.

Scope of the THP Requirement

The Forest Practice Act mandates that:

No person shall conduct timber operations unless a timber harvesting plan prepared by a registered professional forester has been submitted for such operations to the department [of Forestry and Fire Protection] pursuant to this article. Such plan shall be required in addition to the [timber operator's] license required in Section 4571.²¹

"Timber operations" encompass "the cutting or removal or both of timber or other solid wood forest products, including Christmas trees, from timberlands for commercial purposes, together with all the work incidental thereto" ²²

Timberland, in turn, is "land, other than land owned by the federal government and land designated by the board [State Board of Forestry] as experimental forest land, which is

²⁰In 1991, the department issued 1683 timber operator licenses, of which 401 were "limited" licenses and 1282 were "full" licenses. Total licenses issued annually from 1981 through 1991 ranged from a low of 1288 issued in 1986 to a high of 1683 issued in 1991. "California's Forest Practice Program, 1989-91 Report," CDF, July 1992, p. 1.

²¹PRC §4581.

²²PRC §4527.

available for, and capable of, growing a crop of trees of any commercial species used to produce lumber and other forest products, including Christmas trees."²³

The Forest Practice Act encompasses land that can grow commercial species of trees and that is available for such use. It excludes other land, such as farmland and urban areas.

Exemptions

The Forest Practice Act allows the Board to exempt certain types of activity from timber harvesting plan requirements. Among the exempt activities are:

- Harvesting of Christmas trees
- Harvesting dead, dying, or diseased trees, fuelwood, or split products, under several conditions
- Harvesting on timberland ownerships of less than three acres and not part of a larger ownership
- Harvesting of Pacific yew

The landowner or other responsible party must submit an exemption notice to CDF. The harvest can go forward after the landowner submits the notice.²⁴ In some cases, CDF conducts a post-harvest inspection.

EXEMPTION NOTICES, 1989-1991²⁵

Forest District/Year	1989	1990	1991
Coast	266	364	428
Northern	417	718	718
Southern	358	689	500

Emergencies

The Forest Practice Act allows timber harvesting to begin immediately when an emergency warrants the action. The act requires that a registered professional forester determine that an emergency exists and file an "emergency notice" with CDF.²⁶

²³PRC §4526.

²⁴PRC §4584; CCR Title 14, §1038; CDF staff, personal communication.

²⁵"California's Forest Practice Program, 1989-91 Report," pp. 10-11.

²⁶PRC §4592.

Emergencies defined in the forest practice rules²⁷ are:

- Insect and disease damage that results in dead or dying trees
- Damage from weather, fire, flood, landslide, or earthquake
- Damage from air or water pollution
- Cutting or removing of trees to allow emergency construction or road repair
- Certain "financial emergencies"

Emergency operations do not require a timber harvest plan, but must comply with all other applicable forestry regulations. A registered professional forester must certify that the emergency condition exists.

EMERGENCY NOTICES, 1989-1991²⁸

Forest District/Year	1989	1990	1991
Coast	13	4	9
Northern	148	157	78
Southern	268	371	271

Exemption and Emergency Notice Acreage

Half to two-thirds of the timberland harvested each year is harvested under exemptions and emergency notices, according to figures published by the Department of Forestry and Fire Protection.²⁹ In 1992 and 1993, the number of exemption notices sharply increased from prior levels, according to department staff, although the figures have not yet been published.³⁰

²⁷PRC §1052.1.

²⁸"California's Forest Practice Program, 1989-91 Report," p. 6.

²⁹Estimate based on figures in "California's Forest Practice Program," reports for 1984 through 1989-91.

³⁰Personal communication with staff member of CDF. The comparative *acreage harvested* under THPs, exemptions, and emergency notices cannot be equated to comparative *volume of timber harvested*.

Exempt and emergency harvests generally encompass much smaller volumes of timber per acre than do harvests under THPs.

THP CONTENT AND PROCEDURES

The timber harvesting plan (THP) is an important part of the regulatory system created by the Forest Practice Act. This section outlines what a THP is and the procedures for its filing and review.

What is a Timber Harvesting Plan?³¹

A timber harvesting plan describes a timber operation proposed for a specific parcel of land. The THP specifies what the timber operator is going to do. That is, it describes the types and amounts of timber to be harvested or the other timber operation(s) that are planned. The THP explains what methods the timber operator will use. The THP also explains the precautions that the timber operator will take during the proposed operation in order to protect watersheds, wildlife, and other environmental concerns.

A registered professional forester prepares the THP on behalf of the timberland owner or other responsible party. The RPF may be an employee of the timberland owner, or might be an independent consultant hired to prepare the THP. In either case, the law and regulations require the RPF to adhere to professional standards.

The THP includes a detailed map of the area encompassed in the plan, specifies who is to conduct the harvest (the timber operator or operators), and shows how all applicable rules for timber operations are to be met. In short, "The plan shall serve two functions: to provide information the Director [of CDF] needs to determine whether the proposed timber operation conforms to the rules of the Board; and to provide information and direction to timber operators so that they comply with the rules of the Board."³²

³¹A "nonindustrial timber management plan" (NTMP) is the equivalent to a timber harvesting plan for "timberland owned by a nonindustrial tree farmer . . . [which] means an owner of timberland with less than 2,500 acres . . . not primarily engaged in the manufacture of forest products." (Public Resources Code Section 4593.2 (a) and (b).) The NTMP provisions, enacted in 1989, are intended to encourage "uneven aged management and sustained yield." (Unnumbered section preceding PRC §4593.) In general, the Forest Practice Rules for THPs also apply to NTMPs. (CCR, Title 14, Division 1.5, Section 1090.) Like THPs, NTMPs must be prepared by a registered professional forester. Unless cancelled by the tree farmer or, for cause, by CDF, an approved NTMP continues indefinitely. This is in contrast to the specific time frame allowed for completion of harvesting under a THP. During the first year of the NTMP program (1991), a total of 4 NTMPs were filed, encompassing 1149 acres. ("California's Forest Practice Program, 1989-91 Report," CDF, July 1992, p. 22. The 1989-91 report is the most recent published.)

³²Title 14, Division 1.5, CCR, §1034. The same section lists the minimum contents of a THP. That list is, in turn, reflected in the THP form and instructions provided by the CDF.

Filing and Review of Timber Harvesting Plans

The responsible party (landowner or lessee, for example) submits the THP to the appropriate CDF regional office.³³ The THP includes:

- A map or maps of the harvest area
- A description of the timber to be harvested
- A completed application checklist (with additional information attached when needed) covering dozens of points encompassed in the Forest Practice Rules
- A narrative explanation and documentation of the proposed operation

A completed THP may run from dozens to hundreds of pages, depending on the size and complexity of the proposed harvest and the issues that the harvest raises.

The RPF who prepared the plan must have personally inspected the area to be harvested and must assure that the THP addresses all applicable regulations.

The plan is not formally "filed" until the department finds it to be "accurate, complete and in proper order."³⁴ The department has ten days after submission of the THP to make this determination and to decide whether the THP requires a preharvest inspection.³⁵ If the department finds that a preharvest inspection is needed, it must conduct the inspection within ten days of the formal filing.³⁶

Ordinarily, department staff contacts the applicant to work out minor problems in the submitted plan.³⁷ If there are significant errors or omissions or other unresolved problems with the plan, the department returns it to the submitter. A returned plan has not been "filed" within the meaning of the regulations.

Once the department finds the plan to be complete, the plan is officially filed.³⁸ The department then sends a notice of filing to the submitter, the county clerk in the appropriate county, the local ranger unit headquarters (for posting), other locations

³³A "notice of intent to harvest timber" is also required when the area to be harvested is within 300 feet of property not owned by the timberland owner. CDF mails copies of that notice to adjacent landowners as listed by the RPF who prepared the plan.

³⁴Title 14, Division 1.5, CCR, §1037.

³⁵The time required for that inspection depends on the nature and location of the proposed timber operation and accessibility of the site. Snow, for example, may delay the inspection. The applicant and the department may agree on a period longer than ten days.

³⁶PRC §4604.

³⁷Personal communication, CDF staff.

³⁸CCR, Title 14, Division 1.5, §1033.

required for adequate public notice, public agencies with custodial responsibility for lands within 300 feet of the plan area, and other appropriate agencies.³⁹

The filing of the plan starts a public review process during which the public and agency officials may inspect a copy of the plan and comment in writing. The department must provide a copy of the plan to the Department of Fish and Game and other agencies with review responsibilities. The regulations specify, "Comments from reviewing public agencies shall be considered [on the basis of] the comments' substance, and specificity, and in relation to the commenting agencies' area(s) of expertise and statutory mandate, as well as the level of documentation, explanation or other support provided by the comments."

The department has fifteen days after the preharvest inspection (if required) or after the filing date of the plan (if no inspection is required) "to review the plan and take public comment."⁴⁰ The department then has up to ten days to review public comments, analyze the issues presented by the plan, and make a decision.⁴¹ During this process, the department consults with an "interdisciplinary review team" representing various agencies and types of expertise.⁴²

Both the Forest Practice Act and the Forest Practice Rules allow the department and the applicant to agree on longer periods for each stage in the timber harvesting plan review.

Appeals

An applicant whose timber harvesting plan is denied by the department may appeal the denial to the Board of Forestry within ten days. The board must then hold a public hearing on the appeal within 30 days unless the applicant and the board agree on a longer period. The Board may approve the THP or may uphold the department's denial. Those are the Board's only options.

The Forest Practice Act allows the department to approve a THP that has been denied on appeal to the board if the applicant revises the plan to meet applicable law and regulations.⁴³

³⁹CCR, Title 14, Division 1.5, §1037.1.

⁴⁰CCR, Title 14, Division 1.5, §1037.4.

⁴¹If the department believes that the existing regulations do not adequately address an issue raised by the plan and that approval of the plan could significantly harm the environment, it may ask the Board of Forestry to adopt appropriate emergency regulations. This situation stops the review clock pending Board hearing and decision on the issue. Once the Board has acted, the department has fifteen days within which to decide on the plan. This provision is used very rarely--at most once or twice a year, according to a department staff member.

⁴²CCR, Title 14, Division 1.5, §1037.5. CDF's representative on the review team, who must be a registered professional forester, chairs the team. The agencies represented on the review team reflect the plan's location, scope, and environmental and other impacts.

⁴³PRC §4582.7.

Under certain circumstances, the *approval* of a timber harvesting plan may be appealed to the Board of Forestry. Although the public may not appeal an approval to the Board of Forestry:

- The Department of Fish and Game or Water Resources Control Board may appeal an approval if it (or a regional water quality control board) participated in the onsite inspection and multidisciplinary review of the plan⁴⁴
- The board of supervisors of certain counties⁴⁵ may appeal an approval of a timber harvesting plan if the county participated the inspection and in the multidisciplinary review⁴⁶

Other organizations and members of the public may seek to overturn approval of a timber harvesting plan through litigation, but not through an administrative appeals process.

The following chart shows timber harvesting plan activity for 1986 to 1991, as reported by the Department of Forestry and Fire Protection.⁴⁷ Note that many more submitted applications are *not accepted for filing* than are formally *denied* by the department.⁴⁸

⁴⁴PRC §4582.9(b).

⁴⁵Those counties for which special regulations have been adopted by the Board of Forestry.

⁴⁶PRC §4516.6(b).

⁴⁷"California's Forest Practice Program, 1989-1991 Report," California Department of Forestry and Fire Protection, July 1992, page 2.

⁴⁸CDF staff (personal communication) estimates that for 1992 and 1993 about 35 to 40% of all submitted THPs are returned to the submitter (not accepted for filing) as originally submitted. Some THPs are returned more than once.

TIMBER HARVESTING PLAN ACTIVITY, 1986-1991

Year:	1986	1987	1988	1989	1990	1991 ⁴⁹
THPs submitted during year	1229	1273	1470	1587	1573	933

Year:	1986	1987	1988	1989	1990	1991
THPs not accepted for filing (returned to submitter during year)*	148	187	99	152	374	204
THPs approved*	1074	1253	1360	1548	1357	825
THPs denied*	1	5	7	12	12	2

*Row includes some THPs submitted in prior year, but not acted on in the year of submittal. Also, row excludes THPs submitted during the indicated year but not acted on until subsequent year. That is, the lower table reflects *actions taken during the year*, not the actions ultimately taken on all of the THPs submitted in that year. The department does not include in the Forest Practice Program statistical reports a table showing ultimate outcomes of all of the THPs submitted during the year of the report.

ACREAGE IN APPROVED THPs, 1989-1991⁵⁰

Forest District/Year	1989	1990	1991
Coast	101,687	73,622	58,380
Northern	199,900	229,346	171,591
Southern	32,629	60,745	37,879
TOTAL	334,216	363,713	267,850

⁴⁹Emergency regulations changes late in 1991 virtually brought THP submissions to a halt for a few months, according to a CDF staff member (personal communication). That situation accounts for much of the reduction in THP submissions between 1990 and 1991. Total acreage encompassed in the reduced number of THPs for 1991 nonetheless increased slightly between 1990 and 1991. By 1993 THP submissions had rebounded to only about 1000. (Based on graph provided by CDF staff.)

All of these statistics should be treated with caution. The CDF staff member responsible for the timber harvest program was unable to account for seeming discrepancies in the numbers shown in the charts of timber harvesting plan activity. The published reports do not define terms or conventions used in the charts and do not explain whether or not a resubmitted THP is counted as a new submittal in the chart. Nor do the reports state whether or not the "THPs not accepted for filing" line counts each returned (not accepted) THP once in that line even if it is returned more than once. Counting methods may have changed during the period covered by the chart, but if so, this is not documented in the report.

⁵⁰"California's Forest Practice Program, 1989-91 Report," pp. 16-17. Some totals have been corrected from the figures shown in the report.

After the Plan is Approved

An approved plan is valid for three years, but the department may grant an extension. An extension requires a specific request. The department must find that the extension is not a "substantial deviation" from the approved plan.⁵¹

The plan submitter may deviate in small ways from the approved plan, but must inform the department. Changes in ownership of the land or of the timber covered by an approved plan must be reported to the department.⁵²

The department inspects the site after the harvest to assure that the timber operation conforms to the approved plan.⁵³

The Forest Practice Act and the Forest Practice Rules specify minimum standards for stocking of harvested acreage.⁵⁴ The THP submitter must meet the standards "within five years after completion of timber operations."⁵⁵ The stocking standards "insure that a cover of trees of commercial species, sufficient to utilize adequately the suitable and available growing space, is maintained or established after timber operations."

Within five years after completion of the timber operations, the timber owner or agent must report to the director on the restocking of the logged area. If all has gone according to the plan and if the restocking has been completed, the department ultimately issues a "Report of Satisfactory Stocking."⁵⁶

CEQA Equivalence

In 1979, the Secretary of Resources determined the timber harvesting plan process to be equivalent to the requirements of the California Environmental Quality Act (CEQA).⁵⁷ That determination, which is still in force, reflected the Secretary's finding that the THP process included environmental protections and public review opportunities comparable to those of CEQA.

⁵¹CCR, Title 14, Division 1.5, §1039.1.

⁵²CCR, Title 14, Division 1.5, §1042.

⁵³PRC §4586.

⁵⁴PRC §4561. The standards are technical, phrased in terms of point count, diameter at breast height, countable trees, and residual basal areas, among others. The interested reader should consult PRC §4561 and CCR, Title 14, Division 1.5, §§1070 et seq., and the relevant definitions, for details.

⁵⁵PRC §4561. The Forest Practice Act does not specify who is responsible for restocking. It only specifies what shall constitute minimum acceptable stocking levels, although the Board may adopt higher standards in regulations. However, the Forest Practice Rules (at §1035.1) specify that the THP submitter (usually the owner of the timberland or the owner of the rights to the timber on land owned by someone else) is responsible for meeting the requirements of the Forest Practice Act, including stocking. The RPF who prepares the THP must, according to the regulations, inform the submitter of the submitter's responsibilities under the law and the regulations.

⁵⁶CCR, Title 14, Division 1.5, §1075.

⁵⁷The Secretary for Resources filed the regulation that formalized the finding with the Office of Administrative Law on May 2, 1979. The provision that authorized the finding is PRC §21080.5.

The effect of the finding is to exempt from CEQA procedures the THP process and other CDF and Board of Forestry activities encompassed in the finding.

THP Review Timeframes

The normal maximum period for approval of a THP following its submission to the department is 45 days.⁵⁸ The department and the applicant may agree to a longer period. For the first eight months of August, 1993, the majority of approved THPs were approved within 45 days. The figures⁵⁹ are as follows:

- Santa Rosa District: 219 approvals--177 (81 percent) in 45 days or less, 42 in more than 45 days
- Redding District: 189 approvals--36 (72 percent) in 45 days or less, 53 in more than 45 days
- Fresno District: 85 approvals--67 (79 percent) in 45 days or less, 18 in more than 45 days

Bad weather or accumulated snow that prevents preharvest inspections can lead the department and the applicant to agree on a longer review period. Snow in the Sierra especially can delay inspections and reviews for THPs filed before spring.

Exemption and Emergency Applications

The exemption and emergency requirements are much less complicated than the requirements for timber harvesting plans.

For an exemption, the timber owner (or agent) must submit an exemption form to the department. The submitter describes the proposed timber operation and documents that it falls within the exemption or emergency provisions. The operation cannot start until the department has approved it and so notified the submitter. The operation must conform to applicable regulations.⁶⁰

For an emergency, a registered professional forester, acting on behalf of the timber owner or operator, must submit a "Notice of Emergency Timber Operations" to the department.

⁵⁸The 45 days encompass 10 days for determination of completeness, plus 10 days for preharvest inspection, plus 15 days for public comment, plus 10 days for analysis and decision. These are maximums, unless mutually waived by the applicant and the department. Reviews can, of course, be completed in less time, especially for smaller, less complex projects.

⁵⁹Data provided by staff of CDF, personal communication, September 10, 1993.

⁶⁰CCR, Title 14, Division 1.5, §§1038 and 1038.1.

The emergency timber operations may begin as soon as the notice is submitted, but cannot last beyond 60 days without submission and acceptance of a more complete plan.⁶¹

TIMBERLAND CONVERSION

The Forest Practice Act has special provisions for conversion of timberland to non-timberland uses:

Any person who owns timberlands which are to be devoted to uses other than the growing of timber shall file an application for conversion with the board.⁶²

The board may delegate the decision on the application to the Director of the Department of Forestry and Fire Protection. The board or director must make specific, written findings with respect to the proposed conversion.

If the land is in a "timberland production zone" (TPZ), the applicant must persuade the board or director that:

- The conversion is in the public interest
- The conversion will not substantially and adversely affect TPZ-zoned timberland within a mile of the proposed conversion
- Soils, slopes, and watershed conditions of the land are suitable for the proposed uses⁶³

Even if the board or director approves the application the applicant must still obtain any necessary rezoning or use permit before undertaking the conversion.

CONVERSIONS: NUMBER AND ACREAGE, 1989-1991⁶⁴

Year	1989	1990	1991
Number	24	14	24
Acres	899	2344	1016

⁶¹CCR, Title 14, Division 1.5, §§1052.

⁶²PRC §4621.

⁶³PRC §4621.2.

⁶⁴"California's Forest Practice Program, 1989-91 Report," p. 5.

SELECTED TOPICS IN FORESTRY

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SELECTED TOPICS IN FORESTRY

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SELECTED TOPICS IN FORESTRY

Following are capsule comments and quotations on selected topics of current interest in forestry. Their purpose is to introduce the topics and define some terms. We have included a bibliography of other sources of information on these topics.

OLD-GROWTH FORESTS

The principal issues affecting forestry in the Pacific Northwest pertain to the role, extent, and nature of old-growth forests.

What is an "old-growth" forest?

There is no single, uniform definition of "old-growth." In general, however, an old-growth forest is a mature forest that has not been harvested. Trees in old-growth coniferous forests can range in age up to a thousand years or more, depending on species. An old-growth forest is a complex ecosystem of plants, fungi, insects, birds, reptiles, and mammals that has developed over centuries. Old-growth forests, sometimes called "ancient" forests, are distinguished from "second-growth" or "successional" forests.

The Forest Ecosystem Management Assessment Team (FEMAT) report,¹ gives a more technical definition of old-growth:

This stage [old-growth] constitutes the potential plant community capable of existing on a site given the frequency of natural disturbance events. For forest communities, this stage exists from approximately age 200 until when stand replacement occurs and secondary succession begins again. Depending on fire frequency and intensity, old-growth forests may have different structures, species composition, and age distributions. In forests with longer periods between natural disturbance, the forest structure will be more even-aged [that is, trees will be about the same age] at late mature or early old-growth stages.²

Elliott Norse, a senior ecologist for the Wilderness Society, reviewed definitions of "old-growth" in eleven draft plans for national forests in Washington, Oregon, and northern California. He found little consistency:

¹Forest Ecosystem Management Assessment Team, *Forest Ecosystem Management: An Ecological, Economic, and Social Assessment* (U.S. Department of Agriculture, Forest Service, and other agencies, July 1993). This is a key document in President Clinton's plan for the northern spotted owl area forests.

²FEMAT report, Glossary, page IX-32.

... only Mt. Baker-Snoqualmie, Olympic, and Willamette national forests define old-growth the same way and ... their definition is timber-oriented. Others emphasize age (e.g., Gifford Pinchot), forest structural characteristics (e.g., Rogue River), history (e.g., Umpqua), or combinations of these (Siskiyou). Six of them are based on a single criterion. In seven ... , mature and old-growth forests are combined. Only three plans ... include any reference to stand area, all of them using 10 acres as the criterion. Only one (Siskiyou) includes any reference to dead trees, and none specifically mentions snags [standing dead, partially dead, or defective trees at least 6 feet tall³]. Shasta-Trinity's definition is broad enough to include not only mature forests but even some stands forty years old. And the Umpqua plan defines old-growth as natural stands of any age, structure, and ecological dynamics. By this definition, a stand of inch-high seedlings is old-growth! No wonder old-growth seems plentiful.⁴

How much old-growth forest existed and how much remains?

When Europeans first colonized North America, much of the continent was covered by forests. Despite forest fires and other natural disasters, those forests were predominantly long established ones. Virtually none had been harvested. All of the forests in the eastern United States have since been harvested. Much of the land was converted to other uses, but some was later reforested. According to a Forest Service analysis,

Area of timberland in the United States steadily declined as the country was settled. This trend persisted until around 1920. Starting then, and continuing until the early 1960s, the acreage of timberland increased by about 50 million acres as the worked-out cotton lands in the South, cleared areas on hill farms in the East, and marginal farms in other regions reverted back to forests. By 1962, the timberland area in the United States reached 515 million acres

By the 1960s, the upward trend in timberland area was reversed and by the 1970s the rate of acreage loss began to accelerate.⁵

Elliot Norse estimates that Oregon and Washington encompassed about 19 million acres of old-growth forests before settlement of the area.⁶ Additional acreage was forested, but not "old-growth." It is difficult to determine how much of that acreage remains in old-growth forests. Estimates vary widely and depend on the definition used for "old-growth."

³Definition adapted from FEMAT report glossary.

⁴Elliot Norse, *Ancient Forests of the Pacific Northwest* (Washington, D.C.: Island Press, 1990), pp. 57-59.

⁵United States Department of Agriculture, Forest Service, Rocky Mountain Forest and Range Experiment Station, *An Analysis of the Timber Situation in the United States: 1989-2040*, December 1990, page 110.

⁶*Ancient Forests*, page 244.

Norse compared three estimates of old-growth for six Westside national forests.⁷ The total of the estimates ranged from a high of 2.543 million acres (the EISs) to a low of 1.140 million acres (Morrison). The middle estimate (Haynes) was 1.597 million acres.⁸ There is additional old-growth outside of the national forests, but estimates probably vary as widely. Norse does not provide specific figures, but he does conclude that, "if current trends continue, in one generation, only six percent of the original old-growth will remain. Very little will be at low elevations."⁹

Can old-growth forests be replaced?

Old-growth forests are ecosystems that evolve over centuries. Old-growth forests often have unique ecological and historical values not found in other forest types. In that sense, they cannot be replaced in our lifetimes or those of our children or grandchildren. Old-growth forests are also sources of large amounts of high-quality timber. In that sense, timber from old-growth forests might be replaced by second-growth forests.

Peter H. Raven, Director of the Missouri Botanical Garden, has summarized the environmentalist's view of ancient forests:

By treating 500- to 1000-year-old forests as if they were a renewable resource, we are acting out a fiction, and thereby making a grave mistake. Forests are indeed renewable, but once they have been removed from a particular area, the ancient forests . . . will never appear again, given the nature of human activities in the contemporary world and their consequences. By clearing such forests on both public and private lands, we are therefore losing them forever on a regional scale; they may be replaced with decades-old successional forest that can indeed be lumbered continuously, but that forest is in no way--biologically, scenically, or in terms of its contribution to the quality of human existence--the equivalent of what is being lost. Indeed, all of the ancient forests that remain could be saved, with no lasting impact on the regional economies, simply by accelerating the inevitable shift of the timber industry to second-growth forest on lands that were, in many cases, cleared decades ago.¹⁰

Whether or not old-growth forests can be replaced thus depends on the question of *replacement for what purpose*. Protecting the environmental value of old-growth forests can come at the expense of forgone economic value that would result from harvesting mature trees and replacing them with new ones.

⁷The forests are Mt. Baker-Snoqualmie, Olympic, Gifford Pinchot, Mt. Hood, Willamette, and Siskiyou. The estimates were made by the Forest Service (in environmental impact statements), by Forest Service researcher Richard Haynes, and by Peter Morrison (commissioned by the Wilderness Society).

⁸*Ancient Forests of the Pacific Northwest*, pp. 244-247.

⁹*Ancient Forests*, page 251.

¹⁰From Raven's foreword to *Ancient Forests of the Pacific Northwest*, p. xx.

ECOSYSTEM MANAGEMENT

An editorial in the April 1993 issue of *American Forests* describes an emerging set of forest management principles. These principles bridge the gap between opposing viewpoints on the purpose and management of forests. The editorial explains, "The names [used for this set of principles] vary, depending on source, and include 'Ecosystem Management,' 'Total Forest Management,' 'Forest Stewardship,' 'New Forestry,' 'Sustainable Forestry,' and others."¹¹

The name used for this set of principles in the FEMAT report is "forest ecosystem management." The FEMAT report defines ecosystem management as a "strategy or plan to manage ecosystems to provide for all associated organisms, as opposed to a strategy or plan for managing individual species."¹²

The *American Forests* editorial summarizes a key concept of ecosystem management:

. . . trees, though they may be the most visible, dominant, and economically important organisms that inhabit a forest, are far from being all that is there. From the largest tree to the swiftest animal to the tiniest soil micro-organism, thousands of species coexist in the forest, and each may play a role that is essential to the forest's continued well-being.

In short, scientists do not fully understand how a forest works. Specific unrecognized or poorly understood factors that exist in old-growth forests *could* turn out to be critical to the long-term growth and health of second-growth forests.

Owners of timber presumably weigh these risks against the high economic value of large, sound old trees. The immediate income that valuable trees produce must be balanced against hypothetical reductions in eventual forest vitality.

A related concept is "diversified forest management" :

Diversified forest management emphasizes maintaining long-term site productivity through ecological diversity in the forest portion of the ecosystem. This method includes rotations longer than 80 years, reinvesting organic matter and nutrients in the site in the form of large snags and down stems, and producing diversified forest products.

The biological advantage of diversified forest management is that forest health is maintained indefinitely. But the social and economic disadvantage is disruption of

¹¹Neil Sampson, "Ecosystem Management: A Leap Ahead," *American Forests*, March/April 1993, page 6.

¹²FEMAT report, Glossary, page IX-11.

industrial and community stability during the transition period to diversified management. Essentially, the choice is between short-term or long-term effects.¹³

WATERSHED PROTECTION

Trees and forests play critical roles in protecting important sources of water--called watersheds.¹⁴ Forests stabilize soils, and so prevent clogging of stream beds with sediment. They shade snow packs and hold moisture, allowing mountain waters to release slowly for downstream uses. In that way they also reduce flood dangers. They protect riparian (streamside) flora and fauna from direct sun, wind, and rain. Watersheds are, in short, important as sources of water for drinking, irrigation, and other domestic and commercial purposes. Watershed protection is also vital for maintenance of healthy and productive fisheries.

For these reasons, watershed protection has been a stated purpose of national forest management since the Organic Administration Act of 1897.

The Z'Berg-Nejedly Forest Practice Act¹⁵ requires forestry regulations to provide for protection of streams and lakes. Timber harvest plans must address all required aspects of stream protection, ranging from disposal of petroleum products to steps for minimizing effects of erosion.¹⁶ State and federal rules also require use of "best management practices" to protect water resources.¹⁷

President Clinton's proposed plan for the Pacific Northwest forests emphasizes watersheds as building blocks for planning. It also sets aside more than 2.2 million acres in "riparian reserves" of streams, ponds, and wetlands.

HARVESTING OF DEAD AND DYING TIMBER

Timber harvesting on any significant scale risks damaging the watershed and may seriously affect species other than those being harvested. Logging road construction can affect runoff patterns and interfere with habitat. Removal of dead and dying trees may remove nesting places or sources of nourishment for birds, mammals, and micro-organisms.

At the same time, dead and dying timber may harbor diseases and insects that could multiply and spread to healthy trees. The removal of such timber may, therefore, do more good than harm to the forest and to the environment. Further, dead and dying trees are

¹³Maser, Chris, et al., *From the Forest to the Sea: A Story of Fallen Trees* (Portland, Oregon: U.S. Department of Agriculture, Forest Service, Pacific Northwest Research Station) page 115.

¹⁴The FEMAT report defines "watershed" as "the drainage basin contributing water, organic matter, dissolved nutrients, and sediments to a stream or lake." Glossary, page 39.

¹⁵Division 4, Chapter 8, Public Resources Code (PRC) (Section 4511 et seq.).

¹⁶PRC §4562.7.

¹⁷See PRC §4513.3.

valuable as a source of lumber and pulp. If not harvested in a timely fashion, they lose their value for those purposes.

In short, environmentalists see dead and dying trees as an important part of the forest ecosystem, while the timber industry sees them as a usable resource that will be wasted if not harvested.

The Z'Berg-Nejedly Forest Practice Act regulates timber harvesting on private timberlands. The act exempts salvage of dead and dying trees from the timber harvest plan requirement. Salvage harvests permitted by the exemption require only a notice to the Department of Forestry and Fire Protection, not the lengthy documentation and review required for a timber harvest plan. The drought of 1987 to 1992 has resulted in increased salvage harvesting under in recent years.

President Clinton's forest plan would allow some harvesting of dead and dying timber in northern spotted owl area forests otherwise closed to timber harvesting.

MAXIMUM SUSTAINED PRODUCTION AND SUSTAINED YIELD

Section 4513 of the Public Resources Code (Z'Berg-Nejedly Forest Practice Act -- FPA) states the intent of the Legislature that regulations affecting commercial timberlands assure ". . . The goal of *maximum sustained production* of high-quality timber products is achieved while giving consideration to values relating to recreation, watershed, wildlife, range and forage, fisheries, and aesthetic enjoyment." (emphasis added)

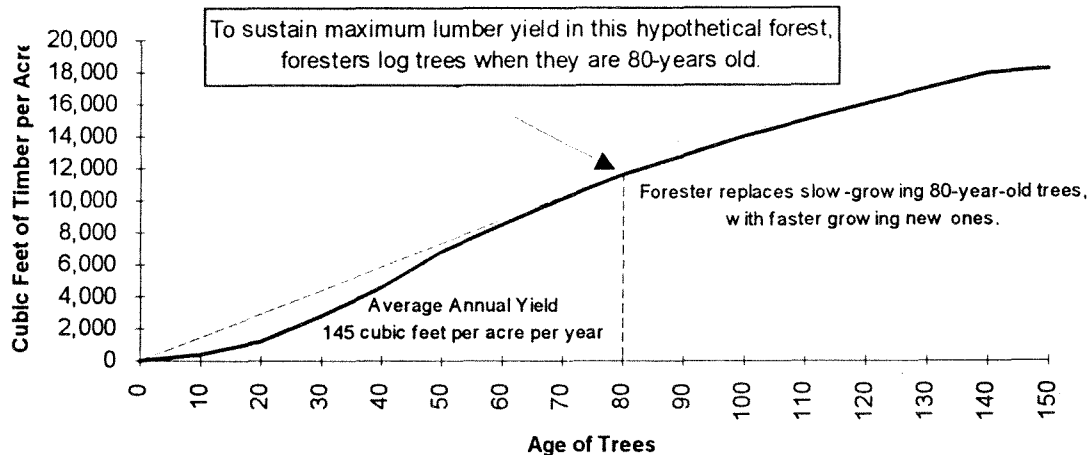
Section 4593.3 of the Public Resources Code specifies that owners of nonindustrial timberlands shall manage their timber stands with the long-term objective of an uneven aged timber stand and *sustained yield* through the implementation of a nonindustrial timber management plan.

The law does not specify if the terms *sustained production* and *sustained yield* mean different things. The law also does not attach any explicit significance to using the modifier *maximum* to describe sustained production but not sustained yield. It is possible that the terms are interchangeable. In either case, however, people often disagree about what sustained production and sustained yield mean. In this section, we discuss various ways in which foresters, timber owners, communities, and environmentalists describe *sustained production* and *sustained yield*.

Sustaining Lumber Yield

Many professional foresters seek to sustain the maximum *volume* of usable lumber that a forest can produce on a continuous basis. Figure 1 shows when a forester might harvest trees in a hypothetical northern California pine forest to achieve maximum sustained lumber production.

Figure 1
Hypothetical Lumber Yield
from Northern California Pine Forest



As the figure shows, the volume of timber growing in the forest (the inventory) continues to increase well past 100 years. Nevertheless, to maximize the sustainable yield from this forest, foresters would cut trees when they reach 80-years old. By harvesting 80-year-old trees, the forester will sustain lumber production at 145 cubic feet of pine wood per acre per year. The forester is better off replacing slower growing 80-year-old trees with faster growing new trees. By harvesting 100-year-old trees, the forester will sustain lumber production at 140 cubic feet per acre per year. By harvesting 60-year-old trees, the forester will sustain a yield of 142 cubic feet per acre per year.

Foresters often differentiate between old and young trees and among different species when determining optimum strategies for sustaining lumber yield. They might seek to sustain the lumber yield of older trees, for example, from which mills acquire stronger construction-grade woods. They might also seek to sustain lumber yield from smaller trees, from which mills acquire pulp and composite wood products.

Forest Ecology Affects Lumber Production. In practice, maximizing sustained lumber yield from a forest is more complicated than Figure 1 might suggest. The forester's task of determining the optimum harvest point for sustaining lumber output is complicated by the complex ecology of forests. The forester must determine, for example, how each harvest will affect soil stability, water quality, and rate of timber disease. Both the frequency and style of harvest cutting, for example, affect future lumber yield differently. These and other factors will affect the growth rates of existing and future trees within both the particular timber stand and the forest generally.

Uneven Aged Management and Selective Cutting. When after a harvest, foresters leave trees standing of varied ages and sizes, they are practicing *uneven* aged management. Some scientists and environmentalists argue that forests that always contain a range of

young and mature trees are the healthiest. Uneven aged management requires foresters to selectively cut only portions of stands at any one time.

Even Aged Management and Clear Cutting. Foresters often *clear cut* as a means to manage *even* aged forest stands. Under this practice, foresters cut all trees in a stand at one time, regardless of the age or size of the trees. The forester grows new trees, all of the same age, on the harvested plot. Some foresters argue that even aged management reduces the cost of producing and harvesting timber. Some also argue that clear cutting minimizes environmental damages, because foresters need enter stands with heavy logging equipment only when the trees reach harvestable age. (Under uneven aged management, foresters enter stands more frequently but log less extensively.) Some scientists and environmentalists argue that clear cutting severely damages forest ecosystems, and that even aged stands are less healthy than uneven aged ones.

Accelerated Harvesting. At times, foresters increase harvests in stands above historical rates, often by accelerating the harvest of older trees. Critics of accelerated harvesting frequently contend that accelerated harvests are not appropriate because the forester cannot sustain them at that rate. In many cases, however, accelerated harvesting need not threaten long-term sustainable yields. Short-term accelerated harvests can increase total lifetime lumber production of forests by replacing older trees with faster growing newer ones.

The Timber Plan for the Lassen National Forest, for example, at one time called for harvests of 150 million board feet (MMbf) per year forever. According to the Western Timber Association, the U.S. Forest Service could have accelerated production to 268 MMbf for ten years, and then have returned production to 150 MMbf per year forever thereafter. By accelerating harvests, the Forest Service could have increased lifetime output from the forest by 1,180 MMbf.¹⁸

Sustained Yield vs. Sustained Inventories. As the Lassen National Forest example shows, it is possible to sustain yields (even increase them for short periods) while reducing the volume of timber in a forest. Reducing forest inventories, in fact, may occur as foresters seek to attain *maximum sustained production* in forests that had not been harvested toward this goal in the past. In such cases, sustained yield and sustained inventories are frequently mutually exclusive.

Although state law defines sustained production and sustained yield in terms of the *volume* of harvested lumber, people often use the terms differently. We describe below three other ways in which people sometimes use the terms sustained production and sustained yield.

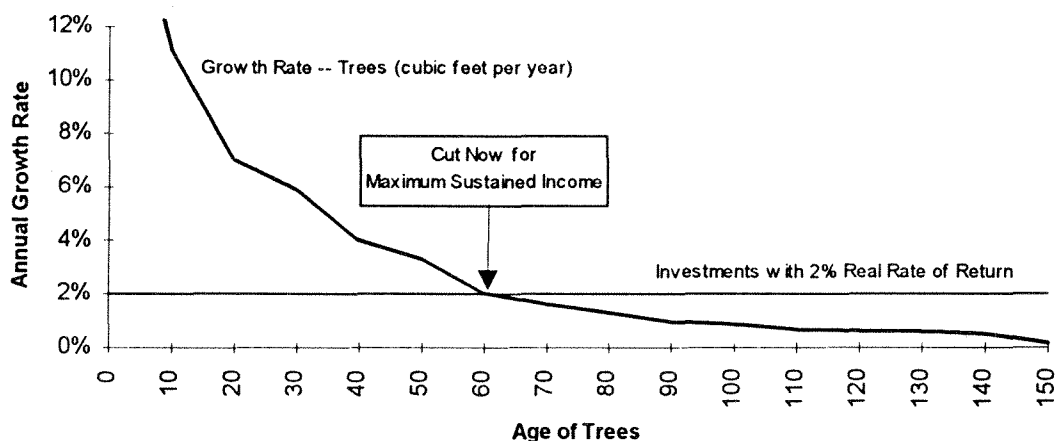
¹⁸William F. Hyde, *Timber Supply, Land Allocation, and Economic Efficiency* (Baltimore: Johns Hopkins University Press, 1980), page 28.

Sustaining *Income* Yield

The owner of a timber stand, if a prudent businessman, might choose to harvest and plant trees at rates different from those described in Figure 1 for sustaining lumber yield. He might base timber harvest schedules, for example, on the various market conditions affecting the price of timber, labor, equipment, and capital (interest rates). Even assuming that the price of timber, labor, equipment, and capital remains constant over time, a businessman might harvest trees more frequently in order to sustain the maximum income stream from timber production.

Figure 2 illustrates why the owner of the hypothetical forest in Figure 1 might harvest trees that are younger than 80-years old (the age at which maximum lumber production occurs). Figure 2 shows the annual growth rate of the forest depicted in Figure 1. This hypothetical forest, like most, grows more slowly with age.

Figure 2
Growth Rate for Hypothetical Northern California Pine Forest
Older Trees vs. Alternative Investments



As Figure 2 shows, trees in this hypothetical forest grow in volume at 2 percent per year when they reach 60-years old. At a any given price for lumber, then, the value of a timber owner's investment in 60-year-old trees is growing at 2 percent per year. The value of his investment is growing faster for trees younger than 60 years and slower for older trees. If other investments in society would earn 2 percent per year,¹⁹ the prudent businessman would harvest his trees when they reach 60-years old and reinvest his proceeds. In fact,

¹⁹We ignore general price rises in lumber and the economy for the purposes of this discussion. Assuming lumber prices increase along with general inflation, then the timber owner would compare the growth rate of timber with the real interest rate in the economy (after the effects of inflation are subtracted).

the owner of trees in Figures 1 and 2 would be wise to replace 60-year-old trees with new trees that grow at rates above 2 percent per year.²⁰

If a particular stand of trees increases in value at rates that are always below prevailing interest rates or possible returns on alternative uses of the land, a businessman might wish to harvest all his trees and stop producing new trees. (He might then invest in some more lucrative business.) This phenomenon explains, in part, why the amount of timber lands has diminished in various parts of the country over time.

If the price of timber, labor, equipment, or capital changes over time (which it does), then a businessman might vary the rate at which he harvests timber. Interestingly, if the price of timber equals or continues to climb faster than the real interest rate in society, a timber owner would maximize income by sustaining the maximum lumber yield of his timber stands. He might even want to develop forests on non-forest lands. Conversely, if a timber owner knew that timber prices were going to continue to fall, he might harvest and plant more frequently.

If society values forests simply for the wood and paper products they produce (it values them for much more as I discuss below), then simply sustaining the maximum lumber yield of a forest probably is not a sound timber management practice, both from the timber owner's and society's perspective. By responding to the price of lumber, labor, equipment, and capital, the timber owner adjusts his production of cut timber in response to the needs and demands of persons using products made from timber.

Imagine, for example, that scientists develop an inexpensive, aesthetically appealing, and non-polluting wood substitute for home construction that industry will be able to mass produce within five years. Persons who before could not afford to buy a house would benefit from a timber owner's decision to expedite his timber harvest schedule in anticipation of falling timber prices. (Society's increased use of concrete and steel in construction, oil and gas for heating, and other wood substitutes explains to some extent the declining volume of productive timber stands in the world.)

Just as the forester who sustains maximum lumber output must respect forest ecology, so too must the timber owner who sustains maximum lumber income. Timber income is unavoidably dependent on lumber output.

Sustaining *Cultural* Yield of Forest Communities

Many people believe that foresters and timber owners should seek to stabilize local communities when making timber harvesting and investment decisions. Many critics of the timber industry in California, for example, have cited its "boom or bust" nature. These

²⁰Actually, the value of timber per cubic foot often increases with the age of trees, because older trees often provide stronger and easier to mill wood. Also, logging older trees can reduce the productivity of remaining trees. The landowner would include these factors in deciding when to harvest trees.

critics argue that "boom or bust" cycles disrupt communities, families, and economies of timber-dependent regions.

Sustaining the production of lumber volume of forests does not necessarily sustain the cultural and economic makeup of timber communities. If the price of timber falls significantly, income into a timber community will fall as well, even if foresters sustain the maximum lumber yield from forests. Similarly, as new harvesting technologies emerge, the need for local labor might decline. (However, there might be a corresponding increase in labor demand in locations where harvesting machinery is made.) Conversely, if timber prices rise, community income would increase, even if the volume of timber production remains constant.

Sustaining the maximum income from a forest probably will maximize local prosperity over time. Nevertheless, the local community's economic condition might swing with the income of the timber owner. In fact, the economic condition of a timber-dependent community might hinge more on economic forces outside the control of both the timber owner and the local community. In the long term, national and world demand for local wood products might be the most critical determinant of whether a timber-dependent community can sustain cultural stability.

Sustaining *Environmental* Yield of Forests

Forests have value far beyond just the value of the wood they produce. They protect and enhance fish and wildlife, protect watersheds, enhance scenery, provide recreation, and convert carbon dioxide into oxygen. People who never see a forest also can value its existence, for they might take comfort in just knowing that the forest and its associated ecology exist.

Unlike cut timber, however, the aesthetic, ecological, and other environmental values of forests do not have an explicit value or price. More importantly, all of the aesthetic, ecological, and other environmental values do not accrue to the owner of the forest. Economists call such benefits "positive externalities." When these values are compromised, economists call the lost values "negative externalities." Because many values of forests are externalities, timber owners that sustain the maximum lumber or income yields from their forests might not sustain the maximum value of the forest to society as a whole.

The value of a 2000-year-old redwood as wood product, for example, might pale in comparison to its value to society as a living monument to the wonder of nature. Similarly, even though some clear cutting of timber might sustain either maximum lumber or income yield, it might cause serious damage to scenery, fisheries, downstream water supplies, and wildlife.

Generally, federal and state agencies that manage public forest lands can more easily than private owners incorporate aesthetic, ecological, recreational, and other values into their

timber harvest and investment decisions. The U.S. Forest Service, U.S. Bureau of Land Management, California Department of Forestry and Fire Protection, State Lands Commission, and other agencies responsible for managing forests, have broad mandates to manage forest resources for multiple purposes. They are not expected to sustain either maximum lumber or income yield from the public lands. Nevertheless, these agencies manage some of the public forests primarily as sources of commercial timber, some strictly as wildlife sanctuaries or parks, and others for mixed uses. How agencies manage public forest resources is a source of significant debate.

Federal and state laws require timber owners to manage private forest lands to protect the aesthetic, ecological, recreational, and other environmental values of the private forests. The state Forest Practice Act, for example, requires timber owners and operators to develop timber harvest plans before harvesting timber. The plans must demonstrate to various state agencies that the owner and operator will protect environmental and ecological values within the forest. (The Legislature also has expressed its intent that forests be managed to enhance cultural yield.²¹) Whether existing laws are adequate to balance private and public interests is a source of ongoing controversy.

Timber owners sometimes incorporate the environmental value of forests into their harvest and investment decisions. They can, for example, charge the public to use their property for recreational purposes. Such business practices bring the notions of sustained income and environmental yield of the forest closer together. In many cases, timber owners sustain a balance of income, cultural, and environmental yield from their forests out of their own business, community, and environmental concerns.

Some private and public agencies buy private forest lands so that they may better sustain the environmental value of the forest. The Nature Conservancy, a private nonprofit organization, for example, purchases private lands to enhance and sustain yields of environmental resources. The State Wildlife Conservation Board is an example of a state agency buying private lands for such purposes.

²¹See for example, §§4790-4799 of the Public Resources Code.

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FOREST AND TIMBER RESOURCES IN CALIFORNIA

July 22, 1993

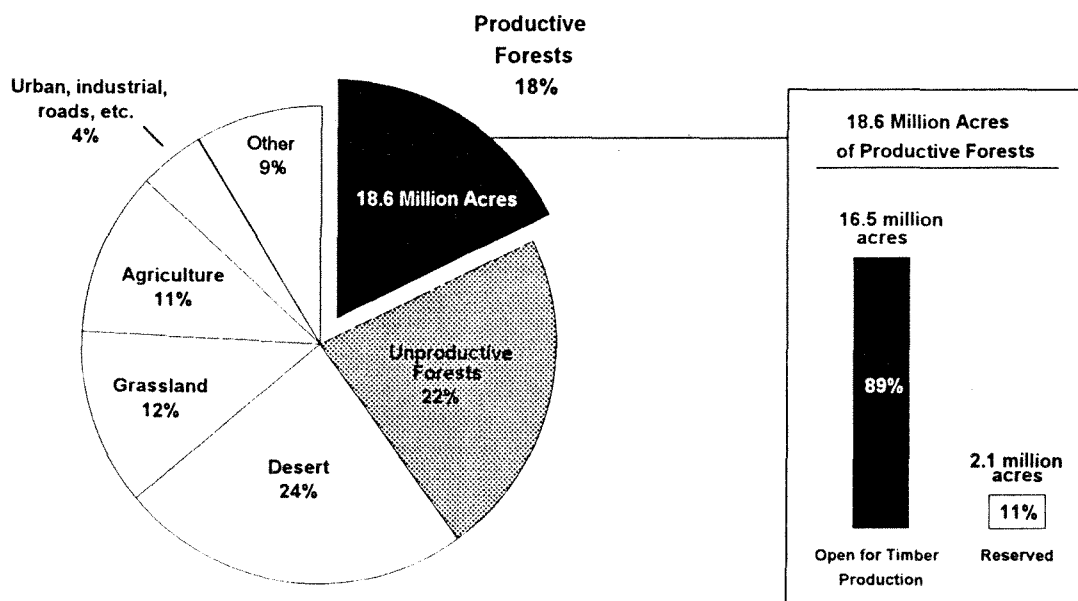
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FOREST AND TIMBER RESOURCES IN CALIFORNIA

California encompasses 100 million acres of land (157,000 square miles), making it the nation's third largest state, behind Alaska and Texas. Of California's 100 million acres of land, 40 million are forested.

Productive Forest Land. As chart 1 shows, approximately 18.6 million acres of California forests are *productive forests*. The U.S. Forest Service defines productive forest lands as those lands that can produce at least 20 cubic feet of industrial-quality wood per acre each year.

Chart 1
18% of California Land Is Productive Forests



Commercial Timberlands. As chart 1 shows, of California's 18.6 million acres of productive forest lands, 16.5 million acres are open to timber production. These lands are called "commercial" timberlands. The other 2.1 million acres are reserved as parks and wilderness areas and are not available for timber production. As chart 2 shows, of the 16.5 million acres of commercial timberlands in California, the federal government owns or manages approximately 9 million acres. Corporations and individuals own 7.5 million acres. State and local governments own 100,000 acres.

If timber harvests in federal forests could significantly affect the environment, the federal government must first complete an environmental impact statement (EIS). The U.S. Forest Service, Bureau of Land Management, or U.S. Fish and Wildlife Service typically are the lead agencies in producing the EIS. President Clinton's Forest Management Plan is

meant, in large part, to respond to a court order to supplement the EIS done by the Fish and Wildlife Service for timberlands on which spotted owls live. California's Forest Practices Act governs timber harvesting on privately owned commercial timber lands. Private timber operators in California must produce timber harvest plans (THPs) to describe and mitigate adverse environmental effects of timber harvests on privately owned timberlands. Chart 3 shows the kinds of commercial timber in California.

Chart 2
Federal Government Owns 54%
of Commercial Timberland in California

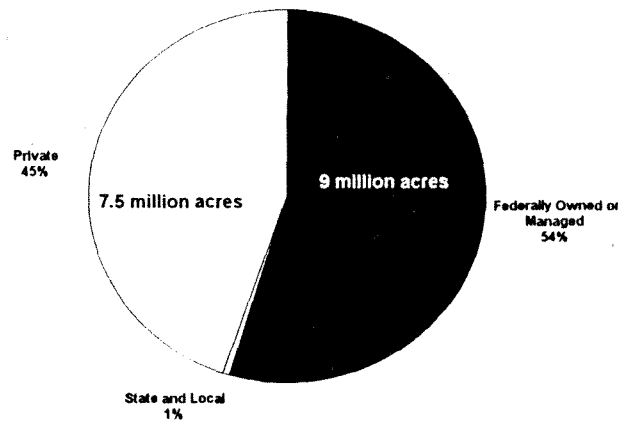
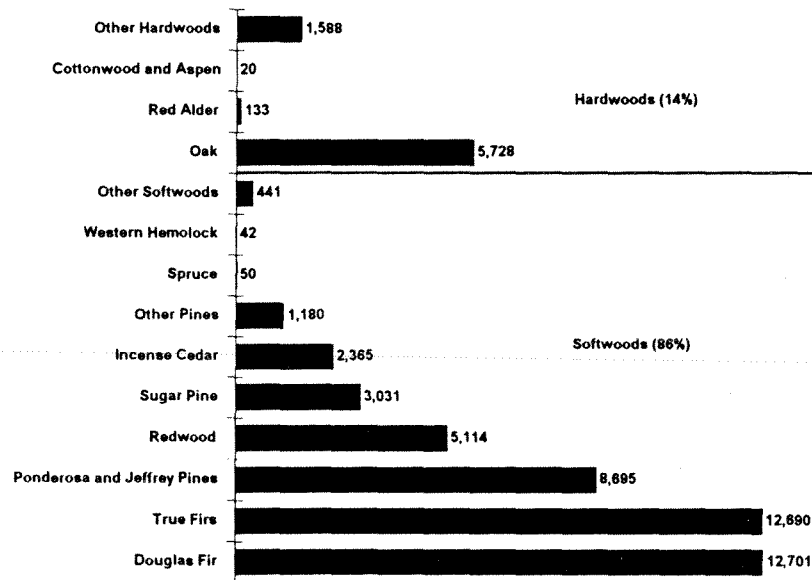


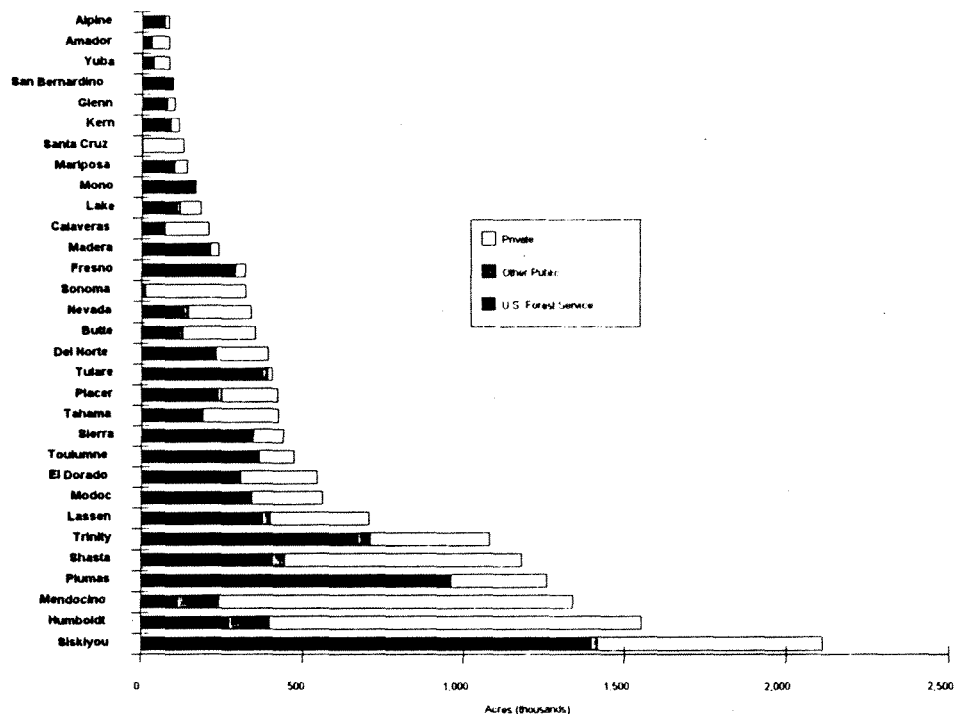
Chart 3
Types of Commercial Timber in California
(million cubic feet)



Timberlands by County

Six California counties account for 53 percent of commercial timberlands in the state. Chart 4 shows timberland ownership for the 31 counties that account for virtually all commercial timberland in the state.

Chart 4
Commercial Timberlands by County
1986



Timber Harvests in California

As Chart 5 shows, timber harvests have dropped on public lands since 1988. Harvests on private lands increased from 1991 to 1992. This difference is due, in large part, to the court injunction that stopped harvests on public lands where spotted owls live, until the court becomes satisfied that the federal government plans for harvests on public lands adequately protects spotted owls.

Chart 6 shows timber harvests for the ten counties with the largest volume of timber production from 1988 through 1992.

Chart 5
Timber Harvest in California
 1955 - 1992

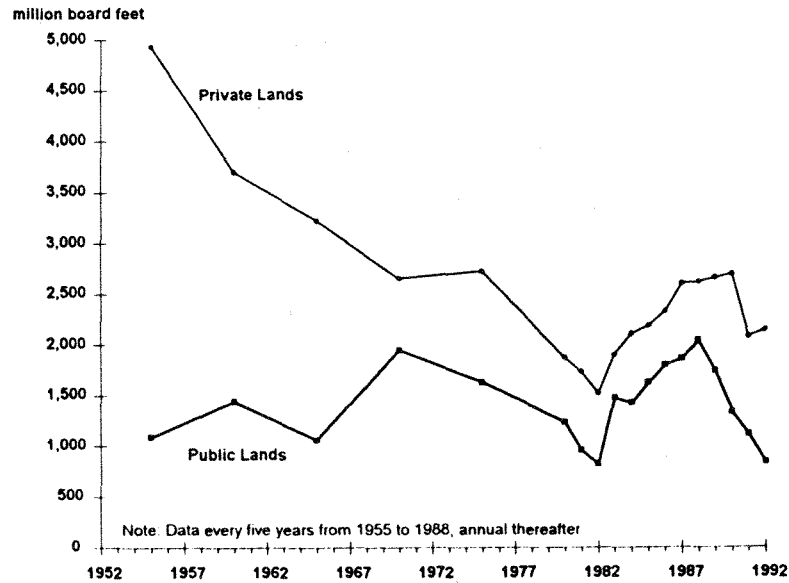
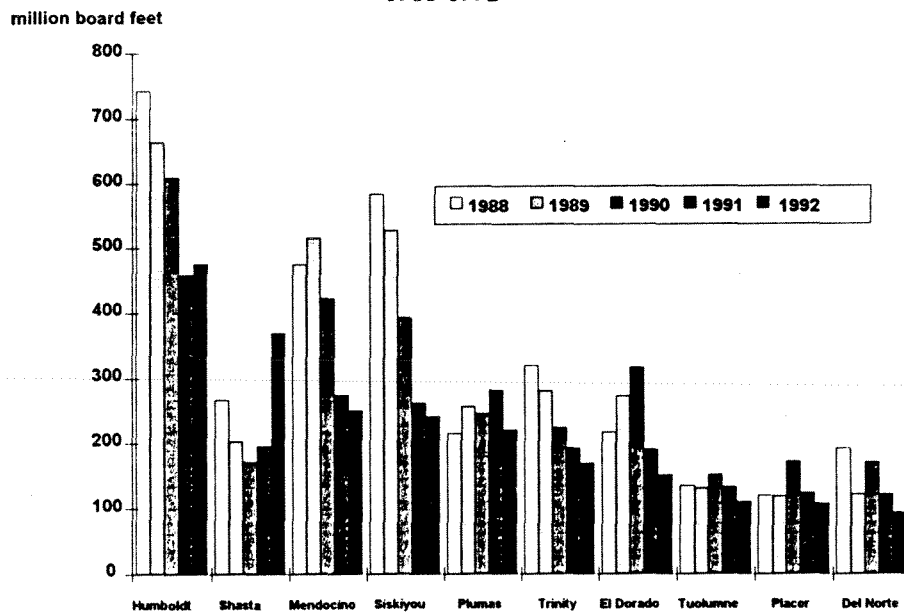


Chart 6
Total Timber Harvests in Ten Largest Producing California Counties
 1988-1992

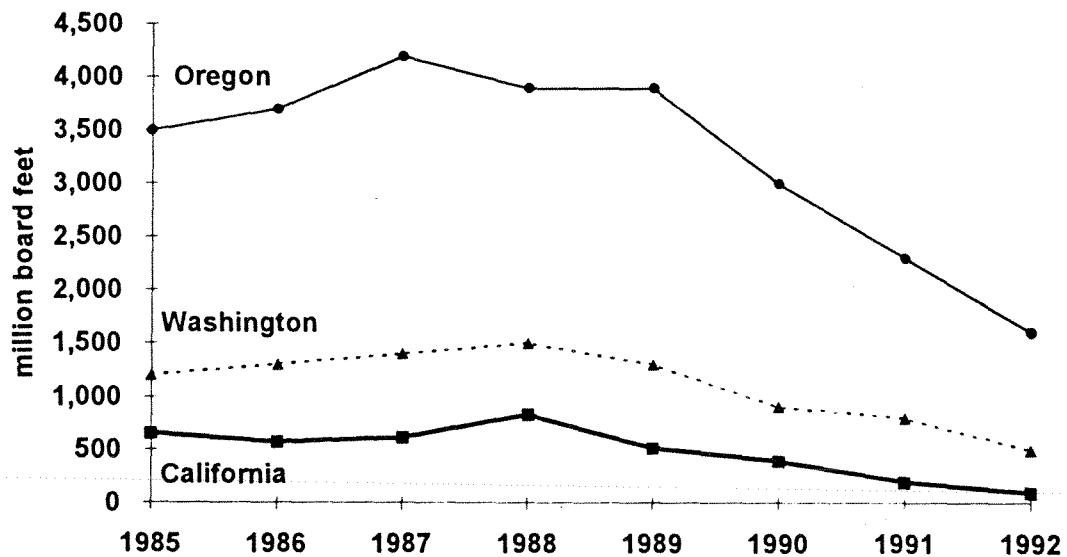


Forests Affected by Court Injunction

In May 1991, a judge of the U.S. District Court in Seattle issued an injunction halting timber sales in national forests inhabited by the spotted owl. (Please see Section 3 for a summary of President Clinton's Forest Plan for a discussion of the injunction and the President's response.) In California, the Shasta, Trinity, Klamath, Mendocino, Six Rivers, Siskiyou, and Rogue River National Forests contain the spotted owl and are subject to the injunction. In Oregon and Washington, 13 of 16 national forests are subject to the injunction.

As chart 7 shows, timber sales from national forests in Oregon, Washington, and California have fallen since 1988. It is difficult to separate the effects of the court injunction from other factors affecting timber sales.

Chart 7
Timber Production from National Forests
Oregon, Washington, and California
1985 - 1992



National Forest Harvests in Oregon, California, and Washington

From 1985 through 1991, national forests in Oregon, Washington, and California produced an average of 5.2 billion board feet of timber. In 1992, they produced a total of 2.2 billion board feet. The President's Forest Plan provides for annual harvests of 1.2

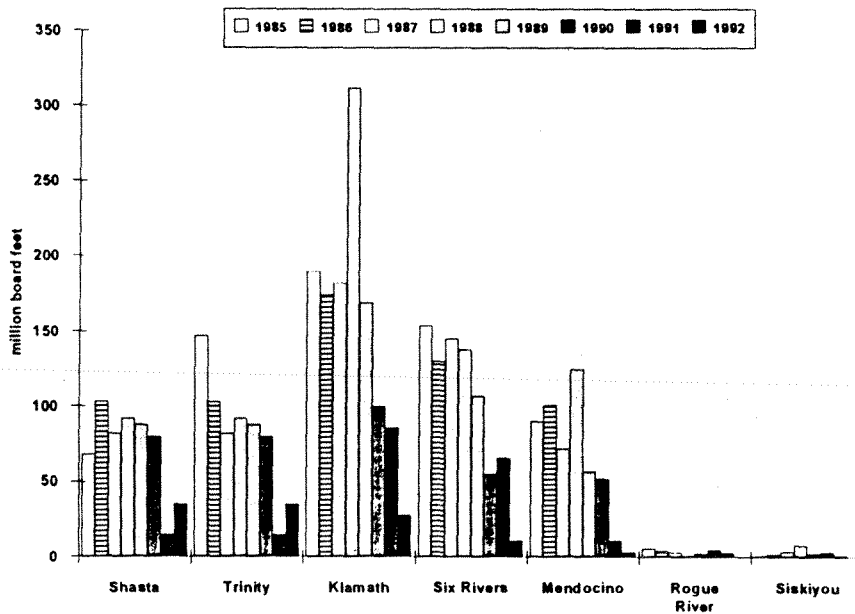
billion board feet. The President has not yet indicated how the 1.2 billion board feet of production will be allocated among the three states.

National Forest in California Affected by Injunction

Seven of the 22 national forests located in California are affected by the court injunction halting timber production in spotted owl territories. Chart 8 shows the timber production in California from these forests from 1985 through 1992.

	Commercial Timber Acreage (thousands)	Total Forest Acreage (thousands)
Klamath	1,022	1,681
Six Rivers	646	988
Trinity	459	1,045
Shasta	566	1,133
Mendocino	410	884
Rogue River	34	54
Siskiyou	22	33
Total Affected	3,159	5,818

Chart 9
Timber Production
National Forests in California Affected by Court Injunction



Timber harvests in California from the seven national forests affected by the court injunction averaged 528 million board feet from 1985 through 1991. Production in California from these seven forests totaled 112 million board feet in 1992. This represents a 79 percent reduction in timber harvests from the 1985 through 1991 average. According to the U.S. Forest Service, the court injunction was the major cause for this decrease, although other factors might have played a small part in typical year-to-year harvest fluctuations.

The Northern Spotted Owl

The U.S. Fish and Wildlife Service officially listed the northern spotted owl as an endangered species on July 20, 1990, under the authority of the Federal Endangered Species Act. In support of the action to list the owl as endangered, a federally appointed scientific committee stressed the importance to the owl of large blocks of "unentered old-growth" forests. According to the California Department of Fish and Game, the scientific committee defined unentered old growth as 40-acres or larger stands that are at least 200 years old and have never been harvested.

There is much debate about how spotted owls live and what they need to survive. According to one biologist in the Department of Fish and Game, the California spotted owl has a different lifestyle than the northern spotted owl in Oregon and Washington. The latter is an endangered species. The former is not. He asserts that California might not need to adopt the same timber harvest strategies of Oregon and Washington to protect the California spotted owl species. The initial press releases from the White House did not indicate whether the President's Forest Plan would recognize potential regional differences in strategies needed to protect the northern spotted owl, other species, and critical habitats.

Endangered-species and old-growth-forest issues are central to the debate about forest management and timber harvesting. The California Research Bureau currently is researching these issues.

ECONOMIC PROFILE OF THE CALIFORNIA LUMBER INDUSTRY

July 22, 1993

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ECONOMIC PROFILE OF THE CALIFORNIA LUMBER INDUSTRY

July 22, 1993

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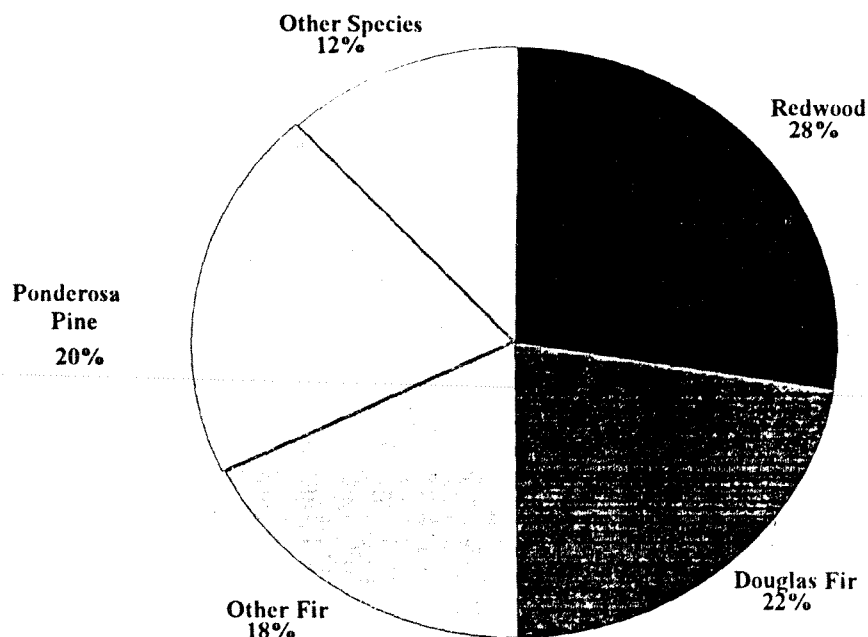
ECONOMIC PROFILE OF THE CALIFORNIA LUMBER INDUSTRY

Current Snapshot of the Industry

Timber Harvest Value \$902 Million in 1992. Saw timber for lumber is the dominant product of the California forest products industry. Pulpwood trees for paper, firewood, Christmas trees, and other wood products are of minor economic importance compared to timber. About 3 billion board-feet of lumber was cut in California in 1992, valued at \$902 million. Most lumber cut was used in housing construction. Including employees in logging, sawmills, millwork, and other lumber processing; the lumber and wood products industry employed about 48,800 people in 1992.

Redwood, Fir and Pine Dominant Species. As shown in Chart 1, in 1992 redwood led all other species in value of timber harvested, accounting for about 28 percent of the total. Douglas and other species of firs combined accounted for another 40 percent, Ponderosa Pine 20 percent, and all other species the remainder.

Chart 1
Major Species of Timber Harvested in California
(Percent of 1992 Total Value of Harvest)



Source : California Board of Equalization.

Most Timber Harvested on Private Lands. About 25 percent of the value of timber harvested in 1992 was on government-owned lands, primarily those managed by the U.S. Forest Service. In terms of board-feet of production, 28 percent of timber cut was on government lands. As shown in Table 1, timber harvested on government lands varied greatly for major timber producing counties. In Del Norte, Mendocino, and Humboldt Counties less than five percent of the total California value of the harvest was on government-owned land. In counties located in the Sierras up to 60 percent of the value of the harvest of the top ten timber producing counties was from government-owned lands.

County	Lumber Production (Millions of Board-Feet)	Value (Dollars in Millions)	Percent of Harvest Value on government-Owned Land	Lumber Industry Employment (Employees)
Del Norte	94.3	\$45.8	4%	350
El Dorado	152.0	33.7	50	n/a
Humboldt a/	476.3	194.0	2	4,200
Mendocino	250.9	90.3	3	2,450
Placer	108.4	34.0	14	n/a
Plumas	221.4	67.3	53	725
Shasta	370.3	97.2	20	2,175
Siskiyou	242.6	63.7	40	800
Trinity	170.2	58.1	32	975 b/
Tuolumne	111.4	28.9	60	n/a
CALIFORNIA	2,958.7	902.4	25	48,800

a/ Includes employment in paper, pulp and related products. Data for lumber products alone is not available.
b/ The California Employment Development Department combines data for Lassen, Modoc and Trinity counties to avoid disclosing employment of individual firms.

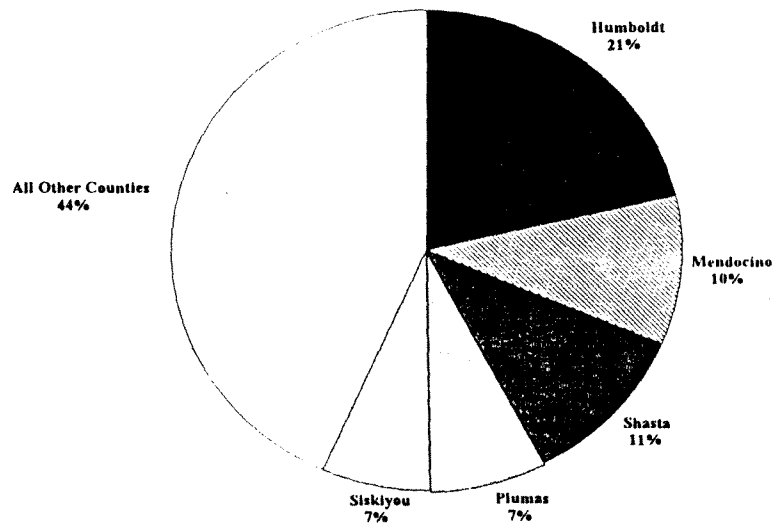
Sources: California Board of Equalization and Employment Development Department.

Humboldt Leading Timber Producing County. Of the \$902 million total value of timber harvested in 1992, Humboldt led all other counties with \$194 million (see Table 1). As shown in Chart 2, this is 21 percent of the total value of the California timber harvest. Other leading counties were Shasta, Mendocino, Plumas, Siskiyou and Trinity. The top ten timber producing counties accounted for about 80 percent of the total value of the harvest.

Historical Overview of the Lumber Production

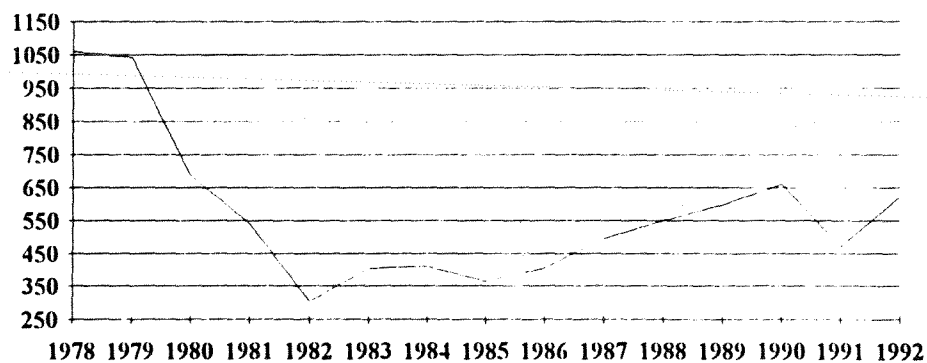
Production and Total Value Closely Follows Economy and Housing. The value of timber harvested has correlated closely with housing and overall economic conditions. As shown in Chart 3, timber values adjusted for inflation fell steadily in the recession of the early 1980's, reaching a low in 1982. Then, starting with the economic recovery of the 1980's timber harvest values slowly increased once again, peaking in 1990. However, slower increases in prices compared with overall consumer prices throughout most of the 1980's held the 1990 peak to about half the 1979 peak. With the recession of the early 1990's values once again fell in 1991.

Chart 2
Major California Timber-Producing Counties
(Percent of 1992 Total Value of Harvest)



Source: California Board of Equalization.

Chart 3
California Value of Timber Harvested
(Constant Dollars in Millions) a/



a/ Value of timber production deflated by California consumer price index, 1982- 1984 base period.
Sources: California Board of Equalization and Department of Finance.

employment in the lumber and wood products industry rose steadily, following the California construction industry, reaching a peak in 1989. Over this period employment in the lumber industry rose from 50,000 to 69,600 employees for the state as a whole. However, employment has fallen sharply since the 1989 peak, reaching 48,800 in 1992. Employment is continuing to drop in 1993, as May lumber and wood products employment of 46,600 is down 6.4 percent from May of 1992.

Chart 5
California Lumber and Wood Products Employment
(Thousands of Employees)

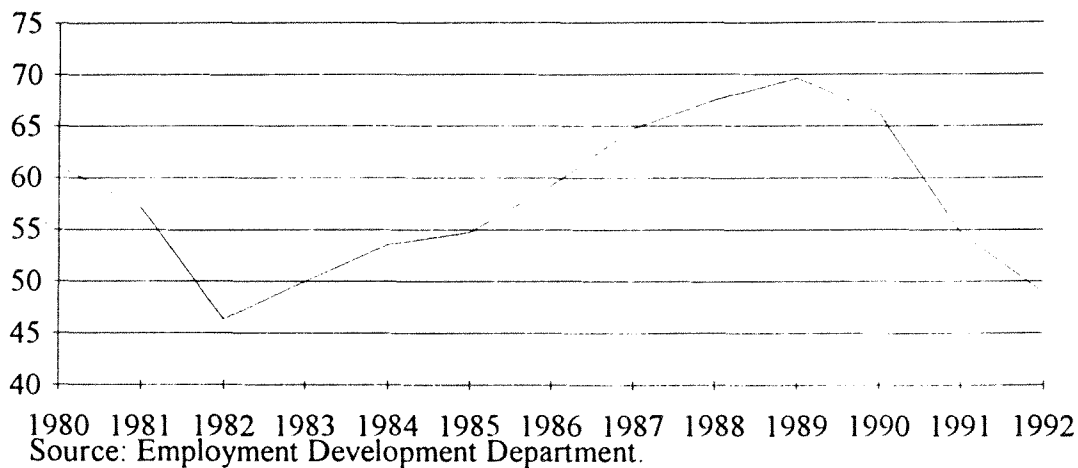
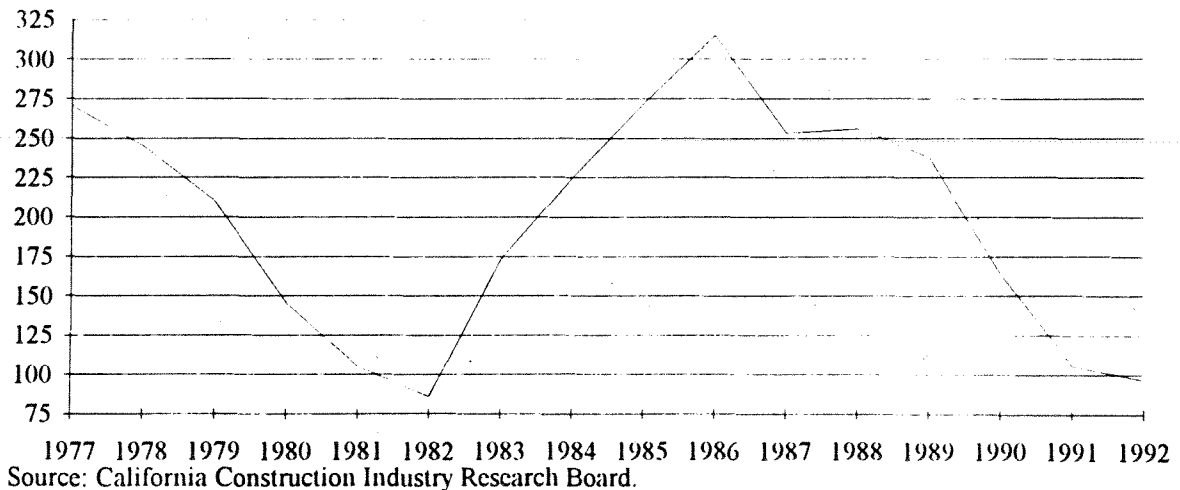


Chart 6
California Residential Housing Permits
(Thousands of Permits)



to provide a reference point for these statistics. Two additional measures of the economy were calculated from these basic statistics:

- Dependence on the lumber industry, measured as the percentage of employees in lumber and wood products of total nonagricultural employment.
- County per capita income as a percent of the statewide average.

Counties Highly Dependent on Lumber Employment. The table shows that major timber producing counties have from 4 to 13 percent of their employees in the lumber and wood products industry. In these counties lumber employment dependence is far higher than for the state as a whole, which has just 0.4 percent of its nonagricultural employees in lumber and wood products. To put the county lumber industry into statewide perspective, major lumber producing counties are more dependent on the lumber industry than the state as a whole is on electronics and aerospace, which accounted for about 5 percent of statewide nonagricultural jobs in 1992.

Table 3
Selected 1991 Economic Statistics for Major Lumber Producing Counties

County	Lumber Products Employment (Number of)	Total Employment (Employees)	Lumber Employment Dependence (Percent)	Unemployment Rate a/ (Percent)	Per Capita Income (Dollars)	Per Capita Income Percent of State Average
Del Norte	425	7,325	5.8%	15.6%	\$12,187	59%
El Dorado	n/a	n/a	n/a	8.1	20,179	97
Humboldt	4,200	45,700	9.2	10.5	16,483	79
Mendocino	2,725	28,100	9.7	12.8	16,486	79
Placer	n/a	n/a	n/a	8.1	20,752	100
Plumas	825	6,450	12.8	14.3	16,737	80
Shasta	2,200	52,900	4.2	12.5	16,579	80
Siskiyou	850	14,375	5.9	14.5	15,197	73
Trinity b/	1,075	14,175	7.6	16.6	14,384	69
Tuolumne	n/a	n/a	n/a	10.8	15,077	72
CALIFORNIA	56,100	12,497,100	0.4	9.1	20,805	100%

a/ 1992 Unemployment Rate

b/ Total and lumber industry employment are for Lassen, Modoc and Trinity Counties.

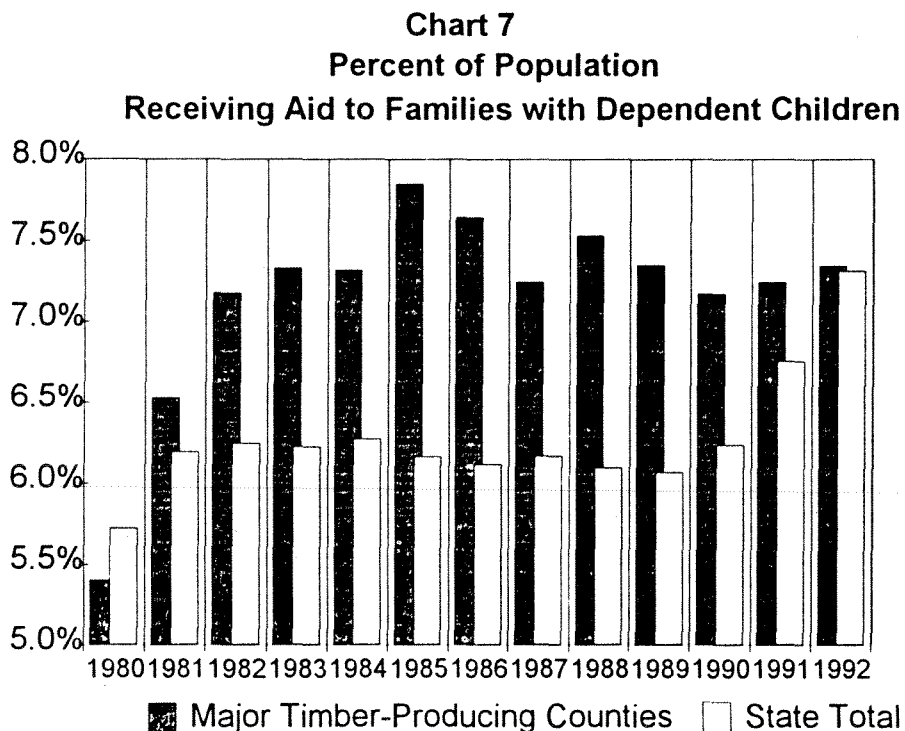
Sources: California Employment Development Department and Department of Finance.

High Unemployment Rates in Lumber Producing Counties. As shown in the table, with the exceptions of El Dorado and Placer Counties, unemployment rates in the top ten timber producing counties in 1992 were far above the 9.1 percent average for the state as a whole. In the top three counties based on value of lumber production, unemployment was 10.5 percent in Humboldt County, 12.5 percent in Shasta, and 12.8 percent in Mendocino County. The recession, which sharply curtailed construction activity in California in the 1990's, is a major contributing factor to the higher unemployment rates in these counties. However, even during the late 1980's when housing and the economy as a whole were strong, unemployment rates in these counties were still higher than the state average.

Lower Per Capita Income in Lumber Producing Counties. Finally, the table shows per capita income much lower in these counties. In 1991 all but Placer and El Dorado had incomes well under the statewide average. Del Norte income per capita was 59 percent of the state average; most of the other counties had incomes 70 to 80 percent of the state average.

Low Income Leads to Persistently High Public Assistance Utilization Rates

With per capita incomes lower than the state average, it is no surprise that major timber producing counties tend to have higher than average public assistance utilization rates, as they through most of the 1980s. As shown in Chart 7, between 1980 and 1985 the proportion of the population receiving welfare (Aid to Families with Dependent Children) increased dramatically in the major timber-producing counties, from levels somewhat below the statewide average to levels substantially above the statewide average. Since 1985, however, the percent of the population



receiving welfare has actually declined in the major timber-producing counties. Statewide, the proportion of the population receiving welfare has increased rapidly in the past few years, so that by 1992 the percent of the population receiving welfare was almost equal between the major timber-producing counties and the rest of the state.

As Table 4 shows, there is a great deal of variation in welfare utilization rates among the major timber-producing counties. The counties of the far north (Del Norte, Humboldt, Lassen, Mendocino, Shasta, Siskiyou, and Trinity) have extremely high proportions receiving welfare. In an average month in 1992, over 10% of the population of Del Norte, Shasta, and Siskiyou Counties received AFDC payments. In contrast, the major timber-producing counties of the Sierra Nevada (El Dorado, Placer, and Tuolumne) have low public assistance utilization rates.

County/Region	1980	1985	1990	1992
Del Norte	6.5%	12.9%	12.3%	11.1%
El Dorado	3.4%	4.6%	3.9%	3.8%
Humboldt	6.0%	8.3%	9.4%	9.8%
Lassen	5.3%	7.8%	8.2%	8.9%
Mendocino	6.8%	8.7%	8.6%	9.2%
Placer	4.5%	6.8%	3.5%	4.0%
Plumas	4.3%	6.3%	6.8%	6.2%
Shasta	7.2%	9.5%	10.5%	10.2%
Siskiyou	4.3%	8.7%	9.6%	10.2%
Trinity	5.3%	8.5%	8.2%	9.4%
Tuolumne	4.0%	6.4%	5.4%	5.7%
Major Timber-producing Counties	5.4%	7.7%	7.2%	7.3%
State Total	5.7%	6.2%	6.2%	7.3%

Sources: Compiled by the California Research Bureau from data provided by the Department of Social Services and the Department of Finance

Sparsely Populated, but Rapid Growth

Comprising 21.7% of the state's land area, the eleven major timber-producing counties contain only 2.8% of the state's population. Only one of every 36 Californians lives in a major timber-producing county. Of the 47 cities in California with populations of at least 100,000, none are in the major timber-producing counties. In 1992, fewer than one million persons lived in the major timber-producing counties. Table 5 shows population trends for the major timber-producing

County/Region	1980	1985	1990	1992
Del Norte	18,217	18,967	23,460	26,663
El Dorado	85,812	97,171	125,995	136,261
Humboldt	108,525	110,453	119,118	123,874
Lassen	21,661	24,113	27,598	28,552
Mendocino	66,738	72,665	80,345	82,766
Placer	117,247	136,522	172,796	187,042
Plumas	17,340	18,370	19,739	20,585
Shasta	115,715	137,501	147,036	157,391
Siskiyou	39,732	41,346	43,531	44,740
Trinity	11,858	12,697	13,063	13,324
Tuolumne	33,928	38,956	48,456	51,272
Major Timber Counties	636,773	708,761	821,137	872,470
State Total	23,668,145	26,112,632	29,760,021	30,988,170

Source: California Department of Finance, United States Bureau of the Census

As Table 6 shows, overall, population growth in the major timber-producing counties has been rapid, with population growth rates slightly higher than those of the state. The Sierra Nevada foothill counties (El Dorado, Placer, and Tuolumne) have been among the fastest growing counties in the state. Placer and El Dorado Counties are a part of the Sacramento metropolitan area, and have become increasingly suburban. Most of the growth in those counties has occurred in the western portion closest to Sacramento. Del Norte, Lassen, and Shasta Counties also grew faster than the statewide average between 1980 and 1992. Much of the growth in Del Norte and Lassen Counties can be attributed to new and/or expanded prisons. Shasta County's growth is harder to explain. Redding is the only city in California north of Sacramento with more than 50,000 people, and may serve as a magnet to people in surrounding counties as well as retirees from other parts of California. Humboldt, Siskiyou, Trinity, and Plumas Counties are among the slowest growing counties in California.

County/Region	1980-1985	1985-1990	1990-1992	1980-1992
Del Norte	4.1%	23.7%	13.7%	46.4%
El Dorado	13.2%	29.7%	8.1%	58.8%
Humboldt	1.8%	7.8%	4.0%	14.1%
Lassen	11.3%	14.5%	3.5%	31.8%
Mendocino	8.9%	10.6%	3.0%	24.0%
Placer	16.4%	26.6%	8.2%	59.5%
Plumas	5.9%	7.5%	4.3%	18.7%
Shasta	18.8%	6.9%	7.0%	36.0%
Siskiyou	4.1%	5.3%	2.8%	12.6%
Trinity	7.1%	2.9%	2.0%	12.4%
Tuolumne	14.8%	24.4%	5.8%	51.1%
Major Timber Counties	11.3%	15.9%	6.3%	37.0%
State Total	10.3%	14.0%	4.1%	30.9%

Source: Compiled by the California Research Bureau from California Department of Finance and U.S. Census data.

Demographic Characteristics

As Table 7 shows, with the exception of Lassen County, the eleven major timber-producing counties have concentrations of senior citizens higher than the statewide average. For some counties, like Siskiyou and Plumas, the high proportions of elderly persons are a reflection of an aging, slow-growing population, with out-migration among young adults. For other timber counties, like Tuolumne and Shasta, the high proportions of senior citizens are the result of large numbers of retirees moving into the counties. Overall, the proportion of persons aged 65 and over in the major timber-producing counties was 25% higher than the statewide proportion.

As Table 7 shows, the eleven major timber-producing counties are much less ethnically diverse than the rest of the state. Even among the counties with rapid population growth, the proportion of the population that is white has remained extremely high.

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Written Statements**

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Table 7
Population Composition by Age and Race/Ethnicity
for Major Timber-producing Counties, 1990

	Age Group			Race/Ethnicity			
	<18	18-64	65+	White	African American	Hispanic	Asian and Other
Del Norte	26.7%	59.9%	12.8%	78%	4%	10%	8%
El Dorado	26.5%	61.7%	11.8%	90%	*	7%	3%
Humboldt	25.8%	62.0%	12.2%	88%	1%	4%	7%
Lassen	24.9%	64.9%	10.2%	79%	6%	10%	4%
Mendocino	27.5%	59.0%	13.5%	84%	1%	10%	5%
Placer	26.3%	61.8%	11.9%	88%	1%	8%	3%
Plumas	25.6%	57.6%	16.8%	91%	1%	5%	4%
Shasta	27.6%	58.4%	14.0%	91%	1%	4%	4%
Siskiyou	27.0%	56.7%	16.3%	88%	2%	6%	5%
Trinity	26.5%	58.8%	14.7%	91%	1%	3%	5%
Tuolumne	22.6%	61.0%	16.5%	87%	3%	8%	2%
Major Timber Counties	26.4%	60.5%	13.1%	88%	1%	7%	4%
State Total	26.3%	63.3%	10.5%	57%	7%	26%	10%

* - less than 1%

Source: California Department of Finance, Report 93 P-3

STATEMENT OF

MARTHA KETELLE, FOREST SUPERVISOR

SIX RIVERS NATIONAL FOREST

PACIFIC SOUTHWEST REGION, USDA/FOREST SERVICE

Before the

California Legislature, Senate Committee on Natural Resources and Wildlife,
Field Hearing, Eureka, CA - October 5, 1993

Concerning: "President Clinton's Forest Plan in California, it's
Formulation, Implementation, and Impacts to Local Communities"

Mr. Chairman and Members of the Committee, I am Martha Ketelle, Forest Supervisor, Six Rivers National Forest, headquartered here in Eureka. With me today is Mr. Harley Greiman, Regional Forester's Representative from our Sacramento office, and Michael Skinner, Regional Economist. Regional Forester Dr. Ronald Stewart is out of the State this week, and he asked that this testimony be presented for him in his absence.

Therefore, we are pleased to present to you an overview of the President's Forest Ecosystem Management Plan and it's relationships and affects to the State of California.

What I have to say today is not all good news for those of us whose livelihood has become accustomed to and dependent upon timber supply from national forest lands. Planning documents have become dog-eared from exhaustive review by all interests, volumes of records from hearings and public meetings abound, and still we debate the use of our public lands. We are at a tough juncture in this debate, as the intensity of demands upon these lands are framing a shift in how they shall be used for today and for the future.

In facilitating this shift, it is the intent of President Clinton to get management of the national forests out of the courts and back to the land where it belongs. The President's plan meets the objectives he set out at the Forest Conference held in Portland Oregon this past April. The plan is ecologically sound. It complies with existing law. It provides a balance of old growth forest protection and key watershed and related ecosystem protection. It provides a supply of timber available to local mills within the limits of the law.

In response to a court order, which declared that the Forest Service administration of the forest resources was in violation of a series of laws, the plan was presented to U.S. District Court Judge William Dwyer on July 16th. "Option 9" is the preferred alternative of 10 options considered in the Draft Environmental Impact Statement on Management of Habitat for Late-Successional and Old Growth Related Species within the Range of the Northern Spotted Owl. Please note that the 10 alternatives consider a range of management strategies for this complex of forest ecosystems.

A final plan and decision will not be in place until the end of this year. However, to the extent feasible, the Administration is moving forward to use the strategy to guide planning for future management activities.

The comment period continues until October 28, 1993. Today, I formally invite you and all in attendance to participate in this process.

Before I describe in more detail the content of the President's plan, I need to clarify for you the significance of Assistant Secretary Jim Lyon's announcement last week which released the four northern national forest land management plans for public review and comment. Many of those here today have been active participants in this process, and you will soon be receiving copies of the draft documents in the mail.

These plans are the final product of 17 years of forest planning in this region of California. They too will be subject to public comment and review before they become the guiding document for managing the entire array of resources and uses in these national forests.

The plans have been developed in conformance with the standards established in the President's plan, and will be the finely-tuned guiding documents which will implement the management of forest activities on the ground. The plans have been prepared consistent with the National Forest Management Act of 1976, and other federal laws as applicable. Following full review and analysis of public comment, and final adjustments that are made, we anticipate implementation in 1994. We are genuinely interested in receiving substantive comment regarding these individual forest plans, and as with the President's plan, we invite your participation.

APPLICATION AND EFFECTS OF THE PRESIDENT'S ECOSYSTEM PLAN ON CALIFORNIA:

Now permit me to more specifically describe to you the President's Plan, it's documents and how the Plan was developed:

The President called for an "ecosystem" approach to management. An ecosystem approach is one which considers "a strategy or plan to manage ecosystems to provide for all associated organisms, as opposed to a strategy or plan to manage individual species." Such an approach will meet the intent of a complex of law which includes the specific requirements to:

"...provide for a diversity of plant and animal communities.... and to provide for viable populations of native and desired non-native vertebrate species..."

Let me emphasize that this is the law. Although we felt we were within the bounds of the law, Judge Dwyer and a host of other Federal Judges have ruled in recent years that we were in violation of these and other laws applicable to the National Forests in the course of implementing our timber management program.

Thus, a team of scientists was convened by the President to provide an ecosystem approach to national forest management, produce management alternatives which would comply with existing law, and produce the highest contribution to social and economic well being in the area impacted.

They have formulated and assessed 10 management options which are the basis for a solution to the forest issues of the Pacific Northwest. Please note that the options range from a high degree of protection for old-growth ecosystems and their associated plant and wildlife species, to other variations which offer a different range of management emphasis. The President's preferred choice of these is "Option 9", and it recognizes first and foremost that watershed management and the protection of riparian areas are critical elements for sustainable forest management.

While prior strategies such as the Interagency Scientific Team report (ISC) and the recovery plan for the northern spotted owl were designed to protect owls, the President's "Forest Ecosystem Management Team", (FEMAT), with a broader charter, recognized that attention to watersheds, both for their importance to water quality and critical fisheries, is key to effective multiple-resource management in the region.

Both the FEMAT Team and the resulting President's plan recognize resource situations unique to California, and provide some forest management prescriptions specific to the state that differ from those for Oregon and Washington. However, we recognize there are more differences, and the four northern California forest plans reflect on-site and local conditions unique to their area. As we move toward implementation, I can assure you that these unique conditions will be considered in our management applications.

Outcomes of the Preferred Alternative -- "Option 9":

Briefly, "Option-9" provides:

- * A long-term sustainable harvest.
- * An approach to environmental protection that focuses on watershed protection and old-growth forests.
- * A network of old-growth reserves.
- * Improved coordination among Federal agencies.
- * Economic assistance, including a business development strategy, established levels of financial assistance to timber dependent communities, job training, investments in watershed maintenance, ecosystem restoration, research, environmental monitoring, and forest stewardship.
- * and, finally - - provide for continued viability of all federally-listed and most other late-successional forest-dependent plant and animal species over the next century.

Economic Effects of the Preferred Alternative:

We recognize that there are a number of economic effects associated with implementation of "option 9"; however, since timber production is the most significant commodity impacted by these actions I offer the following summary:

* The FEMAT report projects the plan will produce on average about 1.2 billion board feet per year from affected Federal lands of California, Oregon and Washington. The plan projects about 152 million board feet for the national forests of California.

(For comparison, please note that the average annual volume sold from affected California National Forests in the 10 years prior to 1991 amounted to about 624 million board feet per year).

* County revenue (under the current income distribution formula) under the Plan is projected at about \$109.7 million per year, compared to an average of \$292.3 million in the period 1990-92. Reductions in county receipts income from federal timber sold in California's affected forests are projected to decrease from a 1990-92 average of \$21.4 million dollars to about \$12.5 million. Note that Congress has shielded counties from the impacts that would be felt with the current income distribution formula by providing "safety net" funding in recent annual appropriations acts. The Congress has indicated its intent to do so again in 1994.

* Compared to 1990-92 employment levels, a total of about 2000 jobs will be affected in Northwestern California, 1000 of which are in the timber industry. There has been a lot of debate already about the job impact figures used in the draft SEIS. The debate is centered on what period is used for comparison. The SEIS used the period 1990-92 as the most relevant historical period for comparison. Some have said that the high timber harvests and associated employment from back in the 1980's should be used as the standard for computing job losses. We do not agree that is the appropriate standard for comparison, as those job losses occurred years ago. Placing that issue aside, losses computed from peak historical levels of the 80's would be 4 -5 times higher than those computed from more recent historical periods. Likewise, timber related job opportunities under the President's forest plan are more than 60 percent higher than those expected if the current court injunction and "gridlock" should continue.

* About 300 communities in the three states involved are impacted; hardest hit will be the small, rural, timber-dependent communities. While the net impact of any of the alternatives is apt to be displacement of natural resource-based jobs, the economy of the region is expected to continue to grow. The smaller rural communities are expected to lose jobs and their economies decline while the more developed communities continue to expand.

LAND ALLOCATION AND TIMBER SUPPLY

The plan recognizes existing congressionally reserved and administratively withdrawn areas (8,636,000 acres) and allocates land to four other land management categories: 1) Late-Successional Reserves, 2) Riparian Reserves, 3) Forest Matrix, and 4) Adaptive Management Areas. In addition, the plan designates key watersheds because of their contribution to the conservation of salmon and steelhead fisheries.

Timber harvest activities in the designated reserves will be very limited. The bulk of harvest activity would occur within the forest matrix. Within the

matrix we would plan our harvest entries on a 180 year rotation and require that at least 15% of the volume of a given harvest unit be left uncut. Adaptive management areas have been established whereby local communities can work collaboratively and creatively on compatible harvest strategies, and also, on actions required to help revitalize their economic stability.

A main thrust of the President's plan (and the recently released draft forest plans) is to create reserves from regulated timber harvest in the National Forests while providing a sustainable level of timber production; all within the context of ecosystem management.

To put the approximate percentage of National Forest area reserved from regulated harvest in perspective, let me give you some figures. The following are the approximate percentages of total National Forest area that are reserved from regulated timber harvest in the President's plan (and the recently released draft forest plans):

<u>National Forest</u>	<u>Percent of Area Reserved</u>
Klamath	75%
Mendocino	90%
Six Rivers	90%
Shasta-Trinity	85%

Klamath Province Average	85%

The timber supply from National Forest lands in California has experienced an erratic fluctuation and overall decline for the past 25 years. The reasons for this decline are many, but perhaps the most implicit of all is that the National Forests are managed for a multiple of purposes, and increased human demands upon the lands and resources has resulted in management of the land base for purposes other than timber production. Between 1981 and 1990 the four National Forests within the range of the Northern Spotted Owl sold an average of 624 million board feet per year. The projected sale levels recommended in this plan reduce the level of projected sale to 152 million board feet. The reduction is not simply because a species or two is imperiled and closely protected, it is because new scientific knowledge and the fact that the forest habitats upon which these and a host of other species occupy has been modified to the point of no longer providing a functioning forest environment for all species and all human needs; thus our land base to practice forest management has been steadily reduced to lawfully accommodate the multiple of highly valued human and environmental demands.

California demands about 10 billion board feet of timber per year, but we produce only about 3-4 billion board feet per year within our borders; Traditionally about 40% of that from federal land.

California has experienced a general reduction in jobs in the timber industry. The reasons for this reduction include declining public timber supply due to environmental concerns as discussed above, modernization of mills, mergers of corporate timberlands and their operations, and to a minor extent, log export from private lands. These factors have resulted in a major re-structuring of the timber industry in California and contributed to the closing of nearly 50% of the mills in the state during the past 10 years.

Western Forest Industries Association has recently pointed out that in 1962 there were 258 small independently owned sawmills in California. That number has declined to about 25 such mills today. During this same period the number of large business owned mills did not change significantly. As timber supplies become more limited and the number of mills become consolidated to fewer ownerships, the opportunities for the small landowner and the small logger become subject to lessened market opportunities in the few remaining mills. It is important to understand that the inventory of merchantable timber on small landownerships contributes significantly to the total timber supply in our state. Thus, all of these factors collectively have significantly reduced jobs in our rural forest communities.

The year-to-year level of timber-related employment has historically been a roller coaster ride, dependent largely upon housing starts and the state of the national economy. Here in Humboldt county - which is the state's largest timber producer - federal timber has accounted for about 10% of the timber available to mills. Unemployment rates in this county have fluctuated much more widely and have consistently been at higher rates than the state as a whole. A similar situation is found in other counties in the state where timber related employment provides an important share of employment opportunities. Economists agree that the best way to stabilize employment is to diversify the employment base.

DELIVERY OF THE RURAL ECONOMIC INITIATIVE PACKAGE:

The President's Plan recognizes the serious employment and economic issues involved, and calls for assisting affected communities with technical help and direct financial aid. Of the three working groups the President established in this effort, the "Labor and Community Assistance Working Group" was charged with the development of tools to aid individuals, businesses, and communities affected by changes in Federal and forest land management in the region. Their work identified a 5-year, \$1.2 billion assistance program to help those people who are affected by reductions in Federal timber supply, to aid in the development of new business, to assist communities in diversifying their economic bases, and promote the development of new jobs in the region.

We intend to be a major player in assisting the human/community element of this strategy through our state and private forestry program. In the past, we have managed many of our Pacific Coast national forests with emphasis on their timber values, with less recognition of the multitude of other uses, services and resources available to our society and economy. The President's Community Assistance Plan will provide a framework to expand upon these multiple resource and use opportunities.

Following passage of the 1990 Farm Bill, the Forest Service, other USDA agencies and the State of California prepared a Memorandum of Understanding for Rural Economic Assistance to Timber Dependent Communities. This agreement can serve to assist delivery of the President's package through existing state and Federal delivery systems.

As many of you know, there is currently a task force of government representatives including affected County Supervisors, who are working to develop Community Economic Revitalization proposals in response to the

President's Worker and Community Assistance plan. Each state will prepare separate plans through local "Community Economic Revitalization Team's". Local "Bio-Regional" planning groups will clearly have a role in these plans. It is critical that working together, sound proposals will come forward from the local level which are realistic and effective in assisting our rural counties to regain economic stability.

Within the coming days, the Appropriations Conference Committee for FY 1994 will be considering the House and Senate allocations for this Economic Package. I can share with you that on September 14th, the Senate Appropriations Committee accepted FY '94 Interior Appropriations amendments which will be used to implement the "jobs-in-the-woods and economic assistance" components of the President's Plan. Twenty-nine million dollars in funds would be made available for the following purposes: \$14 million equally divided for watershed and ecosystem restoration; \$10 million for community assistance programs; \$5 million for the old growth diversification initiative (grants to those communities affected by old growth issues), 20% of which will come to California communities. The watershed restoration dollars will be identified for those key watersheds identified in the plan and be directed "to repair and protect damaged salmon habitat for at risk salmon stocks and also create economic activity in distressed areas.

I have mentioned that the plan designates "Adaptive Management Areas" which provide for flexible experimentation with policies and management. AMA's were selected in those areas which would be most seriously impacted and would have the most difficult time in adjusting to the shift in timber supply.

In California, the 400,000 acre Trinity River Watershed has been designated for adaptive management. (Termed the Hayfork Adaptive Management Area in the plan). Many of you have heard of a recent local government/citizens generated initiative proposed plan for The "Trinity Watershed". This plan has been recognized by Vice President Gore as an excellent model for local citizens involvement in National Forest Management. The initiative is a consensus document which calls for protecting resource amenities while providing a sustainable community base. Other components of the Worker and Community Assistance Plan include retraining, diversifying resource based products and services, and restoring forest health through managed harvest prescription. The other adaptive management area proposed for California is the Goose Nest Area of 170,000 acres on the Klamath National Forest.

I should note that we must assure the diversity of communities of interest included in the design and implementation of Adaptive Management Areas. From loggers, to environmentalists to school board members and county supervisors.

There are other such proposals coming on line, many of which had their roots of origin as locally driven "Bio-Regional" planning councils encouraged by the statewide "Memorandum of Understanding on Biological Diversity". The Forest Service co-authored and is signatory to the MOU and we are committed to carrying out the intent and purpose of this agreement. The mechanics of the economic initiative package are yet to be finalized, but local consensus groups formed within the model of this memorandum could very well be the locally driven process which can lead to successful grass-roots driven economic recovery programs as well as consideration for healthy functional ecosystems. President Clinton's plan and desire for local community involvement is not

inconsistent with this California model, and it in fact goes beyond and provides the infusion of dollars and technical support needed for success.

We must not forget that the President's plan goes beyond just thinking about the timber related resource, even though old-growth, spotted owls and forest practices are at the heart of the issue. Each and every national forest plan recognizes the complex of resources and uses of this unique public land heritage. But, we should not forget that Federal law provides for a continued supply of timber from the national forests, and as long as current laws prevail, the national forests will provide a level of sustainable supply. The law does not define that level; however, there is no question that supply will be reduced to bring timber sales into compliance with existing law. It is our clear intent that the level of harvest proposed in this plan will provide for that balance which the laws provide, a predictable harvest within the framework of a sustained and functional forest environment. However, it is also our intention that the sustainable level which emerges can be relied upon and will provide a solid base as we can move toward more stable and diversified rural economies.

WORKING RELATIONSHIPS WITH STATE AND OTHER FEDERAL AGENCIES:

Finally, I would like to discuss working relationships, and the role of the Forest Service with other federal, state and local agencies in carrying out the intent of the plan: The technical and scientific aspect of implementation will require close coordination by all resources agencies, and I believe we have excellent in place working processes with all state and federal agencies concerned, state boards and commissions included. I see some fine tuning of these processes as we work together on implementation of this plan.

Because the Northern Spotted Owl and Marbeled Murrelet have been listed under the Endangered Species Act, we will continue to consult with the U.S. Fish and Wildlife Service any activities impacting habitats within their range. Beyond those species which are listed, close coordination with the State of California Department of Fish and Game will be necessary to monitor species and their habitats which may be at risk. We will work together to take the necessary management actions to preclude listing of future species. Again, there are in place processes, such as the State's Natural Community Conservation Planning efforts which will be useful as one of several planning models in areas of mixed public-private ownerships where concern for species welfare can be considered through coordinated and cooperative resource management planning.

Likewise, our coordination with the Board of Forestry and the California Department of Forestry and Fire Protection is significant. We recognize that California has some of the most progressive forest practice regulations in the nation. We are also very much aware that on every occasion where National Forest policy limits or constrains public timber supply, state regulatory agencies are pressured to follow up with a strengthening of regulations on private lands. It is not the intent of the President's policy to stimulate further state regulatory actions, rather we would hope this plan will help relax additional pressures upon the private forest lands base.

We do recognize, however, the increased pressures to harvest additional timber from private lands is a direct result of the supply limitations from the

public lands base. This situation will create additional challenges for private lands owners and public resources managers alike.

If we are to truly implement ecosystem management across the entire landscape, collectively we must consider the role private as well as public lands play. As you are well aware, there are few mechanisms in place which can facilitate this consideration, and I would predict that the debate before you in the state legislature, and we at the federal level, will soon come to address the institutional changes required if, in fact, it is the public will to fully accomplish that goal.

Please be assured that we are committed to cooperate with the state to mitigate associated impacts within our authorities, and there may very well be occasion to modify federal standards consistent with recognition of the state imposed regulatory standards. The joint state-federal planning effort for the California Spotted Owl is looking at ways to do this very thing, with the overall objective of preventing the degradation of spotted owl habitat, and the consequence of possible listing under the Endangered Species Act.

CONCLUSION:

The President's plan is a courageous step toward ecosystem management of federal lands. Implementing the plan will be part science and part experimentation as we try new approaches to management and apply new methods and techniques.

In the implementation of this plan, the Forest Service cannot be totally successful in conducting "Ecosystem Management" across a landscape which is bound by administrative and political boundaries and mixed landownerships. We have to rely on all agencies and interests as full partnerships to see that healthy ecosystems become a reality on both national forests and ecologically significant adjacent lands. This can only happen by working together.

Overall, we hope our current model of coordination with state and other federal agencies will continue and be strengthened where necessary. Today we have a bold new plan to help resolve the gridlock over national forest management. We intend to do our part and we will continue to work with the State of California, your State and local agencies, and the public to successfully implement this plan.

We must also understand that the supply of public timber from National Forest lands will not see the levels many of us have been accustomed to over the past 20 years, and with this reduction in supply we recognize the dramatic changes and effects to the rural community structure and its individuals; please understand too, that Forest Service employees are part of this structure.

Recently, some of you have spoken individually with or have collectively heard comments from Assistant Secretary of Agriculture Jim Lyons, Special Assistant to the Secretary of Interior Tom Tuchmann, or Peter Yu of the President's Economic Council; you now know that they are committed to help bring a workable lawful plan to closure for California. They cannot achieve their commitment without the assistance of state and local government and the citizens that make up all of California; we are confident that with your help, we can all make it work.

That completes my statement and I would be pleased to answer your questions.

hlg/rfosac/10/1/93

Attachment:

Table #1 addendum:

Following is an estimated breakdown of the land allocations and management categories for each of the national forests involved: (Since there is some overlap in specified land allocations and designations, totals will not summarize accurately from this table).

	Total/	Klamath/	Mendocino/	Shasta-T/	Six Rivers
Total acres:(thousands)	5.63	1.68	.894	2.1	.958
Forested acres:	4.56	1.40	.639	1.6	.924
Congress/Admin Withdrawn:	2.00	.834	.200	.653	.316
Late-Successional Reserves:	1.31	.229	.200	.518	.361
Riparian Reserves:	.586	.139	.148	.183	.116
Adaptive Mgmt. Areas:	.539	.140	0	.299	.100
Matrix:	1.46	.339	.346	.666	.106

The Resources Agency

Pete Wilson
Governor



Douglas P. Wheeler
Secretary

of California

California Conservation Corps • Department of Boating & Waterways • Department of Conservation
Department of Fish & Game • Department of Forestry & Fire Protection • Department of Parks & Recreation • Department of Water Resources

**Statement of Douglas P. Wheeler
Secretary for Resources
before the
Senate Committee on Natural Resources and Wildlife
Eureka, California
October 5, 1993**

Mr. Chairman, it is a pleasure to be here today to testify before the Committee on the program presented by President Clinton for management of the habitat of the northern spotted owl - so-called "Option 9" - and the impact of the program on the forests and the regional economies of Northern California.

I am pleased to be joined by Terry Gorton, the State's assistant secretary for resources with responsibility for forestry and rural economic development, and by Bob Ewing, chief of the strategic planning program of the Department of Forestry and Fire Protection. They are here to provide the Committee with additional, detailed information on the specific economic and forest management aspects of the Clinton program.

This is a crucial time for California, a time when major decisions are in the making that will have an impact upon our forests and forest-dependent communities for years to come. It

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California Coastal Commission • California Tahoe Conservancy • Colorado River Board of California
Energy Resources Conservation & Development Commission • San Francisco Bay Conservation & Development Commission
State Coastal Conservancy • State Lands Commission • State Reclamation Board

is critically important that we make wise choices. The State is working very closely - as it has for months - with the Federal government, with county supervisors, with local bioregional councils, and with others to achieve this.

Governor Wilson's Forestry Philosophy

When Governor Wilson took office in 1991, he outlined a comprehensive strategy for the management of California's forest resources based on sustainable forestry. It is a strategy grounded in limits on clear-cutting in old-growth forests; protection for forest habitats and the diversity of the species that inhabit them; protection for healthy watersheds, fisheries and wildlife; and assistance to forest-dependent communities that have suffered job loss and that require new sources of economic opportunity. These elements have remained at the heart of the Governor's efforts - through the Legislature, the regulatory process, and administrative dealings with other levels of government - to achieve sustained yield forestry.

It was these elements of sustained yield forestry that provided the context in which Governor Wilson reviewed the plan of the new Clinton Administration to address the controversy surrounding the status of the northern spotted owl beginning earlier this year. Like many individuals in Northern California, the Governor applauded the willingness of the President to address these very difficult issues and to seek solutions to them.

Uniqueness of Northern California

At the same time, the Governor made clear that the portion of Northern California that is habitat for the northern spotted owl is unique, that it differs from owl habitat in Oregon and Washington in ways fundamental to its management, and that any Federal approach to forest management must recognize this essential reality.

These unique characteristics are:

First, the Klamath region of Northern California has a forest and fire environment that is different in important ecological and climatic respects from than the forests of Oregon and Washington.

Second, the State of California already has a strong, integrated system of forest practice regulation grounded in ecosystem management, and this must be recognized in any workable federal forest plan.

Third, California will be hit hard economically by any restrictive Federal management regime for the northern spotted owl. Thus, any such regime must contain specific provisions that address the transition the region is experiencing and must provide adequate funding.

Fourth, California has vast State and private forest lands that must be included in any management approach that is truly ecosystem-based.

State Evaluation of Option Nine

Since the announcement of the Clinton program last summer, the State has been engaged in a comprehensive review of Option 9 with an eye to the special needs of California. This has been done under the direction of the Department of Forestry and Fire Protection (CDF).

Because of the magnitude of this responsibility and because of the many complexities and variables of Option 9, this review is at present continuing.

The environmental impact statement on Option 9 is currently subject to a period of public comment. In addition, the proposed Forest Plans for the National Forests of the Klamath province are currently undergoing public review.

This represents an important opportunity for the people of Northern California to express themselves on this proposal. I strongly urge all interested parties to make their opinions known to Federal officials. The State will be doing so formally within several weeks, providing a detailed assessment of the impact of Option 9 and the Forest Plans on timber yields in the region, as well as the effects on counties, private lands, and the timber industry.

While not yet complete, the results of the State's review of Option 9 enable us to make several general, preliminary observations about the plan. Overall, Option 9 fails to adequately consider and address the unique needs of Northern California's forest ecosystems, and to ensure the ecological

integrity of the forests, rangelands, and human society that depend upon them. Our evaluation reveals deficiencies in four specific areas of the plan: inadequate funding mechanisms, a failure to provide for true bioregional management, the lack of adequate integration of forest management techniques into existing State regulation of private land, and insufficient accommodation of the State's unique fire protection and suppression needs.

Funding

Because of the substantial loss of both timber receipts and revenue to local communities that will result from the Clinton plan, funding for local communities is an extremely important component of Option 9. Governor Wilson has significant doubts about the prospects for actual delivery of all proposed funding and is concerned as to whether it will be available to localities.

The funding is contained in two portions. A Community Stability Proposal is to be utilized for both worker retraining and watershed restoration. It is clear, we believe, that some of this money will in fact be available this year. This is encouraging.

The other component of the Option 9 money, however, is not so certain to be delivered. It is to be dedicated to forest management under the auspices of the U.S. Forest Service. We are very skeptical as to whether it will ultimately be appropriated by Congress in the years ahead.

Finally, the State is very concerned about costs that it will incur under Option 9. The plan does not explore cost increases to local government and the State that will result from changes in management on private lands, decreases in Federal fire-fighting support, training in new forest management practices, and social services associated with job loss and redevelopment. The CDF and the counties will be responsible for a greater share of fire suppression, but receive no money to offset this new fiscal burden.

Further, managing public and scientific contributions to the planning and implementation processes of the plan will be costly. The State will need financial resources for research, analysis, and monitoring of data and management. There is no provision in the President's plan for this.

Assistant secretary Gorton is prepared to discuss these critical funding issues in greater detail in her testimony.

Bioregional Management

Option 9 does not represent a comprehensive, ecosystem approach to management of the varied resources of the Klamath province. It fails to take into account multiple species and entire habitats. Rather, it focuses on the needs of individual species, such as the northern spotted owl and the marbled murrelet. It also emphasizes a strategy that relies on special purpose reserves, instead of ecosystem management and conservation.

Option 9 does not ensure maintenance of biological

diversity. Its prescriptive zoning cannot ensure diversity in the face of human activity and natural disturbances, and Federal lands alone cannot ensure the viability of species. Adaptive Management Areas and Late Successional Reserves do not represent the full range of biological diversity.

Since 85% of the land area of the Klamath province is not in Federal ownership, a variety of mechanisms for conserving private land will be critical to species and habitat protection. This is particularly the case with regard to aquatic species, including the coho salmon.

Integration with State Ecosystem Management

Ecosystem planning and management must address the interaction of public and private lands across the entire habitat of the owl and associated species. The State is already doing this.

The planning and administrative process must be organized to ensure broad participation, to rebuild trust, and to incorporate innovative management planning models and efforts. Decisions on Federal lands should not reduce the flexibility needed to manage for sustainability across the province. Nor should they cause undue pressure on private lands, such as the recent increase in timber harvesting on parcels of land as small as three acres.

State, Federal and local policy development should be coordinated to encourage cooperation and achieve conservation and compatible economic activity across ownership boundaries. This is the fundamental precept of the 1991 Memorandum of

Understanding between Federal, State and local officials, the University of California, and others in which the signatories dedicated their agencies to enhanced communication and coordination in their efforts to better manage and protect biological diversity.

Fire Management

Fire protection is another critical aspect of forest management. Option 9 will result in the creation of more fuel for fires on Federal lands, yet it does not provide a long-term plan for managing these fuels and reducing the fire threat. Since long-term fire suppression has resulted in a high hazard environment, the effects of this plan on fire risk and fire suppression capabilities warrant much more attention.

In addition, as noted above, Option 9 does not appear to assist the State and localities financially in meeting their increased fire-fighting obligations.

Board of Forestry Rules

The State's commitment to true ecosystem management - and the contrast of this approach with the Federal approach embodied in Option 9 - is particularly evident in the timber harvest regulatory package currently before the Board of Forestry.

Already perhaps the most restrictive state in the nation in terms of timber harvest regulations, California is currently in the process - under Governor Wilson's direction - of refining and improving these regulations in order that they truly reflect a

priority on ecosystem management.

After defeat by the Legislature of the Governor's legislative package for timber reform two years ago, he proposed and the Board approved last year rules governing sensitive watersheds, late successional stands, and silviculture and sustained yield. Regrettably, two months ago, the Office of Administrative Law rejected these rules because of legal technicalities.

Last month, the Board responded by readopting slightly-revised rules for the sensitive watershed and late successional forest stands. And today in Sacramento, the Board is likely to approve the other aspects of the Governor's rules package, those relating to silviculture and sustained yield.

The deficiencies of Option 9 are clear when viewed in contrast to the Governor's ecosystem-based rules package. Two examples:

** the Governor's rules encourage consideration of all land ownerships in timber management; Option 9, as already pointed out, does not consider private lands.

** Option 9 sets aside additional late successional forest reserves; while some of these new reserves may be appropriate, overall these restrictions are more severe than those imposed under current law or the new rules and will unnecessarily and adversely affect the region's job base.

councils and grassroots watershed groups are organizing within the Klamath province. These exciting and unique efforts represent important development in ecosystem management strategies for local forested areas. These groups are an important source of comment on the strengths and weaknesses of Option 9 and the Forest Plans, and they can play a major role in implementing the Administration's program once it is finalized.

For example, the Hayfork Adaptive Management Area - one of the two such areas in California designated in Option 9 - was so selected because of the initiative of a local group which came together through the outreach program of the Executive Council.

Here in the Eureka/Del Norte subregion these issues have historically been characterized by polarization, but now UC Extension and the Humboldt State University Center for the Resolution of Environmental Disputes are now facilitating regular scoping meetings.

Among the other local efforts that are emerging in the province are those in: Trinity County, where Federal agencies and the State are assisting in the development of a local Geographic Information System; the Shasta-Tehama forest, which has identified six proposed projects for integrated ecosystem management and economic development; the Redwood Coast bioregion, where an alliance of some 15 local watershed groups are working together; Siskiyou County, where a group is in the early stages of discussion on desirable goals for forest management; and the Garberville/Sonoma subregion, where group holds regular meetings

to discuss topics of interest. Active watershed groups include Mattole Restoration Council, Friends of the Garcia, Round Valley Watershed, and the Eel River Restoration Council.

These are the people who must be active and involved if we are to make real progress in overcoming the sizeable environmental and economic challenges of the region. I believe that we can and - with the continued hard work of active bioregional and watershed groups - we will.

Mr. Chairman, I welcome the opportunity to be here today and am prepared to take questions from the members of the Committee. Again, let me note that Terry Gorton and Bob Ewing are also available to the Committee.

Thank you very much.



BOARD OF SUPERVISORS
COUNTY OF HUMBOLDT

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Statement of Julie Fulkerson
Supervisor, Third District
Humboldt County
before the Senate Committee on Natural Resources and Wildlife
Eureka, California
October, 1993

Good morning. Thank you Senator Thompson for arranging this public forum and thank you Senators for visiting the Northcoast and for listening to the people of our community.

The first and most important element in solving problems and building consensus is for all sides to be heard. Being "right" and "winning" are experiences we each enjoy from time to time. But the solutions to our timber/economic/environmental/social problems cannot be framed within the context of who is "right" or who has the power to "win". Each of us who speaks today will have a little piece of the truth. If you can select out each of those pieces, you will begin to see a complete picture ---and the solutions will surface. Thank you for your participation in a process which has been painful for our community.

I am a third generation Humboldter. My great grandparents, aunts, uncles and cousins came to the United States from Switzerland, Germany and France. When they arrived in Humboldt County in the 1800's they all worked in logging camps. My parents were teachers, my brother is a commercial fisherman and I am a business owner. I feel very fortunate to be in a position which has allowed me to understand and feel compassion for people in our community whether loggers and/or environmentalists.

During the development of Redwood National Park, I worked for several years with displaced timber workers in a very successful Job Search and Self-Employment Program. Three years ago, during so-called Redwood Summer I worked with church, community and labor leaders to bring diverse groups together. I have been involved in economic diversification activities, working with various Economic Development Agencies, for two decades. Currently, along with Supervisor, Anna Sparks, I am working with our community in building links to seven other counties of Northern California which are affected by Option 9 proposals.

Growing a community is an on-going process. No single agency nor individual has all of the answers. The solutions will come through consensus and collaboration. We must individually and collectively work for on-going solutions.

The decline in timber-related jobs is not a new story. It is a new chapter.

When I was a child, over 1000 people worked three shifts at the Cal Barrel Factory in Arcata. That plant no longer exists.

The towns of Falk and Crannell no longer exist. . . substantial communities each with a school, stores, volunteer fire department, lodges and cookhouse. . . simply disappeared.

20,000 timber workers have lost their jobs during the past thirty years in our region.

Commercial and sport fishing has come to a near stand-still.

Economic Indicators

Today current limits on timber harvesting create further challenges for industry, workers and our community as a whole. Let me cite a few labor force and personal income trends for Humboldt County. In 1970, median family income in Humboldt County was 85% of the state's median family income. That figure fell to 75% in 1990. When family income is adjusted for inflation, Humboldt County families lost purchasing power between 1970 and 1990. Purchasing power remained constant between 1980 and 1990.

While generally increasing since 1982, real per capita personal income remains lower than both the state and the nation. Purchasing power was nearly identical to 1970. Humboldt County's unemployment rate dropped from a high of 17% in 1982 to less than 8% between 1987 and 1990. Since 1990, the unemployment rate has increased in each year to reach nearly 11% in 1992. State unemployment rates have almost always been lower than the county, but the state's unemployment rate is increasing faster than the county's. Thirty-two of 58 California counties had higher unemployment rates in the first quarter of 1993.

Economic Distress is measured via social service programs. The number of Aid to Families with Dependent Children recipients has increased annually an average of 3.5% since 1984. The general population is growing at 1% per year. The number of people receiving food stamps shows an annual growth of 4% per year.

As the economic pressures increase on individuals and families, stress builds and shows up in the form of alcohol and drug abuse, child and spousal abuse, mental disorders, poor health, poverty and general discouragement. It is essential that the State and Counties maintain and strengthen our social, health and welfare programs. As we "re-invent" government, we must dramatically restructure welfare programs, but we must not abandon families in serious need.

Enough foundation. What are we doing to strengthen our economy

and communities?

Current Economic Activities

The Clinton Administration took bold action by hosting the Forest Summit and calling together three teams working to reach consensus which resulted in Option 9. At the local level we are matching this action by pulling our economic and environmental resources together. Allow me to outline some past successes and various community tools we have available to us.

1. Several months ago, we initiated our own Bio-Regional planning process (thank you to Secretary Wheeler) which has brought private land owners, environmentalists, timber workers, commercial and sport fishermen, federal, state and local agency representatives and many others together. Meeting in a circle and in committees, diverse issues are addressed. The University Extension Forest Advisor, Kim Rodrigues is providing valuable leadership.
2. The Humboldt State University Center for Dispute Resolution, directed by Dr. Betsy Watson is providing on-going facilitation for neighborhood watershed and timber harvest disputes. Costly lawsuits, restraining orders and general neighborhood upset have been avoided with her facilitation.
3. The Humboldt County Pulp Mill Closure Task Force is studying alternative pulp sources.
4. The Redwood Region Economic Development Commission, representing all cities, the county and several service districts, is completing the county's Overall Economic Development Plan which contains plans for over forty viable industrial and infrastructural developments.
5. AB 939 catapulted us into innovation to reduce waste and seek out industry to "mine" recyclables. We have now been designated a Recycling Market Zone. Existing waste processors are already exporting compost and valuable worm castings. Local pavement companies have begun to make glassphalt and forest products industry is experimenting with ash waste as an agricultural soil amendment.
6. Economic Development Agencies are continuing their efforts to diversify the economy through revolving loan funds, grants and community awareness forums. As a result of "seed" loans many highly successful industries have grown to compete internationally. Yakima, Kokotat, Moonstone Mountaineering, Holly-Yashi, Hilliard Lamps, White Rose Designs, Wallace and Hinz, Music for Little People, Sunfrost Refrigerators, Internews and Wildwood all started with less than \$2000 capital. What do they all have in common? Surprisingly, their facilities are crowded; they can't keep up with national and international product demand; they desperately seek workers who are trained and ready

to work. Several have products which are ranked #1 in the nation. They all hold themselves back from "too much" growth.

7. Future diversification efforts are not as developed but have exciting potential: Fire and Light, which will convert recycled glass to fine construction glass tiles; Swedish American Homes which will factory-build designer homes; Harbor development which may include a private/public partnership dock, passenger liners, a container maintenance industry and commercial fishing; the Institute for Sustainable Forestry is developing new hardwood harvest and manufacturing potential.

Our greatest challenge, is to *believe* that we have the capacity to change, to transition into new work and diversified industry. As a whole our community must continue to diversify to build strength. Individual workers deserve support while they obtain job search skills, employment assessment, new jobs or self-employment assistance. Industry needs support during this transition as well.

Links with Northern California Option 9 Counties

I know that similar efforts are underway in our neighboring counties. The eight Northern California Counties affected by Option 9 came together following Peter Yu's visit to Redding this past August. Terri Gorton has been a valuable committee resource with Co-Chairs Francie Sullivan of Shasta and Anna Sparks, Humboldt County. All counties are working cooperatively to share information and expertise as we work to prepare for the impacts of Option 9. In fact, at this moment, all counties are working diligently together two blocks away developing California's Strategic Plan. The plan is comprehensive and addresses such issues as restoration, bio-mass conversion, erosion control, value-added production, permit streamlining, sustainability and accountability.

The threads which hold this community fabric together are indispensable. Partnerships between Federal and State and Local agencies are getting stronger. Private business, labor environmental and community leaders are working together in new ways. We can only move ahead one step at a time.

What do we need to continue the progress already initiated?

We need to know that the administration will do everything in its power to minimize job loss. The State can assist us in reaching these goals:

- a. increase funds for the Job Training Partnership Act for job search assistance and retraining. Funds need to be unrestricted to allow us to tailor training to the needs of our community.
- b. increase funding for business development, access to capital, expanded technical assistance, enhanced access to domestic and international markets. Increased revolving loan funds for small business start-ups will enrich opportunities. (Examples above

started with less than \$2000. Their first economic assistance loans were for \$5,000 to 10,000)

c. increase Community Development Block Grants and Rural Development Administration funds for community facilities and infrastructure projects. Less restrictive CDBG funds would allow counties to tailor projects to specific needs. We have demonstrated capability. That should be rewarded.

d. provide funding for environmental protection, watershed maintenance, forest stewardship and fisheries enhancement. Many of our streams have been lost as fish habitat. We have the workers and the scientific technical assistance to begin massive repair work. We need to start before it is too late.

e. develop tax incentives to corporations which encourage re-investment back into resource-challenged communities.

The challenge is balance optimism about the possibilities with the painful reality facing workers and their families when jobs are lost to them.

We must continue to seek a cultural and economic and environmental balance for this generation and future generations.



A STATEMENT FOR THE HEARING
OF THE CALIFORNIA SENATE COMMITTEE ON NATURAL RESOURCES AND WILDLIFE
ON THE

"Impact of President Clinton's Forest Plan on Local Communities, the
Environment, and the Economy of the North Coast Region and Related Forestry
Issues."

by Tim McKay, Director of the Northcoast Environmental Center,
879 9th Street, Arcata CA 95521.

October 5, 1993, Eureka City Hall.

Senator Thompson, and distinguished members of the Senate Committee on Natural Resources and Wildlife, thank you for taking the time to come to the North Coast of California and to listen to the knowledgeable concerns of those who have been so deeply involved with state and federal forest policy here for near many years. While it is sad that this day had to come after so much resource and human damage has occurred in this region, it is hopeful that a new day is dawning, one in which humans will attempt to live with nature rather than against it.

Historical factors have shaped the current forest management milieu, while the rapid rate of social change and the growth of scientific knowledge have overtaken that and made that milieu unworkable.

It is this author's contention that new thinking is needed to integrate new knowledge and change into a workable landscape management program. Such a program needs to use the carrot as liberally as it now uses the stick.

Much of the regulatory burden is an artifact of an "unnatural pattern of land ownership." This is not to imply that any party is guilty of owning too much land, or that the wrong person or persons, own land, but to recognize that the pattern of square sections and subsections cuts across more symmetrical zones of natural function on the landscape that are critical for maintaining necessary biological processes. From a more utilitarian perspective the problem is that such a pattern impairs the highest and best use of those parts of the landscape critical to the protection of natural function. Or, alternatively some parts of the landscape are more crucial to the public trust doctrine than others (eg. water quality, fisheries and wildlife).

Demonstration projects are needed in an effort to build models that offer alternatives to the current gridlock in forest policy. The Clinton plan for the 17 northern spotted owl forests is a blue print for one model. It is the most comprehensive model that has been offered to date. It attempts to integrate economics and ecology by adopting a series of economic initiatives to counteract the ill effects of the end of the old-growth timber era that created in the 1950s; and to adopt a series of ecological initiatives that are intended to restore watershed values, and ancient forest values across the landscape.

The pitfalls that confront the Clinton forest plan are several:

1.) There is always the possibility that what is proposed is too little that comes too late--because this is considered to be a real possibility by some groups, they are actively seeking support the restrictive federal forest management option (option 1) that essentially halts timber sales on the affected federal forests.

2.) There is a belief that the riparian management standards don't go far enough to effectively stem the decline of wild salmon and steelhead in Northwest rivers and streams. The Clinton plan cuts scientifically suggested protections for ephemeral non-fish bearing, or first order streams, (headwaters) by approximately a one-half. Since these are the waters that feed the fish bearing stream segments, and also are those often located on the most unstable hillslopes, the concern is that the politically weakened criteria will cause continued downstream degradation of the fish bearing segments.

3.) There is a lack of trust, expressed as a concern that the proposed ecological standards won't be implemented even if they would be effective for achieving stated objectives. This fear stems from the long history of the Congress and the Forest Service favoring timber sales over other forest values. In the view of legions of forest conservationists with centuries of collective experience in dealing with federal forest management issues, the Forest Service has consistently abused its discretion. For the Clinton plan to work the Forest Service must propose budgets that implement the plan and the Congress must fund those proposals.

To date the budget process has resulted in the cutting of interdisciplinary environmental specialists at the district and forest level while the forest service bureaucracy at the regional and Washington level has continued to grow. This trend must be reversed: to put the necessary expertise on the ground, to free up agency dollars to implement the proposed ecological and economic restoration programs, and to begin the healing process of building trust between parties that have been at odds for a generation.

4.) Like #3, there is doubt as to the development and implementation of a comprehensive and on-going ecological monitoring program. An experiment can not be evaluated without measurement of results. The National Forest Management Act (NFMA) of 1976 called for monitoring of certain environmental parameters that as of yet have not been consistently determined or implemented. Forest management in the Pacific Northwest has not been conducted in a scientific manner to date.

5.) The success of the Clinton forest plan will require a high level of interagency cooperation between federal, state, and local agencies. A level of cooperation between bureaucracies strains the credulity of most average citizens. The state must look hard at what it must do to bring its agencies into a framework that is complementary to the intent of ecological forest management.

2. Timber interests, that have extraordinary access to the state political and regulatory process, will attempt to undermine the Clinton forest plan. Their argument that California is somehow different from Oregon and Washington, and therefore should be excused from the Clinton plan, already seems to be the unofficial state position in this matter. This in spite of a scared legacy of watershed abuse that is entirely consistent with the post-war logging boom's effects on private and public timber land in Washington, Oregon and California.

The Forest Ecosystem Management Report (FEMAT), that accompanies the Clinton forest plan, suggests that there are 4,300 miles of fish bearing streams on the four northwestern California "owl forests," while there are some 20,000 miles of logging roads. These forest roads, which are mostly unweaved and infrequently maintained, are the primary contributor of sediment to the salmon and steelhead streams of the region. But, as serious, this is the first time that any agency has published even a partial estimate for such road miles. ~~AND~~ this road mileage figure is only for the National forests. According to the staff of the North Coast Regional Water Quality Control Board, no comparable forest road data exists for the timber lands outside of the National Forest ownerships, but that the numbers are probably greater (possibly by a factor of 2) than those for the National Forests. If the private industrial road miles were only equal to those on the federal forests, together, they would cover approximately 240,000 acres of the region! Acres that grow no trees, wildlife or fish, acres that more or less erode everyday year in and year out. These same roads also contain as many as 90,000 stream crossings or culverts that significantly compound water quality problems.

If the Clinton forest plan is to succeed, then state forest and water quality agencies must begin to effectively monitor road mileage and maintenance on those lands outside of the National Forests. Without full fiscal support for the comprehensive watershed restoration program as envisioned in the Clinton plan, that includes selective road decommissioning and adequate maintenance of the remaining roads, the viability analysis for native salmon stocks goes from medium-high to medium--or simply a 50/50 chance that this irreplaceable element of the aquatic ecosystem will survive--in other words flip a coin.

3. As indicated in item #3 above, funding for a comprehensive forest and watershed restoration program is questionable. To be successful at landscape management new institutional arrangements are necessary and new funding mechanisms are needed as well.

One barrier to resolution of the timber debate was that western counties needed wind-fall profits from timber sales on their local national forests in the form of so-called 25% monies. A de facto institutionalized conflict of interest that encouraged elected officials to "collude" to promote unsustainable logging.

To effect a reform of this problem it is necessary to break the link between local logging and the flow of revenues. The current revenue sharing plan put forth by the Clinton administration envisions paying "in-lieu-taxes"

from revenues garnered from closing the tax benefit associated with export of raw logs.

The exercise that follows is intended to encourage thinking about a new way of collecting revenues to sustain restorative work on the forest landscape. Based on the idea of a "user tax" this exercise assumes the equivalent of a one-cent tax per "board foot" of forest product consumed in the U.S. Volume figures were gleaned from the USDA-FS General Technical Report RM-197 (Dec. 1990), which is a technical document supporting the 1988 FS RPA Assessment.

Although volume figures were not standard between forest product sectors (e.g. lumber, structural panels, pulp, fuel wood and the like) conversion tables allowed the varying units to be converted to cubic feet (CU) and thus to board feet. The figures used were for 1986.

The greatest consumption in 1986 was for lumber (57.2 billion) and pulp (22 billion), while structural and non-structural panels and fuelwood collectively came in at a distant third (14.1 billion). A total of 143.3 billion board foot units were consumed in the U.S. in 1986 (not accounting for wood residues burned for generating electricity). A penny per board foot equivalent tax on 143.3 billion units would yield revenue of \$1.433 billion.

When \$1.433 billion is divided by the number of acres in the National Forest System (187 million) it equals \$7.66 per acre. When we look at the assessment rates applied to timber preserve land here in northwestern California by the State Board of Equalization we find that for "white wood" that the per acre rates are: site I \$136, site II \$100, site III \$84, site IV \$42, and site V \$33. Humboldt County taxes timber land at one-percent of its assessed value or \$1.36, \$1.00, \$.84, \$.62, and \$.33 respectively.

Most national forest timber land in northwestern California, at least, is site IV and V, lands that if they were privately held would generate revenues of 32 to 52 cents an acre to counties as property taxes. The average county share per acre of 25% receipts in California or Forest Service Region 5 (according to Randal O'Toole's County-by-County Guide to 1991 25 Percent Fund Payment) was \$2.74 per acre. The Plumas National Forest paid its counties the most (\$1.71 per acre) while the Inyo NF paid its counties only \$.27 per acre.

Region 6 had the highest average per acre amount for county payments in the nation at \$6.72, but the actual forest by forest numbers ranged from \$.75 per acre for the Malheur NF to \$24.84 per acre for the Sitka NF (the highest amount in the nation). Alaska's Chugach NF made the bottom of the list with \$.01 equivalent per acre 25 % monies.

The point is, of course, that some counties reap benefits far in excess of what they would if the timber lands in question were privately held, and that is due to the continuation of practices that science and the courts consider to be either unwise or illegal. And many other public lands counties

receives less than they would under California's valuation of low site timber land.

A fund of \$1.433 billion would allow funds to be distributed to counties more equitably, perhaps more sustainably, and with a greater degree of certainty. Some percentage of the fund could be retained for restoration work, rural development and diversification and a formulas could be developed to distribute those funds on an ongoing basis. In 1984 states (and thus counties) received approximately \$300,000,000 in shares of federal receipts from the USFS and the BLM.

Another possible funding mechanism, to assess "user fees" to garner and sustain necessary funding for forest watershed restoration, is a "sediment tax." Such a water quality user fee could be assessed on area of roads or maintained open ground that compacts the surface in a manner that causes overland flow of water and sediment transport. The mechanisms for assessing these user fees could also include road density, numbers of stream crossings, adequacy of culvert size, frequency of maintenance. It would be in the interest of the forest restoration plan if the landowner could offset the user fee by conducting approved restoration work.

Thank you for this opportunity to go on too long...

APPENDIX: A Brief History of How We got Here from There

+Reader warning: the hyperbolic analysis that follows is not intended to place blame or guilt on any particular institution, party, individual or organization; it is rather intended to bring a complex historical problem into sharp focus.

It has been said that Americans do not know that logging takes place on their National Forests--it does and it has in a big way. And not only that, but generations of conservationists have protested the fact.

We have a heritage of supporting the underdog and the right to dissent. It's at our roots, it's the Boston Tea Party.

But we also have paradox in our support the status quo, not rocking the boat, and "You can't fight city hall!" Are these the traits that make big lies possible in mass societies? Even the words Big Lie cause the genteel to recoil.

The comedian, George Carlin, does a thing with words that sheds light on "modern" forestry. George say's "Karl Marx and Lenin had a beards, Gabby Hayes and Santa Claus have whiskers! Whiskers evoke soft and cuddly, while beards sound more like the rough bark of a pine tree.

Even in the days when environmentalists were minority dissenters, they were suspicious of the cuddly words of forestry, and especially those who

deployed them in the U.S. Forest Service. It was never intended that the emblematic words of forestry would become big lies, but they have. The images that they conjure up in the mind's eye do not fit the reality. Decadent, thrifty, harvest, plantation, multiple use, prescription, regulation, regeneration, and sustained yield, the key terms of forestry are at the root of today's raging public forest debate.

The profession of forestry grew out of Germany late in the last century. There few if any natural forests remained to build an ecological model from. Agriculture was a handy model so trees became a crop like potatoes to be harvested. Forestry was transplanted to the eastern U.S. to schools in places where few if any natural forests remained. The then new forestry declared old trees, that had slowed in growth, to be "decadent", and that old stands of trees should be replaced with young rapidly growing "thrifty" trees in "plantations."

This new discipline of forestry had few takers in the late 1800s because the Western United States was still filled with seemingly infinite forests of giant "decadent", pines, Douglas-firs and redwoods. But the fathers of forestry, men like Franklin Hough, Bernhard Fernow and Gifford Pinchot, were alarmed that the forests of the Southeast, Ohio, Indiana, Illinois, Michigan, Minnesota, and Wisconsin, had been logged quickly with little regard for replanting or plantations. So they took action, which led to the creation of Forest Reserves in 1891. The reserves later became the basis for the National Forest system today celebrating a controversial one-hundredth birthday.

In 1891 big timber companies were happy that timber wasn't being sold from public lands for they had forests filled with "decadent" trees. Trees that could be turned into profitable lumber--if markets could hold against recession and depression, and if competition could be reduced. So, timber sales were not sought in the National Forests for decades. The fledgling Forest Service built its case around "multiple-use" of its reserves for watershed protection, a supply of timber in case of a timber famine, habitat for wildlife (for hunting and fishing), for outdoor recreation, and a place to prevent forest fires.

Even up to World War II there were still big stands of private timber in the Pacific Northwest. But the war shifted population to the West Coast, and after the war the G.I. Bill gave hundreds-of-thousands veterans low interest loans to buy a house and into the American Dream. As a result, a timber boom began in the Northwest. But by the late 1950s, after little more than a decade of boom times, some of the private timberlands in the West began to run out of the old-growth trees. And then clear-cuts and their snaking logging roads began to appear on the Western National Forests.

The Forest Service marshalled its cuddly terms and pointed out that it had a surplus of "decadent" trees on its forests, and that it was necessary to "regulate" them by "harvesting" the ancient Douglas-firs and ponderosa pines to "regenerate" them into "thrifty" young "plantations." This "regeneration" would be by "prescription." The method commonly prescribed is the clear-cut

and burn method--in many government logging plans "prescription" is simply reduced to Rx!

The foresters and engineers believed that the complex Northwest forests, of up to 20 different tree species, perched on tortuous mountain terrains, could basically be reduced to X number of thrifty treed plantations of one or two tree species that over Y amount of time could yield Z units of board feet--a tidy formula for "sustained-yield." As National Forest timber cuts soared, so to did the Forest Service budget. As clear-cutting became an increasingly effective cure for stately ancient, but decadent, trees in the landscape of Northwest National Forests, controversy over federal timber policy soared in the Congress as well.

After four years of debate, the Congress enacted the Multiple-Use Sustained-Yield Act in 1960. The debate focused on whether the Forest Service should have discretion to manage the land as it professionally saw fit, or whether the Congress would prescribe rigid management standards? A federal court decision after the Act tells the tale, "The Multiple-Use Sustained Yield Act breathes discretion at every pore..."

In 1972 a federal court held that clear-cutting itself violated the Forest Service Organic Act of 1897. It required that trees be individually marked for cutting. Clear-cuts result from whole stands of forest being marked for "regeneration." As the so-called Monongahela decision spread, and a nationwide ban on clear-cutting loomed, the Congress again stepped into the controversy surrounding federal forest management.

In 1976 the National Forest Management Act was passed to fix the Organic Act thus legalizing clear-cuts on the National Forest. The trade-off for environmentalists was to be that the National Forests would now have Forest Management Plans that integrated the "multiple-uses" into a single functional plan. As a result management would protect "viable" populations of native fish and wildlife and other non-timber values. Today many of the major timber forests of the Pacific Northwest still have no final Forest Management Plans approved by the Forest Service.

The same old timber management plans, which led to the northern spotted owl being listed as a threatened species by the Fish and Wildlife Service in June of 1990, assured the systematic ruination of the owl's National Forest habitat. The federal courts have now blocked new timber sales in the northern spotted owl's last ancient forests until the Forest Service has a plan to save the rare bird in the wild. The Forest Service response to the new crisis is a call for "new perspectives" and "new forestry," terms that new and cuddly but that still are viewed with suspicion by environmentalists.

At the request of the House Agriculture Committee, a panel of America's most esteemed forest scientists recently wrote a report on options for managing the owl forests of the Northwest. Implicit in this report's findings is the fact that "multiple-use" does not exist on the National Forests of Washington, Oregon and California. The scientists' report shows that current and proposed levels of timber sales by the Forest Service will lead to the

loss of not only the northern spotted owl but hundreds of other species of fish and wildlife.

The work of these scientists preceeded that of the most recent scientific team that created ten options for managing the federal forests of the Pacific Northwest. The plan preferred by President Clinton (Option 9) is a compromise between preservation and management oriented scientists.

Due to strong political and monetary ties between the logging, mining and grazing interests and the politicians, based on subsidized access to public lands in the Western U.S., the prognosis for saving watersheds and wildlife on millions of acres of public lands is grim unless a strong protection and restoration plan is implemented.

Yes, the Forest Service and the Congress do let clear-cut logging happen on our public forests, but no logging should continue until there is a national consensus on what "sustained yield" means. Does it mean non-declining outputs of wood pulp, recreation, clean water, salmon and steelhead, scenery, Native American cultural sites, beef, biological diversity, jobs (whose jobs?), tax transfer payments, or what? Environmentalists want the forest ecosystem to be sustained--it provides essential ecological services not just for owls and fish, but for humans as well.



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October 5, 1993

Senate Committee on Natural Resources
and Wildlife
Mike Thompson, Chairman

Senator Thompson and Members of the Committee:

Thank you for inviting me to speak today regarding the impact of the Clinton Forest Plan on the environment. When Mr. Lane called me, he asked me to address two issues: 1) the value of old-growth forests and 2) whether Option 9 adequately protects that value.

For the past forty years, the old forests of this region have been valued for their timber and managed almost exclusively by the Forest Service with the objective of meeting timber targets. Timber was considered a resource; fish and wildlife, stream systems, water quality, wilderness, botanical reserves, and recreation were considered "amenities," attractive, pleasureable things not really necessary and provided for only when they didn't impede timber production.

That perspective is changing as we proceed through the agony of crisis management for single species and the social and economic transitions that inevitably accompany the end of an exploited natural resource. The old forests that once covered 60 to 70 percent of the forested landscape in this region have been reduced to a remnant and much of that remnant survives merely as fragments, pieces. What we stand to lose is not only species, but the land's capacity to maintain ecological processes and functions. If the spotted owl disappeared from these forests we would have an ecologically and spiritually diminished ecosystem, but we would continue to have a functioning one. If we lose those species that maintain the processes, i.e., the fungal species that facilitate nutrient and water uptake in trees or the decomposers that reduce the fallen log to soil components, or a host of creatures that keep the energy coursing through the system, then we could lose the entire forest.

The projected allowable sale quantity for the four northern California Forests under Option 9 is 152 MMBF, a 35% reduction from the ASQ proposed under preferred alternatives. That 152 MMBF is about what Six Rivers National Forest averaged on its own in the 1980's. Now Six Rivers would cut only 20 MMBF, far less than a single district averaged in the past. What do these figures tell us? Two things:

One, they tell us that we have been brutal, absolutely brutal, in the way we've managed the forests over the past forty years.

And two, the value of these forests for ecological processes, wildlife, fish, clean water and air, recreation, cultural values, wilderness, wild and scenic rivers, and locally endemic plant and animal species transcends any timber value. Timber is a single-use management; it can destroy all those other values and has, in fact, been on that course for nearly half a century.

So how well does Option 9 perform in protecting these values? Well, if you wade through all the charts in the FEMAT Report you would conclude that none of the options do a very good job of perpetuating and restoring late-successional forests. And they look even worse for maintaining processes, particularly in the dry provinces like our non-coastal northern California forests. Within the one-hundred-year time frame, the outlook isn't promising. You simply can't get old forests on a cutover landscape in 100 years, when old forest attributes take 200 to 500 years to develop.

Option 9 is a first step, but we have a long way to go.

(1) Because late-successional forests comprise only 42% of Option 9's reserves, we need to expand the reserves to include old forest fragments, those areas not considered ecologically significant in earlier reports, but recognized by the FEMAT scientists as important for localized populations and sources of recolonization.

(2) The reserves should be inviolate. We simply don't know how to thin and salvage as nature would. Logging doesn't duplicate fire and other natural disturbances. We don't have the empirical data and there is no unanimity of expert opinion on the effectiveness of silvicultural treatments in accelerating the development of late-successional forests.

(3) We need a system of Congressionally-designated reserves, not simply an administrative system, subject to political whims.

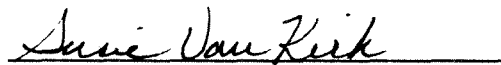
(4) Riparian reserves should include the broadest protective standards recommended in the SAT Report, including non-Key Watershed intermittent streams. The list of Key Watershed needs expansion.

(5) A watershed analysis should be conducted for every assessment area prior to the development of management activities. Decommissioning, upgrading, and maintenance of roads should be a mandatory part of each analysis.

And last, we need to proceed with caution. Ten years ago the Klamath National Forest released a draft land management plan that proposed liquidation of the remaining old forest, reserving only 5%. The Forest Service confidently told the public that the Agency knew what it was doing, not only were we going to have a managed landscape of young plantations, we were going to have more salmon in the streams as well!

Fortunately, we didn't take that path, but here we are with another before us. We must continually remind ourselves of how little we know about these forests. We can never justify the loss of these forests as a trade-off for short-term economic benefits. To paraphrase that farsighted Canadian salmon biologist Peter Larkin, responsibility for the future should not rest on the shoulders of the old forests; no minority group, no economic stress, no social pressure should prevail over our responsibility to perpetuate these natural systems.

Thank you.



Susie Van Kirk,
Conservation Chair



SIERRA CLUB

Redwood Chapter

North Group

POST OFFICE BOX 234

ARCATA, CALIFORNIA 95521

October 5, 1993

Senate Committee on Natural Resources
and Wildlife
Mike Thompson, Chairman

Members of the Committee:

Thank you for inviting me to participate in the review of the Clinton forest plan, known as Option 9. When Mr. Lane called me a few weeks ago, he asked me to address two issues: 1) the value of old-growth forests and 2) whether that value is adequately protected under Option 9.

Our understanding of natural systems, including late-successional and old-growth forests, has expanded tremendously over the past fifteen years. Our view of old forests as simply sources of timber and, perhaps, places of recreation and spiritual renewal, has been dramatically altered. The crisis over management for the spotted owl and other old-growth associated species has focused our attention.

But even the view that sees these forests as simply habitat for particular species, is evolving into something far more fundamental. We have finally come to see these forests as places of ecological processes and functions, the complexity of which we don't fully understand, but whose value we know to be critical to the continuation of the forests and its complex of dependent life. Maintaining the processes and the functions served by those processes should be, unquestionably, the focus of this debate.

This is not about owls, it is not about salmon, it is not even about old-growth forests. It's about processes, the energy that keeps the systems working. One could easily argue that the loss of the spotted owl from these forests would not threaten the functioning of the forest, albeit a diminished forest both ecologically and spiritually. But one would be hard pressed to argue that the loss of particular groups or even single species of some fungi, arthropods, or lichens would not affect the functioning of the forest ecosystem. Thousands of species and many more thousands of individuals, interacting with their biological and physical environment, fuel the forest ecosystem. When we lose them, we lose the forests.

The die was cast in 1981 when Jerry Franklin and his colleagues published their landmark paper on the ecological characteristics of old-growth Douglas-fir forests. In that paper, they provided the first glimpse of just how complex these forests might be. Research since then has expanded that glimpse by quantum leaps and we are now including fungi, mollusks, insects, and other forms of life as vital components of old forests. The synthesis of data on these systems has appeared in a number of reports: the 1990 Interagency Scientific Committee report on the spotted owl, the 1991 Johnson, et al. Report (Gang of Four Report), the 1992 Owl Recovery Plan, the 1993 Scientific Assessment Team Report (SAT), and now the FEMAT Report and Draft EIS. These reports are invaluable for the information they contain and the direction in which they are inevitably sending us. What was once seen only as a politically-driven process now includes a scientific component that cannot be ignored.

The FEMAT Report is a rather elaborate presentation of exercises for assessing the successes of various options in maintaining late-successional forests ecosystems and associated species. The Report looked at over 1000 species of bryophytes, lichens, fungi, mollusks, vascular plants, amphibians, birds and mammals in addition to 15 groups of arthropods representing an estimated 10,000 species. It also assessed the effectiveness of the various options on 19 stocks of salmonid fishes out of American Fisheries Society estimated 314 anadromous stocks at risk within the range of the northern spotted owl. Evaluated against a range of outcomes from stable, well-distributed populations to extirpation, the options, as expected, varied in their level of protection.

Fungi, particularly rare species, fared poorly under most of the alternatives as did the lichens and the mollusks. Birds and mammals were provided the most protection with amphibians, vascular plants, arthropods, and bats falling in between. Salmonid fishes had a 65% likelihood of achieving stable, well-distributed populations under Option 9, better than an 80% for Option 1 and less than 20% for Option 7. The FEMAT report concluded that even under the most conservative options, 1 and 3, only about a quarter of the species or groups of lichens, bryophytes, fungi, arthropods, and mollusks rated an 80% likelihood of having sufficient habitat to maintain well-distributed, stable populations. The writers of the report found these results "troubling," because it is widely accepted that these groups are "critically important for the maintenance of ecosystem function and productivity." (p. II-34).

Assessment of impacts to particular species is important, but the assessment of how likely we are to maintain late-successional ecosystems seems to me to be the crux of the matter. This is where we really get down to the question of whether we will maintain ecological processes and functions. It

is important to understand that even in the late-successional reserves, only a portion of those areas are actually in a late-successional stage. For Option 1, it is 53%; for Option 9, only 42%. The remainder of the reserves consists of smaller, naturally regenerated conifers, conifer plantations, deciduous forests, younger successional stages following logging and natural disturbances, and nonforested areas. The likelihood of falling within the natural range of variability for late-successional stages, estimated to be between 60% and 70% of the landscape, was 77% for both Option 1 and 9 in the moist provinces and 60% and 63% for Options 1 and 9, respectively, in the dry provinces.

When one looks at how well the options perform for the three criteria for achieving the late-successional stage--abundance and diversity, processes and function, and connectivity--, the outcome is not encouraging. For processes and functions in the moist provinces, the likelihood of falling within the natural range of variability is only 52% for Option 1 and 75% for Option 9; for the dry provinces, it is 34% for Option 1 and 53% for Option 9. I do not believe these higher figures for Option 9 are defensible.

The FEMAT Report explains the better performance of Option 9 by saying that although Option 1 provides for the highest acreage of reserves, it does not achieve an 80% likelihood because it lacks the silvicultural treatments provided under Option 9. This assumption of benefits from silvicultural treatments is just that, an assumption. The Interagency Scientific Committee which developed a strategy for spotted owl management did not recommend treatment in reserved areas because of the unknown results and recommended instead that such experimentation be outside the reserves and in the matrix.

Is Option 9 adequate for restoring the natural range of variability, i.e., 60% to 70% of the landscape in late-successional stage forests within a hundred years? I don't think so and I don't believe the scientists think so either. The DEIS states that none of the alternatives has even a 60% or greater likelihood of producing a late-successional and old-growth ecosystem with attributes that approximate at least long-term average conditions. One hundred years is simply not long enough for a cutover landscape to return to prelogging conditions with attributes that require 200 to 500 years to develop. (p. 3&4-43)

The scientists who propose silvicultural treatments, such as thinning and salvage, in the reserves do so on the assumption that these management strategies will accelerate the development of late-successional characteristics. But the FEMAT Report states quite clearly: "No empirical evidence or unanimity of expert opinion exists on the question of whether silvicultural

treatment of younger forest stands or salvage of dead trees will achieve the objective of the Reserves--production and maintenance of late-successional forest conditions." (p. II-18)

Regeneration and successional pathways that follow natural disturbances such as fire, insects, and wind cannot be duplicated through thinning and salvage. The role of fire in recycling nutrients, maintaining species diversity, providing down and standing dead wood, and creating the mosaic of age classes and vegetation types is not a role that logging plays. The DEIS states:

The relatively low likelihood ratings for outcomes 1 and 2 [achieving a natural range of variability] for most alternatives reflect, in part, lack of information about processes and functions of late-successional and old-growth ecosystems; the nature, role, and importance of landscape-level ecological processes including disturbance; the role and relationship of species diversity and ecosystem functions such as productivity, nutrient cycling, and decomposition; and the effects of climate change... (p. 3&4-46)

I think it is going to take a long time to get there from here, if we ever do. Option 9 is better than nothing, but not good enough. The amount of land incorporated in late-successional reserves should be expanded to include not only the most ecologically significant old forests, but also the fragments, which the FEMAT Report recognizes as vital to the survival of some groups and species.

I believe the reserves should be inviolate until we have the "empirical evidence and unanimity of expert opinion" to know how to manage them and then the management should be restricted to stands regenerated from logging.

Riparian reserves under Option 9 need the full protection of the SAT recommendations to include adequate buffers on intermittent streams in non-key watershed. The list of Key Watersheds needs to be expanded. A watershed analysis should be conducted for every assessment area prior to the development of management activities. Decommissioning, upgrading, and maintenance of roads should be a mandatory part of each analysis because, as the FEMAT Report states, "decommissioning of unneeded, neglected, and high-impact roads [is] the most urgent and significant restoration need on public lands in the range of the Northern spotted owl, based on the magnitude of ongoing and potential effects to aquatic ecosystems." (Appendix V-J, no page number)

Ten years ago, the Klamath National Forest released a draft land management plan that proposed liquidation of the remaining old forests, reserving only 5%. The Agency confidently told the public that it knew what it was doing; not only were we going to have a managed landscape of plantations, we were going to have increased salmon production as well! Fortunately, we did not embark on that journey, but now we appear to be beginning another. I think we must proceed with the utmost caution, recognizing the limits of our knowledge and the fragility of the webs that hold these forests together.

Thank you for the opportunity to present these comments.

Susie Van Kirk

Susie Van Kirk,
Conservation Chair

**IMPACT OF THE CLINTON ADMINISTRATION'S TIMBER PLAN ON
CALIFORNIA'S PRIVATE FOREST LANDS**

Presented to the
Committee on Natural Resources and Wildlife
California State Senate

by
Dave Kaney
on behalf of the
Forest Resources Council

Eureka City Hall
Eureka, California

October 5, 1993

IMPACT OF THE CLINTON ADMINISTRATION'S TIMBER PLAN ON CALIFORNIA'S PRIVATE FOREST LANDS

INTRODUCTION AND BACKGROUND

Good afternoon Mr. Chairman and Members of the Committee, I am Dave Kaney, Vice President and General Manager of Simpson Timber Company. Today, I am representing the Forest Resources Council (FRC), a consortium of companies formed to strengthen the voice of private forest land owners and the allied industries which process and market forest products in California. In addition to Simpson Timber Company, other FRC founding members include Arcata Redwood Company, Fruit Growers Supply Company and Soper-Wheeler Company. The Council's efforts are focused on maintaining and enhancing the ability of private forest land owners to manage their forests in a highly productive and sustainable manner.

I appreciate the opportunity to again address this committee regarding the Clinton Timber Plan. FRC testified at the August 18 hearing in Sacramento and presented our concerns regarding the impact of the Plan on private timber companies. As we continue to review the Plan and its impacts, we are more firmly convinced than ever that key California issues *must* be addressed by the Clinton Administration for this Plan to be viable.

The Clinton Administration's forest plan is intended, as we understand it, to offer a sustainable harvest of federal timber, provide economic assistance for displaced workers and their communities, adopt new approaches to environmental protection, establish a comprehensive system of old growth reserves and improve coordination among federal agencies responsible for federal land management and protection. The plan is largely intended to break a gridlock that has occurred from the filing of lawsuits by environmental groups over protection of the northern spotted owl. These lawsuits have essentially halted the sale of federal timber throughout the range of the owl, an area spanning from northern California to the Canadian border.

Our preliminary analysis of the plan indicates that it will substantially reduce timber sales from national forests and Bureau of Land Management lands from a historic average of approximately 5.2 billion board feet per year to 1.2 billion board feet per year, a 75 percent reduction. This drop is likely to result in the permanent loss of some 85,000 direct and indirect jobs. It is important to note that these job losses are on top of almost 14,000 direct job losses that have occurred in the industry on the West Coast and Idaho since 1990, where more than 140 mills have closed or curtailed operations.

The plan is one of 10 options among 48 alternative strategies that were developed by a team of scientists and incorporated into the *Supplemental Environmental Impact Statement on Management of Habitat for Late-Successional and Old-Growth Forest Related Species within the Range of the Northern Spotted Owl* (SEIS). The selected

alternative, Option 9, is based in large part on the findings in Appendix A of the SEIS, which is entitled *Forest Ecosystem Management: An Ecological, Economic, and Social Assessment*. This is commonly referred to as the FEMAT report. When I reference the "plan," I will be referring to these documents.

Although the member companies of FRC do not rely on federal timber sales for their livelihood, we are inextricably linked to the communities and the competitive markets that do depend on national forest timber sales. Our mills and lands are adjacent to and sometimes interspersed in federal lands that formerly supplied logs to nearby mills. Since we share many common boundaries with federal lands, matters of access over those lands to our forests, cooperative wild fire prevention and control, and potential extension of federal environmental regulatory policies to private timber lands are all important issues to us.

PLAN IMPLICATIONS

Rather than duplicate testimony provided by our allied forest-related organizations, my comments will focus on what we see as indirect implications of the plan for private forest lands.

I purposefully use the term "indirect" because only the State of California currently has the authority to regulate forests on private lands where production of timber products is also guided by long-term forest management and investment practices. As you might guess, the prospect of yet another set of duplicative, overlapping regulatory requirements, be they federal, state or local, is not welcome.

Our preliminary analysis of the plan yielded seven points of concern. I will discuss each point in turn and conclude with FRC's recommendations.

1. Drafters of the plan all but ignored California's existing and extensive statutes and regulations governing environmental issues on the state's private forest lands.

- California is well recognized for having the most rigorous set of forest practice rules in the nation. This was true even before the most recent and more restrictive rules were proposed by the state Board of Forestry.
- The plan does not recognize the existing benefits that private lands afford wildlife in California. As an example, growth of spotted owl populations on private forest lands along California's North Coast was overlooked.

2. The prescriptions recommended in the plan appear to be based more on opinion than on scientific research supported by data.

- The plan takes great liberty in its presumption that there exists a significantly large number of species that are dependent upon late successional forests. Unfortunately, no data is included to support such findings.

- Apparently, the plan was drafted under the assumption that all habitat contributions would be made on federal lands and the condition of private lands would be immaterial. Quite to the contrary, particularly in California, research has shown that significant populations of spotted owls exist in managed young growth forest habitats.

- The plan attributes fish stock survival to reductions in forest stream habitat, while studies in Oregon and Washington have shown that this habitat is a minor component of an anadromous fish biology. Other non forest impacts, such as those related to ocean habitat, urbanization and water diversion are much more significant. In addition, studies in the Klamath area show large amounts of unused spawning habitats. The more prevalent problem is the lack of sufficient numbers of returning fish to fully use the existing habitats.

3. Throughout the plan, reference is made to private lands, which implies that these prescriptions should be applied to private property. If the plan's proposed prescriptions are applied to private lands, harvests will be reduced thus eliminating the opportunity for these lands to help make up some of the production shortfall from non-producing federal lands. The plan itself envisions that private forests will make up some of that shortfall.

- The effect of applying the proposed federal riparian zone prescriptions on private lands will be to severely reduce the amount of sustainable harvests available from those lands.

- The imposition of 300 foot buffers around all fish bearing streams on private lands would more than triple the amount of land taken out of production.

- Road use permits, already difficult to get, would be hard if not impossible to obtain in the reserve areas. Access to private ownership via new road construction would probably be stopped in any of the reserves, including riparian, and extremely limited in the matrix.

4. The plan calls for the elimination of forest management operations in what are called "key watersheds" until a comprehensive plan is prepared. Any effort to extend such a policy to California's private lands would be inappropriate.

- California's forest practices rules are the most restrictive in the United States and they can be relied upon to provide adequate protection until the results of further studies show other protection is appropriate.

- The strategy to defer management in these key watersheds, until more data is collected, under scores the judgment that many of the plan's sensitive determinations were based on "expert" opinion rather than scientific fact.

- Private landowners, dependent upon a predictable supply of forest products from their land would find it most difficult not to harvest, for some protracted period of time, while data is collected to refute the opinions of those who wrote the plan.
- Before any federal prescription is extended to private lands, field data should be collected and evaluated using accepted scientific methods to verify that a problem does exist.

5. The plan sends mixed messages on the role of private lands as part of the threatened and endangered species recovery effort.

- The plan was designed to provide a strategy, which does not require any support from private lands to protect threatened and endangered habitats. Yet it appears that private lands are being asked to shoulder some of that responsibility. For example, the plan, in Appendix A on page V-61, states: "To succeed, the federal Aquatic Conservation Strategy should be accompanied by companion strategies for nonfederal lands."
- The plan, on page 3 & 4-38 of the SEIS, goes on to say:

The majority of species inhabiting late-successional forests in the Pacific Northwest are not restricted to habitat on Federal lands. Nonfederal lands are an integral part of any strategy that seeks to address the overall landscape as an ecosystem. Therefore, this interrelationship will require close cooperation between state agencies, tribes, private landowners, and Federal agencies.

Contrary to the opinion on which the plan is based, private lands should not be required to provide any of the reserves described in the plan. A balance of successional stages is required across the landscape to provide a wide variety of habitats for all forest species. Since the federal forests will provide a preponderance of older forest habitats, it would be inappropriate for private lands to further tip the balance in favor of this habitat type.

- It is also appropriate here to re-emphasize that plan drafters apparently did not take into account existing and on-going work, on the part of private forest lands, to establish and enhance habitat for threatened and endangered species. The successful effort on California's North Coast to maintain the spotted owl population is a good example.

6. The potential for increased fire danger to private lands and other non-federal lands, such as state parks, is clearly underestimated in the plan.

- The proposed preserve, matrix, and silvicultural strategies will lead to greatly increased fire risk on federal land. This coupled with lower state and federal budgets for fire fighting will lead to greater risk of catastrophic fires similar to the Fountain Fire. Such wildfires can easily spread to adjacent private and other non-federal lands. The

consequences are obvious especially in mixed checkerboard ownerships where federal land will result in a greater fire hazard to life and property.

- Even in the matrix areas, where limited management is allowed, the exceedingly long rotation age standards will cause an increase of fuel for wildfires. Further, long term build up of fuel will bring about very high densities of burnable material that will result in more stand-destroying fires on both federal and private lands. By permitting forest management to occur, fuel loads can be reduced, thereby decreasing risk. The Yellowstone National Park fires of 1988, which consumed over 1 million acres of timberland, will seem small in comparison to the massive wildfires likely to occur if this plan is implemented.

7. The plan, if implemented, will substantially reduce timber supply off federal lands and increase the demand on the state's already regulated private lands.

- The plan contemplates that private lands will make up much of the shortfall resulting from reduced production on federal lands. This assumption does not take into account the more restrictive rules recently adopted by the state Board of Forestry, which will further reduce harvest levels on private lands.

- The price for forest products is set by the balance of supply and demand. Any further reduction of timber harvesting will simply drive up the prices consumers pay for wood-based products, including housing.

- The plan suggests that price increases may benefit private landowners as a result of supply shortages. But, what it does not say is that these increases will be short-lived because of marketplace constraints. Specifically, as supplies drop, more mills will close and the market will finally disappear. An even greater effect on supply in the long term is likely to be the reluctance of private owners to reinvest in forestry if the added prescriptive measures are applied to private lands.

- A substantial reduction in North American timber production will mean increased importation of wood products from other countries, where environmental protections may not be as stringent.

- It is estimated that even if private forest lands increase their harvests, which is not likely in California, available supply will still shrink by an estimated seven to 17 percent below the 1990-92 level.

CONCLUSIONS AND RECOMMENDATIONS

Before I begin with specific recommendations, some concluding comments are in order.

One major weakness we see is the plan's uneven and inconsistent treatment of private lands. First, it treats them one way by suggesting that they should also be subject to the same timber harvest restrictions as federal lands. This judgment was apparently made

without taking into account past and present wildlife and wildlife habitat contributions made by private lands. But second, to make matters even more confusing, the plan says that these very same private lands can increase timber harvest to help offset lost production from federal lands.

The plan suggests rather strongly that because of different management practices on private lands than those envisioned for federal lands, there is doubt about whether certain species of wildlife will be able to persist. The plan goes on to offer more stringent guidelines for managing private lands. However, no recognition was given for the vast amount of wildlife and habitat available on private lands. Failure to recognize these contributions is evidence that the analysis did not use an ecosystem approach, as the drafters indicated.

Based on an assessment of the draft plan and the process used to prepare it, FRC makes the following recommendations:

- 1. California public policy makers should resist adoption of any state or federal policy that automatically subjects private forest lands to prescriptions, such those governing late successional stage habitats, without adequate factual and scientific justification.**
- 2. The Clinton Administration should reexamine the proposed plan and amend it to accomplish the following:**
 - Acknowledge California's existing forest management practices, specifically the provisions which contribute to the protection and enhancement of its unique forest ecosystems, and then exempt this state from the plan.**
 - Re-evaluate plan prescriptions and separate those based on sound science from those grounded on untested theories or "opinions." Policy proposals not based on good science should be eliminated from the plan or deferred pending further study.**

That concludes my testimony on behalf of the Forest Resources Council. I extend my sincere thanks to the Committee and the Chairman for the opportunity to present our views. I would be pleased to try and answer any questions that the Committee might have.

* * * * *

**Testimony by Tim Treichelt, Regional Manager Government Affairs
Georgia-Pacific Corporation
to
Senate Natural Resources Committee
Tuesday, October 5, 1993
Eureka, California**

Good afternoon Mr. Chairman and Members of the Committee, my name is Tim Treichelt and I am Regional Manager of Government Affairs for Georgia-Pacific Corporation. I am also a Registered Professional Forester with field experience in the North Coast area, primarily in Mendocino and Sonoma Counties.

Georgia-Pacific Corporation owns about 190,000 acres of young growth redwood and Douglas-fir forest land in coastal Mendocino County. Appurtenant to this land base is a lumber manufacturing facility at Fort Bragg, that employs 572 people. Well, over 1,000 additional people are employed by contractors, primarily working in the harvesting and hauling process.

**Testimony by Tim Treichelt
to the Senate Natural Resources Committee
Tuesday, October 5, 1993
Eureka, CA**

At this time the Georgia-Pacific Fort Bragg forest supplies about 70% of the sawmill volume. The other 30% is purchased from outside sources, including Jackson State Forest and private non-industrial forest lands.

Regarding Option 9 in the FEMAT report, we are disappointed that the scientific team developed a set of options that did not allow for a higher harvest on Public Forest lands. We believe that a higher level of harvest can be maintained while still protecting the environment. We are concerned that in some cases Federal resource managers may have over reacted, and based harvest levels on information not well supported by facts.

A recent media report of new data that could support higher harvest levels was presented on the NBC Nightly News on Friday, September 17. Anchor Tom Brokaw and his staff reported that in California on private land, the Northern Spotted Owl appears to be doing much better than was assumed when the bird was listed as a Federal Threatened Species. At the conclusion of my testimony I would like to play a four minute video of this report for the Committee using a portion of my allotted time.

Just briefly, Brokaw's reporter Roger O'Neil points out that 5,000 California jobs have been lost as a result of the listing of the Northern Spotted Owl and that the owl

**Testimony by Tim Treichelt
to the Senate Natural Resources Committee
Tuesday, October 5, 1993
Eureka, CA**

Appear to be thriving in young growth previously harvested forests. The report also points out that the owl appears to be compatible with harvesting, at least that is what US. Fish and Wildlife Service Biologist, Phil Dietrick indicated in the report.

The report also suggests that the listing of the Northern Spotted Owl was part of a bigger environmentalist strategy and that the politics of environmentalism May have gotten in the way of careful science.

Georgia-Pacific's 190,000 acre commercial forest in coastal Mendocino County has all been previously harvested. Yet in this young growth previously harvested forest, like many other young growth forests in the area, biologists are finding a density of owls that are greater than what the Inter-agency Scientific Committee (ISC) headed by Jack Ward Thomas reported as viable in 1990. In fact, on Georgia-Pacific Corporation lands the density of owls is four times greater than the ISC report identified as viable. Our biological data also shows that the owls are producing young in numbers well in excess of the amount needed to repopulate all the area where the owls are living.

If this can occur in a young growth industrial forest that has been subject to harvesting by Georgia-Pacific and other land owners for the last century, how can the owl be referred to as "old growth dependent"? And if the owl is not "old growth dependent" and is in fact thriving in young growth industrial forest, how can it be

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threatened? And if the owl is not threatened, why is harvesting prohibited on thousands of acres of forest land that could produce building products for our nation's housing needs, as well as supplying jobs contributing to healthy rural economies.

One last point. During this entire spotted owl process, the California industry and the California regulatory agencies have attempted to cooperate and be pro-active by protecting the owl and its purported habitat. Companies like Georgia-Pacific have surveyed their land and attempted to find the truth. The State of California produced a draft Habitat Conservation Plan (HCP) for the Northern Spotted Owl. The Board of Forestry passed regulations to assure that there would be no "take" of the owl and its purported habitat. All of this was done in good faith based on a belief that the listing was necessary to protect the species.

New evidence suggests that a better balance can be struck, a balance providing more forest products and jobs, while still protecting the Northern Spotted Owl.

In closing, I am asking you, Mr. Chairman and Committee members, to further investigate these issues, and as appropriate, ask the Federal Administration to review the listing and other Federal action regarding the Northern Spotted Owl in California in light of the new evidence.

**Testimony by Tim Treichelt
to the Senate Natural Resources Committee
Tuesday, October 5, 1993
Eureka, CA**

On behalf of Georgia-Pacific Corporation, I thank you for allowing me to testify today.

NBC Nightly News four minute video

Attachments:

- NBC Transcript
- G-P Owl Data



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2725 Bayview Boulevard Miami FL 33137
(305) 674-3447 / Fax (305) 536-3447
397 East Ninth Avenue Denver CO 80203
(303) 944-3700 / Fax (303) 832-4700
430 Oakwood Avenue West Hartford CT 06110
(860) 743-4000 / Fax (860) 643-0743
1951 Fourth Avenue San Diego CA 92101
(619) 644-6600 / Fax (619) 644-0700

A **BUNNELLES** AIRMAIL

DATE
TIME
STATION
PROGRAM

September 17, 1993
7:00-7:30 PM (ET)
NBC-TV
NBC Nightly News

TRANSCRIPT

Tom Brokaw, anchor:

Our "Insider's Report" tonight: The North American spotted owl long has been at the center of a dispute that pits the owl's forest habitat against the jobs of loggers. The debate is based on the assumption that the owl is at serious risk, but that may not be entirely the case.

NBC's Roger O'Neill tonight with this exclusive report.

Roger O'Neill reporting:

In the forests of Northern California, despite what government scientists and environmentalists said three years ago, there is nothing rare or threatened about the northern spotted owl.

How many birds have you found in this territory?

Lowell Diller (Biologist, Simpson Lumber): We've banded six hundred birds so far.

O'Neill: In fact, thousands of so-called new owls have been found--almost entirely on private timber company land which has been logged before.

Insiders tell NBC News the new information has forced the government to re-examine its listing of the owl as a threatened species in those areas where so many birds are living.

Phil Dietrick (U.S. Fish and Wildlife Department): I will- I will agree that the number in Northern California is significantly higher than had been assumed. Definitely.

O'Neill: When the owl came under federal protection, it forced loggers to look for the bird everywhere. That research, NBC News has learned, is now proving many of the government's earlier assumptions wrong.

For example, it was assumed the owl lived only in old-growth timber, forests which had never been logged before.

Lowell Diller is a biologist for Simpson Lumber.

Diller: This was logged about seventy years ago.

O'Neill: And this is now owl habitat?

09/23/93 12:46

-2-

Diller: That's correct. We have some of the highest densities of spotted owls that are reported anywhere.

O'Neill: It was also assumed the owl's habitat or his home was shrinking.

Diller: If you have lots of birds and they're reproducing, that would suggest that it is in fact good habitat.

O'Neill: Does that not suggest that- that, at least here in this part of California, you are creating habitat for northern spotted owls?

Diller: Yes. In fact, we believe that we can do that.

O'Neill: The owls appear to be happy and content in Northern California for one simple reason: the dusky-footed wood rat. They love 'em. And as a forest grows back, the wood rat is everywhere.

In the three states where the owl is found, parts of Oregon and Washington, researchers say, minus Northern California. But west of the Cascade Mountains, the bird still appears threatened.

Phil Dietrick is studying the owl for the government. Can logging and owls co-exist?

Dietrick: Yes.

O'Neill: And both can prosper?

Dietrick: I believe that you can design systems to maintain owl populations within the context of managed timber.

O'Neill: Three logging plans have been approved in forests where the owl is present. Sierra Pacific Industries selectively cut down trees here three years ago.

Tom Nelson (Spokesman, Sierra Pacific Industries): We logged without affecting the owls, and they have since nested in the same stand again, or right adjacent to it. So to me, that's the real measure of success: Are the owls successfully breeding? And they are.

O'Neill: In Northern California, five thousand people have already lost their jobs because of the controversy over the spotted owl.

Environmentalists grudgingly agree now there are more owls, but contend the bird is still in danger. They also admit the spotted owl is part of a bigger strategy: Stop the cutting of big old trees in national forests.

Daniel Taylor (National Audubon Society): So, it's true. It's much more than the owl. It's the forest, and how we relate to the forest.

O'Neill: Some biologists agree now that the politics of environmentalism got in the way of careful science.

Roger O'Neill, NBC News, Eureka, California.

###

**A COMPARISON OF THE ISC REPORT AND THE OCCURENCE OF THE
NORTHERN SPOTTED OWL IN A MANAGED SECOND-GROWTH
REDWOOD FOREST. GEORGIA - PACIFIC CORPORATION, FORT BRAGG,
CALIFORNIA. 1992.**

**ISC Report - Assumption for a viable population
of Northern Spotted Owls.
(Thomas et al., 1990)**

0.09 owls/mi²

1.7 owl pairs/township

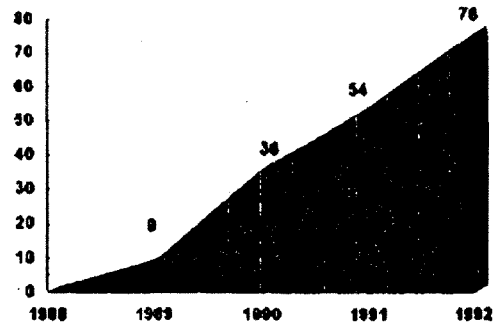
**Georgia - Pacific Corporation lands
Fort Bragg, California
approximately 200,000 acres**

0.42 owls/mi² (1992 inventory sites only)
 1 mi² = 640 acres
 200,000 acres / 640 acres = 312.5 mi²
 131 individual owls in 312.5 mi² =
 0.4192 owls/mi²

6.91 owl pairs/township (1992 inventory)
 1 Township = 23040 acres
 200,000 acres / 23040 acres = 8.68 townships
 60 owl pairs (1992) / 8.68 = 6.91 prs./town.

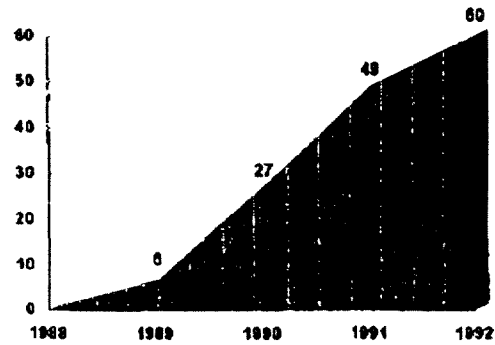
Thomas, J.W., E.D. Forsman, J.B. Lint, E.C. Meslow, B.R. Noon, and J. Verner. 1990. A Conservation Strategy for the Northern Spotted Owl. Interagency Scientific Committee to Address the Conservation of the Northern Spotted Owl. U.S. Department of Agriculture, Forest Service; and U.S. Department of the Interior, Bureau of Land Management, Fish and Wildlife Service, National Park Service. Portland, OR. pp. 333.

1989-1992 SPOTTED OWL RESEARCH
GEORGIA-PACIFIC CORP.



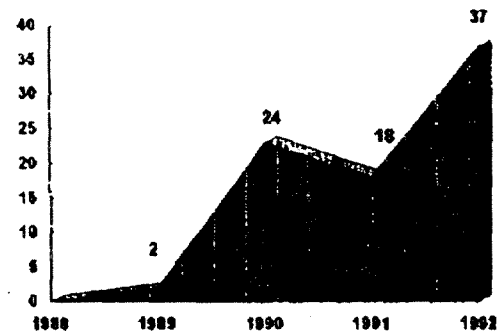
□ KNOWN SPOTTED OWL LOCATIONS ON
GEORGIA-PACIFIC LANDS NEAR FORT BRAGG, CA.

1989-1992 SPOTTED OWL RESEARCH
GEORGIA-PACIFIC CORP.



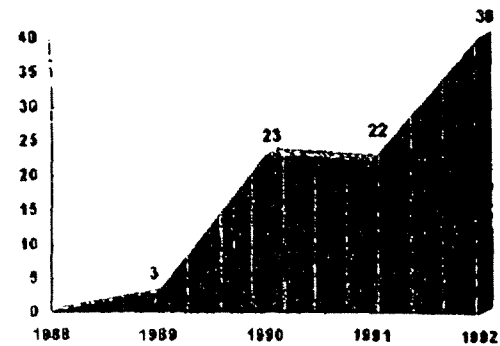
|| NUMBER OF KNOWN SPOTTED OWL PAIRS
OCCUPYING SITES ON GEORGIA-PACIFIC LANDS.

1989-1992 SPOTTED OWL RESEARCH
GEORGIA-PACIFIC CORP.



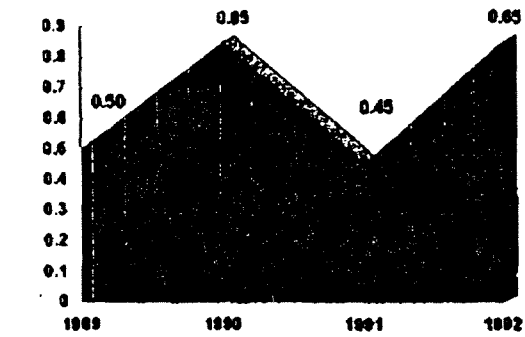
□ THE NUMBER OF KNOWN SPOTTED OWL NEST SITES OCCURRING ON GEORGIA-PACIFIC LANDS NEAR FORT BRAGG, CA.

1989-1992 SPOTTED OWL RESEARCH
GEORGIA-PACIFIC CORP.



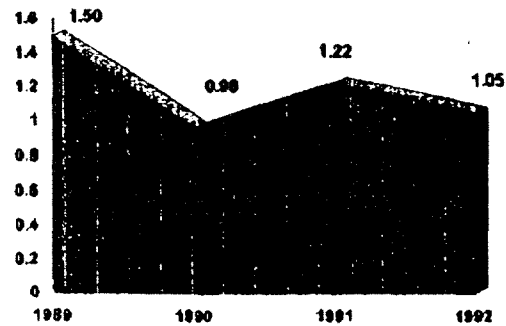
□ THE NUMBER OF KNOWN YOUNG PRODUCED FROM SUCCESSFUL SPOTTED OWL NEST ON GEORGIA-PACIFIC CORP. LANDS NEAR FORT BRAGG, CA.

1989-1992 SPOTTED OWL RESEARCH
 GEORGIA-PACIFIC CORP.



□ NUMBER OF YOUNG PRODUCED PER KNOWN PAIR OF SPOTTED OWLS ON GEORGIA-PACIFIC CORPORATION LANDS NEAR FORT BRAGG, CA.

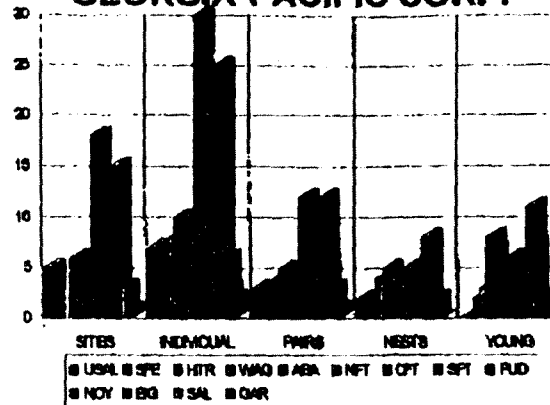
1989-1992 SPOTTED OWL RESEARCH
 GEORGIA-PACIFIC CORP.



□ THE NUMBER OF YOUNG PRODUCED PER NEST ON GEORGIA-PACIFIC CORPORATION LANDS NEAR FORT BRAGG, CA.

1992 SPOTTED OWL RESEARCH RESULTS.

GEORGIA-PACIFIC CORP.

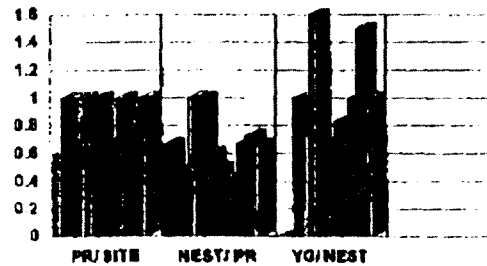


□ NUMBER OF SITES, INDIVIDUAL ADULT OWLS, PAIRS, NESTS, AND YOUNG IN APPROPRIATE DRAINAGES.

1992 SPOTTED OWL RESEARCH RESULTS

GEORGIA-PACIFIC CORP.

□ USA □ SPE □ HTR □ WAG □ ABA □ NFT
 □ CPT □ SPT □ PUD □ NOY □ BOG □ SAL



□ AVERAGE NUMBER OF PAIRS PER SITE, NESTS PER PAIR, AND YOUNG PER NEST ASSOCIATED WITH THE PRINCIPLE DRAINAGES OWNED BY GEORGIA-PACIFIC CORP. NEAR FORT BRAGG CA.

Ron Samuelson
Samuelson Ranch
PO Box 176
Bridgeville, Ca. 95526

Oct. 5. 1993

Members of the Senate Committee on Natural Resources and Wildlife, on behalf of the Humboldt Co. Farm Bureau and the Forest Landowners of California I would like to welcome you to Humboldt Co. I hope that you enjoyed the tour yesterday and that some light was shed on the problems of the Family Forest Landowners.

I would like to inform you that the Family Forest owners get little attention but we own over 50 percent of the private timberland in Calif. Around 4,000,000 acres and 50,000 plus ownerships. In the past we have been ignored. As a result of rules and regulations that industry can live with many Family Forest landowners may have to look at other uses for their land. The Family Forest plays a major role in the economic stability of the forest products industry.

Today

I would like to cover 3 main areas:

1. How Option 9 will impact the Family Forest.
2. Some suggestions on improvements.
3. Implications for Forest Practices on private land.

1. The implementation of the Clinton Forest Plan will cause severe restrictions on the states Federal timber supply, and in turn, the markets for our timber. As the supply drops and the

number of sawmills decline there will be less competition for our product.

High regulatory cost already are discouraging many Family Forest Owners from prudent and responsible forest management. If the costs, hassles and restrictions continue the likelihood of conversion to other uses increases.

Option Nine calls for Ecosystem Management. Eighty Three percent of the area involved is set aside for other uses. How can this be called ecosystem management and multiple use?

Four of California's National Forests produced enough wood annually for 135,000 new homes. Under Option Nine, the cut will be reduced to 13,000 home. 135,000 homes was less than growth.

In many areas there is private timberland within the National Forest. Option nine will increase the Fire Hazard Risk for these owners. Burnt timberland will result in less wildlife habitat and product value.

Because California has a much higher percentage of private timber land than Oregon and Washington, the impact of the Endangered Species Act is greater. Our Forest Practice rules are the most costly, restrictive, lawsuit producing, and cumbersome around. Restrictions placed on our land as a result of the ESA have not been preceded by adequate scientific evidence. The Northern

Spotted Owl for example, an Old Growth dependant species, is found in the lowest concentrations in Old Growth Forests on National Forests and the highest concentrations in Simpson Timber Company second growth.

Remember: Trees Grow Jobs!

2. Suggestions on improvement.

A. Create a separate plan for California recognizing the differences between California and Oregon and Washington.

B. Base listing of endangered species on sound peer reviewed science, not just best evidence.

3. Implication for Forest Practices on Private lands.

A. It appears likely that we will have an additional layer of Government imposed by the Federal Government on Family Forest owners.

This will of course lead to one or both of the following:

1. Overharvesting
2. Conversion or subdivision of land

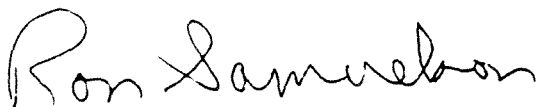
Rumor has it that section 4D of Option Nine allows the U.S. Fish

and Wildlife Service to enter into agreements with the states for greater control of Private land. The people that live in the North State don't trust State Government and we certainly don't trust the Federal Government.

In conclusion, the State of California and the timbered counties can't afford this option. The U.S. Forest Service has to get back to true Multiple Use for the National Forests.

Species will continue to become extinct just as they have since the beginning of time. That doesn't mean that we stick our heads in the sand and go about business as usual. What we need is some balance in the Endangered Species Act, keeping in mind that the U.S. Constitution guarantees property rights and compensation for a taking of property.

Thank you

A handwritten signature in cursive script that reads "Ron Samuelson".

Ron Samuelson

5 October 1993

Impact of the Clinton Forest Plan

for

Senate Committee on Natural Resources & Wildlife

by

Mark Anderson
Schmidbauer Lumber Inc.

Schmidbauer Lumber Inc. is a Small Business sawmill located in Eureka, California. We have been operating at the current location for 21 years. Our sawmill manufactures second growth timber into lumber products as demanded by the American consumer. In addition, we have co-generation for lumber drying, secondary manufacturing of cut stock (value added products), and retail of building products. Our company has a reputation for being innovative in our production techniques and business operations

The type of operation described above, is what President Clinton is encouraging in his forest plan. However, we do not feel encouraged by the current administrations' plan. The reason for this is the lack of meaningful timber outputs from the Six Rivers National Forest. Until 1987, 70% of the timber manufactured by us came from public lands. Last year roughly 5% of our log inventory came from federal lands. Since 1990 the Six Rivers National Forest and other Forests in the Northern province have all but stopped selling public timber, which provides a portion of the lumber needs for the American public. Since most of the lumber we produce is utilized in California, it is appropriate that this committee be appraised of our situation which is similar to that shared by our competitors.

Since 1991 our operations have been curtailed approximately two months of every year, affecting approximately 140 workers. If you review Table 1. which represents public and private timber harvest by county. The reason for these curtailments should be obvious. As I speak, our sawmill is not currently operating. Even though we have a highly efficient and competitive sawmill, we cannot procure enough materials to operate consistently, and the situation grows worse annually. Because we do not own any significant timber holding, our situation is an effective barometer of the overall condition of the lumber manufacturing businesses in California and the Pacific Northwest.

Table 1. indicates a 45% decline in the harvest of timber in Humboldt County since 1987 and a 33% decline in the overall state. Recent fires have bolstered harvest as indicated by Shasta County; however, without significant policy changes by federal and state officials the timber harvest will continue to decline. This table reflects the cumulative effect of federal and state regulatory, and judicial actions. It is interesting to note that the common theory that private lands will respond to reductions in federal timber supplies, is not valid.

We have a problem, with no readily apparent solution. Identifying the problem is a good first step. The problem is: the American public continues to demand forest products, and the raw materials required to fill that demand is continually being constrained.

We have looked to foreign sources to supplement domestic cut-backs. This solution however, also contains problems. Attached is a brief article detailing global effects on reduced domestic supply. In addition, federal trade deficits will increase from lumber and log imports.

The use of alternate building materials could and has offset some of the effects of reduced lumber supplies. Attached is an article by Peter Koch of Wood Science Laboratories, detailing the downside of the use of alternate materials. Specifically, it takes ten times more energy output to manufacture a metal stud versus a wooden one. We are now seeing metal studs being used in residential construction for the first time, in ever increasing amounts. From my perspective, this is a very poor utilization of our natural resources. Particularly if you consider that most of the energy required to make a wood stud, comes from the sun via the photosynthetic process.

The Clinton plan does not address the above problems, and I believe it would be useful for this committee to raise these issues with the President, specifically domestic energy policies and trade imbalance questions.

The Clinton plan is basically a "hands off" management strategy. The final attachment details the problems of "managing" ecosystems in this manner, particularly as it relates to fire ecology. This is a letter written by wildlife biologists to the President, prior to the release of the Option 9 strategy. I do not believe Option 9 addresses these ecosystem questions/suggestions made by these noted federal biologists.

In summary, the Clinton plan has not properly assessed the American consumer needs and how that relates to our national economy and environmental quality. To be fair to the Administration, they have tackled a very difficult political problem. Unfortunately, the solution as presented, is far too narrow in scope.

TABLE 1. California Annual Timber Harvest Information

COUNTY	TOT. HARV. 1) 1987	TOT. HARV. 1989	TOT. HARV. 1990	TOT. HARV. 1991	TOT. HARV. 1992
HUMBOLDT	854.7	663.2	609.9	459.2	475.8
SHASTA	269.6	202.9	171.8	196.6	370.3
MENDOCINO	462.6	515.3	422.7	275.0	250.9
SISKIYOU	577.8	527.7	394.1	263.0	242.6
PLUMAS	314.4	257.2	246.5	281.6	221.4
TRINITY	286.9	281.5	224.2	193.7	170.2
ELDORADO	199.6	273.6	316.8	191.6	152.0
TUOLUMNE	139.1	130.9	152.5	133.0	111.4
PLACER	91.9	119.7	172.5	124.1	108.4
LASSEN	101	107.3	96.0	113.5	104.3
DEL NORTE	178.7	122.9	171.2	122.9	94.3
CALAVERAS	62.4	134.5	164.3	94.8	64.7
TEHAMA	162.9	104.6	133.7	146.2	63.0
AMADOR	35.1	101.6	82.6	61.8	43.4
SIERRA	139.8	102.3	82.7	48.7	38.1
	3876.5	3645.2	3441.5	2705.7	2510.8
ALL (mbf) 2)	4430.8	4467.5	3997.9	3172.2	2958.7
\$ (1000)	577200	762700	890500	661800	902400

1) MMBF (million board feet)

2) Total for California

3) Yield Tax Valuation

Source: Board of Equalization, State of California

Tempting Log Prices Result Could be Global Harvest

Restrictions on Pacific Northwest and Canadian timber harvests will lead to higher international prices that could destroy forest habitat around the globe, according to a global trade model developed at the University of Washington.

The hidden environmental costs will be created in regions that rush to harvest marginal lands in the face of attractive log prices caused by curtailed harvest in Washington, Oregon, and British Columbia, according to Bruce Lippke, director for the Center for International Trade in Forest Products at UW's college of forest resources.

In Siberia, for instance, loggers harvest more than 10 acres in order to get the same volume of timber from an acre or more productive Pacific Northwest or Canadian forests. Even excluding Siberia, the most discouraging example, loggers elsewhere in the world will harvest from 12 to 60 percent more acres of old-growth and second-growth forests to make up for timber preserved in the Pacific Northwest and Canada, according to the CINTRAFOR model.

The equation gets worse as natural stands are logged. Countries with slower-growing forests and poor management techniques will need up to eight times the number of acres in the future—and will take decades longer—to produce the same timber as productive Pacific Northwest lands, some of which can be managed on rotations as short as 45 years.

"The environmental impacts of harvesting many more acres in one region to save a few acres in another may take years to fully understand—but it doesn't look like a good deal for the global environment," says Lippke.

"Instead of concentrating on additional preserves, [President] Clinton should establish a team to design forest management plans for wildlife and wood production in the same forests, especially for private lands, unless we really don't care if we create environmental problems in someone else's backyard," he adds.

LUMBERMAN

SEPT 1993

Wood versus nonwood materials in U.S. residential construction: some energy-related global implications

Peter Koch

Abstract

In comparison to the average annual timber harvest for the years 1983 to 1987 in the "owl" region, the various strategies under consideration for conservation of the northern spotted owl in Washington, Oregon, and California all call for substantial harvest reductions on both public and private lands. These timber harvest reductions will reduce the output of structural wood products. If nonrenewable structural materials such as steel, aluminum, concrete, brick, and plastics replace the structural wood shortfall, there will be significant increases in global energy consumption, and in carbon dioxide additions to the atmosphere. These increases amount to about 717 million gallons of oil annually, and about 7.5 million tons of carbon dioxide added to the atmosphere annually, for each billion board feet (Scribner) of annual harvest reduction. If the Interagency Scientific Committee recommendations are applied in full to both public and private forestlands within the owl region, global increase in annual oil consumption could be as high as 6 billion gallons of oil and the increase in annual additions of carbon dioxide to the atmosphere could total 62 million tons.

Wood, with very minor exceptions, is the only renewable resource economically suited for structural and architectural purposes. As Cliff pointed out nearly two decades ago, tonnage of raw wood consumed in the United States is approximately equal to the combined production of all metals, cements, and plastics (5). However, an increasingly polarized debate regarding preservation versus sustainable use of forests has created a situation in which significant reductions in timber harvest are now occurring or are contemplated on virtually all National Forests administered by the USDA Forest Service and on public lands administered by the Bureau of Land Management (BLM).

The Pacific Northwest region of the United States has become the focal point of the preservation versus sustainable use debate. Unfortunately, in most local and regional newspapers, the "not in my backyard" syndrome dominates most of the arguments posed in articles and in letters to the editor. Rarely, if ever, are the possible global effects of proposed local and regional preservationist policies mentioned or explored.

If the harvest of timber in the United States is significantly curtailed, one or more of the following events (1) must take place: 1) the consumption of virgin fiber supplies must be cut by reducing the level of demand for raw materials or by increased recycling; 2) imports of wood fiber from outside the United States must increase to fill demand; and/or 3) significant shifts to the consumption of nonwood materials must take place.

Worldwide reduction in the consumption of raw materials seems unlikely in view of population trends. Clouser and Libby reported that best estimates indicate world population will more than double by the end of the 21st century (6). Further, it can be expected that as the economies of many of the world's countries develop in the coming years and standards of living in these countries increase, material consumption and

The author is President, Wood Science Laboratory, Inc., 942 Little Willow Creek Rd., Corvallis, MT 59828. This analysis was made possible by a grant from the Center for International Trade in Forest Products (CINTRAFOR), College of Forest Resources, Univ. of Washington, Seattle, WA. This report is a condensed version of a more detailed analysis prepared by the author and published by CINTRAFOR as Working Paper #36. Copies of the Working Paper may be obtained from CINTRAFOR, College of Forest Resources, AR-10, Univ. of Washington, Seattle, WA 98195. This paper was received for publication in October 1991. © Forest Products Research Society 1992. Forest Prod. J. 42(5):31-42.

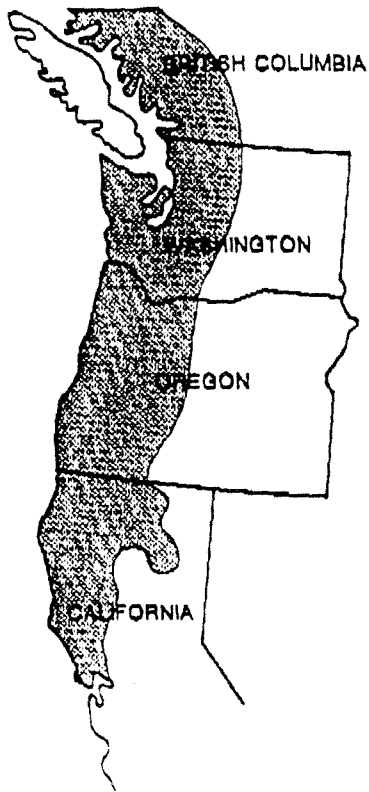


Figure 1. — Range of the northern spotted owl. Drawing after Thomas et al. (20).

energy use on a per capita basis will increase. However, it is undeniable that significant economies of energy use in the United States are possible. Rosenfeld and Hafmeister (18) conclude, for example, that if the United States became as energy efficient as Japan, its energy consumption could be cut in half.

Recycling of solid wastes unquestionably has merit, and there is general agreement that this activity should be given high national priority. As Bowyer points out, however, there appears to be a practical upper limit to the proportion of recycled woody furnishes that can be incorporated in fiber-based products; moreover, such fiber cannot be recycled indefinitely but must ultimately be replaced by virgin wood fiber (2). He concludes, using paper as an example, that if recycling can be pushed to the 50 percent level, domestic demand for virgin wood fiber for paper and paperboard might be reduced by 12 to 13 percent in 20 years, assuming no changes in per capita consumption of these products. In view of the historical growth of paper and paperboard production, which increased annually at a rate of 4 and 4.5 percent, respectively, from 1950 to 1980, and 2.4 and 2.2 percent from 1980 to 1989 (19,24), attaining significant reductions in virgin wood fiber consumption due to recycling appears problematical. Repeated recycling of solid wood into structural materials to supplant lumber and plywood presents even more problems than recycling fiber for paper products.

If we opt within the United States to fill the void created by reductions in domestic harvest by increas-

ing the volume of wood we import, we will promote significantly expanded harvests in forests in other parts of the world (16).

Canada, currently our principal supplier of wood imports, faces similar pressures to reduce harvest levels, and therefore it is very doubtful that we can count on substantial increases in wood fiber imports from Canada.

In light of world opinion favoring preservation of tropical rain forests, and pressures of growing populations in tropical regions, it does not appear that significant supplies of wood will be available from the tropical regions of the world.

The former Soviet Union is a possible wood supplier, as are countries in the Southern Hemisphere with substantial plantations of pine, such as New Zealand, Brazil, and Chile. However, plantation wood from these introduced pines, although useful for many purposes, can seldom be directly substituted for structural wood from the more dense (stronger) coniferous trees of the U.S. Northwest. Considering the economics of long-distance transport, it seems likely that only the highest quality wood from these foreign sources will be competitive in North American markets. The bulk of the wood fiber exported from the former Soviet Union and from plantations in the Southern Hemisphere will likely go to help satisfy the needs of rapidly growing populations in Asia and the Southern Hemisphere, with some entering the growing European market.

If one is to accept the probability that a reduction in the consumption of basic raw materials is not likely to take place in the coming century, that recycling has definable limits, and that substantial imports of wood from nondomestic sources may not be plausible, then the principal alternative to fill the void created by reductions in timber harvest will be a major shift to the use of nonwood, nonrenewable materials.

The purpose of this paper is to estimate the increases in energy demand and the "greenhouse gas" (carbon dioxide (CO₂)) additions to the world's atmosphere that will result from substituting nonrenewable resources for wood as a structural and architectural material, based on reductions in timber harvest in the U.S. Pacific Northwest. The underlying data behind the energy computations are derived from a 1976 report of Panel II of the Committee on Renewable Resources for Industrial Raw Materials (CORRIM) made at the request of the National Research Council with support from the National Science Foundation (3). This report, hereafter referred to as the CORRIM Report, is the best comprehensive source of this type of data currently available.

Historic and projected levels of harvest in the "owl" region

This paper will not try to discuss implications of all possible reductions in harvest from National Forest and BLM lands, but will concentrate on the impact of several current strategies proposed for the protection of late successional old growth (LS/OG) forests within

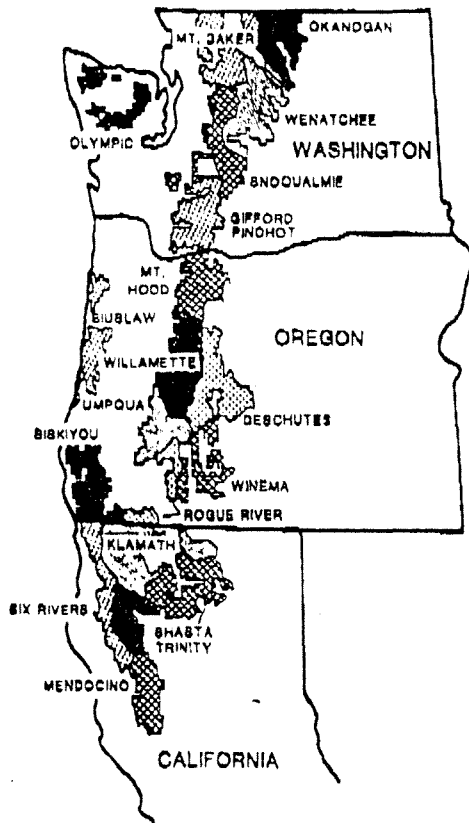


Figure 2. — National Forests in Washington, Oregon, and California within the owl region. Only westerly portions of the Deschutes, Winema, and Okanogan are within the region.

the range of the northern spotted owl (Fig. 1). Among these strategies is that developed by the Interagency Scientific Committee (ISC) (20). Both public and private ownerships will be affected, but the implementation process and the magnitude of effects remain uncertain.

Significant LS/OG areas within the range of the northern spotted owl have been identified and mapped in all or portions of 18 National Forests (Fig. 2) and 6 BLM Districts (Coos Bay, Eugene, Lakeview, Medford, Roseburg, and Salem) in Washington, Oregon, and northern California (8). These National Forests and BLM Districts, and the private (and other public) forests adjacent and intermingled, are hereafter referred to as the "owl" region.

In light of the intense and continuing debate over the projected annual harvest of roundwood from the owl region, it seems useful to select a base case founded on past harvest levels. With this in mind, the base case selected is the average annual harvest level for the years 1983 through 1987 as reported by Rasmussen (17). That is, 4.51 billion board feet (BBF)

¹ To put this in perspective, total annual softwood roundwood consumption in the United States during the years 1983 to 1987 averaged 12,799 million ft.³ (approximately 64 BBF Scribner log scale (reference 21, Table 5)).

TABLE 1. — Annual roundwood harvest projected for the owl region according to five scenarios, beginning with the base case of the average harvest for the years 1983 to 1987.

Scenario	USFS and BLM	Private (and other public)	Total
--- (BBF, Scribner log scale) ---			
1. Base case, 1983 to 1987 harvest ^a	4.51	9.34	13.85
2. Forest plans ^{a,b}	3.8	8.6	12.4
3. Federal conservation LS/OG strategy	0.8 ^c	8.6	9.4
4. Private conservation ISC strategy	0.8	4.8 ^d	5.6
5. Private conservation midrange strategy	0.8	6.7 ^d	7.5

^a Rasmussen (17).

^b Federal Forest Plans have changed substantially over the last several years and are still under contention. These plans include owl conservation pre-ISC. Gordon et al. (8) noted the earlier Forest Service studies called for 4.3 BBF harvest but they provide their own estimate of 3.4 BBF. The tabulated figure of 3.8 is intermediate.

^c Gordon et al. (8).

^d A midrange estimate of full ISC impact on private lands; that is, one-half the private-land impact outlined in scenario 4.

TABLE 2. — Proportion of the 1985 annual roundwood harvest (Scribner log scale) in the owl region consumed by processor according to product class (Olson (18), Appendix C; derived from Howard and Ward (12, 13), and from the Washington State Department of Natural Resources (23) and Washington State annual compilations of timber harvest.)

Product class	USFS and BLM	Private (and other public)
--- (%) ---		
Lumber and shakes	69.04	54.69
Veneer and plywood	29.53	12.44
Pulp and board ^a	1.16	4.25
Export	0.16	28.24
Post, pole, and pile	0.11	0.38
Total	100.00	100.00

^a Pulp and board from roundwood only; does not include pulp chip residues from other primary manufacturing operations.

Scribner log scale from the National Forests (USFS) and from BLM lands. Roundwood harvested annually from private (and other public) forests during this period averaged 9.34 BBF Scribner log scale. Total roundwood harvested annually from the owl region during this time interval therefore averaged 13.85 BBF (Table 1).¹

Projections of harvest in the owl region are more difficult to define. To simplify these projections, and yet cover the range of proposals, only four scenarios in addition to the base case will be discussed.

USFS Forest Plans (scenario 2) have changed substantially over the past several years and are still in contention. These plans included owl conservation measures that predated the ISC report. Gordon et al. (8) noted that earlier USFS plans called for a 4.3 BBF harvest, but they estimated that if USFS plans were followed, the harvest would be only 3.4 BBF. For the analysis in this paper, an intermediate figure of 3.8 was chosen. The estimate of 8.6 BBF annually from private (and other public) forests is somewhat lower than the 1983 to 1987 average harvest level (Table 1).

Scenario 3 is the Federal conservation strategy reported by Gordon et al. (8), in which harvest from USFS and BLM lands is drastically curtailed to 0.8

TABLE 3. — *Ovendry weight of wood, allocated by product class, in roundwood to be harvested from forestland in the owl region, related to scenario and forest ownership.*

Product class	Scenario ^b				
	1	2	3	4	5
	(ovendry tons)				
	USFS and BLM				
Lumber and shakes	8,426,484	7,098,820	1,494,720	1,494,720	1,494,720
Veneer and plywood	3,595,875	3,029,778	637,848	637,848	637,848
Pulp and board	141,251	119,016	25,056	25,056	25,056
Post, pole, and pile	13,392	11,286	2,376	2,376	2,376
Subtotal	12,177,000	10,260,000	2,160,000	2,160,000	2,160,000
	Private (and other public)				
Lumber and shakes	20,915,282	19,256,346	19,256,346	10,747,726	15,002,037
Veneer and plywood	3,137,118	2,898,568	2,898,568	1,612,224	2,250,396
Pulp and board	1,071,765	986,850	986,850	550,800	768,825
Post, pole, and pile	95,837	86,236	86,236	49,248	68,742
Subtotal	25,218,000	23,220,000	23,220,000	12,960,000	18,090,000
Grand total	37,395,000	33,480,000	25,380,000	15,120,000	20,250,000

^a Computed using the conversion factor of 27 pounds of wood (ovendry)/cubic foot of green wood, and the conversion factor of 200 cubic feet of wood/MBF (Scribner log scale).

^b See Table 1 for description of scenarios.

BBF annually, while private (and other public) harvest remains at 8.6 BBF (Table 1).

In scenario 4, the USFS and BLM harvest is held to the same low level as in scenario 3 (0.8 BBF), but the harvest from private (and other public) forest is nearly halved to 4.8 BBF (17). This estimate is based on possible implementation of the ISC strategy on private lands.

Scenario 5 is a midrange strategy that would retain the low level of harvest on USFS and BLM land, but has a harvest from private (and other public) lands intermediate between scenarios 3 and 4 (Table 1). While it is difficult to define a "most-likely" outcome, this scenario at least recognizes that the implementation process so far includes extensive conservation on federal lands and some conservation on private (and other public) lands.

Distribution of roundwood harvest by product class

To assess energy impacts of the five scenarios by application of data in the CORRIM Report, it is first necessary to estimate the proportion of roundwood entering the various classes of primary processing plants. Analysis of these proportions in the owl region for the year 1985 shows that most of the logs enter lumbermills, with a significant proportion entering plywood mills (Table 2). The fiber segment of the industry is largely supplied by wood chips residual from manufacture of lumber and plywood.

^a A commonly accepted conversion factor is 200 ft.³ of green wood, bark-free, from 1 MBF Scribner log scale of logs of typical diameter from the owl region. In personal communication (Aug. 27, 1991), Darius Adams at the Univ. of Washington advised that a regional conversion factor of 200 is indeed reasonable. He also noted that a more accurate conversion would be 182 ft.³/MBF for USFS timber, 200 for non-USFS public lands, 210 for industrial ownerships, and 230 for nonindustrial ownerships. It is also evident that the conversion factor differs for stud mills, large-log mills, plywood plants, post and pole operations, and chip mills. In view of the other approximations made, however, the factor of 200 ft.³/MBF Scribner log scale was used for all ownerships to simplify calculations.

Most of the logs exported from the West Coast go to Japan and other Pacific Rim countries. Regardless of log export destination, it seems likely that virtually all of the logs are consumed by sawmills (softwood sheathing plywood is little used in destination countries, and pulpmills import most of their wood in chip form). From these export logs, foreign mills in aggregate probably achieve somewhat higher product recovery than those in the United States, and because of this more intensive manufacturing procedure, expend at least as much net energy per ton of product output.

If one makes the assumption that the export logs go to sawmills, then the distribution of logs by product class differs significantly with log source; that is, a higher proportion of logs from private land enters sawmills compared to logs from USFS and BLM lands.

Table 3 shows the weight of wood (in ovendry tons), allocated by product class, to be harvested in roundwood form from USFS and BLM, and private (and other public) forestland in the owl region, for each of the five scenarios described in Table 1. These figures were derived through a three-step process: 1) the product class percentages in Table 2 were applied to the projected roundwood harvest figures in Table 1 to arrive at the volume of roundwood harvest, by product class, in thousand board feet (MBF) Scribner log scale; 2) the volume data in MBF were converted to cubic feet of roundwood by using a conversion factor of 200 ft.³ of wood/MBF Scribner log scale²; and 3) the data in cubic feet were converted to ovendry tons using a conversion factor of 27 pounds of ovendry wood per cubic foot of green wood.³

³ To convert the cubic volume of wood in logs to ovendry weight of wood, one must first assign values for wood specific gravity, and then calculate the weight (ovendry) of a cubic foot of wood. An unweighted average of the values for the specific gravity of the species found in the owl region (Douglas-fir, true fir, western hemlock, and western larch), as reported in the *Wood Handbook* (22), suggests that a cubic foot of wood cut from green logs in the owl region has an ovendry weight of about 27 pounds.

Weight yield of primary products

Only a portion of total log tonnage ends in primary products. As explained by material-balance diagrams in the CORRIM Report, much of the wood in each log ends as pulp chips, furnish for reconstituted boards of various types, or as fuel. For softwood logs admitted to a sawmill, about 31 percent of the oven-dry weight of wood in the log ends as dry planed lumber. For logs admitted to a softwood plywood plant, about 50 percent of the oven-dry weight of wood in the logs ends as plywood (unsanded).

Roundwood consumed in the United States in the form of posts, poles, and piles loses little volume during conversion to product; probably nine-tenths of wood weight entering such plants leaves as primary product.

Pulp, paper, and paperboard (hereafter called pulp and board) yield averages about 50 percent of incoming wood weight; the residual 50 percent is largely consumed within the plant to generate process heat and energy.

By multiplying allocation percentages from Table 2 by the product yield factors just described, primary product weight (oven-dry) per million MBF Scribner log scale input can be calculated (Table 4). The additional yield of pulp and board and reconstituted panel boards

TABLE 4. - Weight (oven-dry) of products from 1 million MBF Scribner log scale (2.7 million tons of oven-dry wood) of roundwood harvested from the owl region in each of two classifications of forest ownership.

Product class and source	Allocation of total incoming wood weight ^a	Weight yield of primary product ^b	Oven-dry product weight
USFS and BLM			
From primary processing			
Lumber and shakes	89.20 ^c	31	579,204
Veneer and plywood	29.53	50	398,655
Pulp and board	1.16	50	15,860
Post, pole, and pile	0.11	90	2,673
Total	100.00		
From residues from lumber and plywood manufacture ^b			
Pulp and board			430,500 ^d
MDF and particleboard (and other residue boards)			453,837 ^e
Private (and other public)			
From primary processing			
Lumber and shakes	82.93 ^c	31	694,124
Veneer and plywood	12.44	50	167,940
Pulp and board	4.25	50	57,375
Pulp, pole, and pile	0.38	90	9,234
Total	100.0		
From residues from lumber and plywood manufacture ^b			
Pulp and board			413,677 ^f
MDF and particleboard (and other residue boards)			491,463 ^g

^a From Table 2.

^b Derived from CORRIM Report material balance diagrams.

^c Includes export logs.

^d 2,700,000 tons × .50 yield [(32 pulp chips × .6920 lumber proportion) + (.33 pulp chips × .2953 plywood proportion)] = 430,500 tons.

^e 2,700,000 tons × .94 yield [(22 pulp chips × .6920 lumber proportion) + (.09 residue × .2953 plywood proportion)] = 453,837 tons.

^f 2,700,000 tons × .50 yield [(32 pulp chips × .8293 lumber proportion) + (.33 pulp chips × .1244 plywood proportion)] = 413,677 tons.

^g 2,700,000 tons × .94 yield [(22 pulp chips × .8293 lumber proportion) + (.09 residue × .1244 plywood proportion)] = 491,463 tons.

(such as medium density fiberboard (MDF) and particleboard) from mill residues can be derived from the material balance diagrams in the CORRIM Report (3).

Projected reductions in annual product output

From roundwood input data in Table 1 and product output data in Table 4, the reductions in annual product tonnage output below the base case scenario 1 can be calculated for scenarios 2, 3, 4, and 5 (Table 5). For example, the extreme case of scenario 4 would result in a decrease in annual lumber production of 5,300,170 tons, oven-dry basis; that is, 2,148,847 tons from USFS and BLM lands and 3,151,323 tons from private (and other public) lands.

Energy consequences of projected harvest reductions

Data in the CORRIM Report, on which this analysis is primarily based, are representative of those processing plants in 1976 that were economically viable and from which a significant percentage of primary structural and architectural materials flowed, and may be considered characteristic of progressive manufacturing plants of that year throughout the United States. In the intervening 15 years some improvements in product yield and energy usage have been made. These improvements may be significant, but are not likely to greatly alter the substantial differences between the energy requirements for manufacture of wood and nonwood structural materials.

In making the analysis of energy requirements of various commodities important in structures, gross energy needs for extraction (harvesting in the case of wood), processing into product, and transport to building site were first summed, and then energy available from process residues was subtracted to

TABLE 5. - Reductions in annual output^a below the base case of 1983 to 1987 average output (scenario 1) resulting from four alternative scenarios in the owl region, on two classes of forest ownership.^{b,c}

Product class	Scenario			
	2	3	4	5
USFS and BLM				
Lumber and shakes ^d	411,204	2,148,847	2,148,847	2,148,847
Veneer and plywood	283,045	1,479,010	1,479,010	1,479,010
Pulp and board	316,774	1,655,254	1,655,254	1,655,254
Post, pole, and pile	1,898	9,917	9,917	9,917
MDF and particleboard (and other residue boards)	322,224	1,683,735	1,683,735	1,683,735
Private (and other public)				
Lumber and shakes ^d	513,652	513,652	3,151,323	1,832,487
Veneer and plywood	124,276	124,276	762,448	443,362
Pulp and board	348,578	348,578	2,138,578	1,243,577
Post, pole, and pile	6,833	6,833	41,922	24,378
MDF and particleboard (and other residue boards)	363,683	363,683	2,231,242	1,297,492

^a Tons of product not manufactured; that is, product tons lost by adopting scenarios 2 through 5 in place of scenario 1.

^b See Table 1 for description of scenarios.

^c Derived from Tables 1 and 4.

^d Assumes export logs go to sawmills.

yield a net total expressed as million Btu (oil equivalent) per oven-dry ton of product (Table 6). Energy potentially available from wood residues was credited only against commodity manufacturing energy requirements (that is, not against needs for harvesting, manufacture of resins or wax, or transport to building site). No energy contribution was allowed for residues left in the forest. As fossil fuels become increasingly expensive, practical techniques will undoubtedly be developed for more intensive harvesting of such residues within limits imposed by site requirements for organic material.

To achieve a uniform mode of expressing energy consumed and available from residues, the CORRIM Report used the unit million Btu. For example, a gallon of diesel oil contains 138,336 Btu or 0.138 million Btu thermal (oil). For the purposes of this paper this unit is referred to as "million Btu (oil equivalent)."

To assess the energy consequences of replacing wood products in structures with nonrenewables, it is

TABLE 6. - Net energy requirements for extraction, manufacture, and transport to building site of selected primary commodities (CORRIM Report).

Commodity	Net energy required (million Btu (oil equivalent) per oven-dry ton)
Wood-based commodities	
Softwood lumber	2.91
Wood fence post, butt treated with waterborne copper naphthenate	4.00 ^a
Softwood sheathing plywood	6.00
MDF	8.49
Nonwood commodities	
Concrete slab	8.52
Concrete block	8.77
Clay brick	9.08
Carpet and pad	37.19
Steel studs	50.32
Steel fence posts	50.32
Aluminum siding	200.47

^a Estimated; not included in the CORRIM Report.

TABLE 7. - Weights of some wood and nonwood structural products.

Product	Weight (lb.)
Wood products (oven-dry weight basis)	
One 8-foot 2 by 4 (net size 1.5 by 3.5 in.) stud	7.9
1,000 ft. ² (coverage) of 3/4-inch tongue-and-groove softwood flooring	1,688
1,000 ft. ² of 5/8-inch plywood siding	1,820
1,000 ft. ² (coverage) of MDF siding 1/2 inch thick	1,740
One 8.5-foot-long, 4.0-inch diameter, wood fence post; butt-treated with 0.44 lb. copper naphthenate (waterborne)	15.8
Nonwood products	
One 8-foot steel stud (alternative to 2 by 4 wood stud)	4.2
1,000 ft. ² (coverage) of aluminum house siding	800
1,000 ft. ² of brick veneer for house exterior facing	33,200
1,000 ft. ² 2-core concrete block wall 8 inches thick	37,740
1,000 ft. ² of 4-inch-thick concrete slab floor	48,600
1,000 ft. ² of carpet with pad	560
One 8-foot steel fence post (alternative to treated wood post)	7.5

^a Weight data from CORRIM Report, except for weights of fence posts and studs, which are based on recent weight observations.

convenient to start with the net energy required for 1 ton of the product as summarized in Table 6. For example, to produce and get to the building site one ton of lumber (oven-dry basis) requires a net energy expenditure of 2.91 million Btu (oil equivalent).

Next it is necessary to know the weights of the wood products and the replacement products under analysis (Table 7). From these data, the ratio of weights of nonwood alternatives to the weight of wood products replaced can be computed (Table 8). This ratio multiplied by the energy needs per ton of nonwood product yields the net energy required by the nonwood product to replace a ton of wood product. Some examples follow.

Lumber

Wood studs versus steel studs. - To manufacture and transport to the site 1 ton of 8-foot 2 by 4 wood studs requires a net energy input of 2.91 million Btu (oil equivalent) (Table 6). If these studs were replaced by steel studs, net energy required (Tables 6 and 8) for the steel studs would be 26.67 million Btu (oil equivalent), that is, (0.53×50.32) .

Wood tongue-and-groove flooring versus nonrenewable carpet and pad. - To manufacture and transport to the site 1 ton of wood flooring requires net energy input of about 2.91 million Btu (oil equivalent). If this flooring were replaced by carpet and pad of manmade fibers, net energy input for the carpet and pad would be 12.27 million Btu (oil equivalent), that is, (0.33×37.19) .

Wood joist floor with plywood subfloor versus 4-inch concrete slab. - To manufacture 1 ton of such a wood floor net energy requirement is 4.14 million Btu (oil equivalent) $(2.91 \times 1,208/2,000 + 6.00 \times 782/2,000 = 4.14)$. If this ton of wood joist-plywood floor were replaced by a 4-inch concrete slab, net energy required by the concrete would be 86.31 million Btu (oil equivalent), that is, (10.13×8.52) .

Generalization regarding substitution of nonrenewables for lumber. - Obviously it is a great oversimplification to suggest that steel studs, carpet and pad, and concrete slabs are the only nonrenewable substitutes for lumber, but the averages of these three cases

TABLE 8. - Ratio of weights of nonwood alternatives to serve in place of several important wood products (oven-dry basis); that is, weight of nonwood alternative/weight of wood product replaced.

Alternatives	Weight ratio
Steel stud in place of wood stud	0.53
Steel post in place of treated wood post	0.47
Carpeting in place of wood tongue-and-groove flooring	0.33
Aluminum siding in place of plywood siding	0.16
Aluminum siding in place of MDF siding	0.17
Brick veneer in place of plywood siding	19.34
Brick veneer in place of MDF siding	20.23
Concrete slab floor 4 inches thick in place of wood joist floor (2 by 10's, 16 in. on center) with 5/8-inch plywood subfloor-underlayment	10.13 ^a

^a From the CORRIM Report (5) the concrete slab weighs 2.33 tons per 100 ft.² of floor; weights (oven-dry) of the components per 100 ft.² of wood floor are estimated as follows: joists = 0.159 tons; plywood subfloor = .091 tons.

TABLE 9. — Net energy required per ton of lumber product or its nonwood equivalent.

Products	Lumber	Nonrenewable
	(million Btu (oil equivalent))	
Studs (lumber vs. steel)	2.91	26.67
Floor surfaces (lumber vs. carpet)	2.91	12.27
Floor structure (joist system vs. concrete)	4.14	86.31
Average	3.32	41.76
Penalty per ton of lumber replaced	38.43	

TABLE 10. — Net energy per ton of MDF siding or its nonwood equivalent.

Products	MDF	Nonrenewable
	(million Btu (oil equivalent))	
MDF siding vs. aluminum siding	8.49	(0.17)(200.47) - 34.08
MDF siding vs. brick veneer	8.49	(20.23)(9.06) - 183.28
Average	8.49	108.68
Energy penalty per ton of MDF replaced by nonrenewables	100.19	

⁴ These comparisons derive from CORRIM Report (3) data. See text footnote 4, noting that a comparison of flakeboard siding to vinyl siding might better depict the current situation, but would likely not change the conclusions substantially.

give some indication of the energy penalty paid for using nonrenewables in place of lumber (Table 9).

Plywood

Plywood siding versus aluminum siding. — One ton of plywood siding requires a net energy input of about 6.00 million Btu (oil equivalent). If this ton of plywood siding is replaced by aluminum siding, the aluminum siding will require a net energy input of about 32.08 million Btu (oil equivalent), that is, (0.16×200.47) .

Plywood siding versus brick veneer. — As noted above, a ton of plywood siding requires a net energy input of 6 million Btu (oil equivalent). If this plywood is replaced by brick veneer, the brick will require a net energy input of about 175.22 million Btu (oil equivalent), that is, (19.34×9.06) .

Generalization regarding substitution of nonwood for plywood. — Two cases cannot represent the spectrum of substitutions for plywood, but they are illustrative. For these two cases the averages are: 6 million Btu (oil equivalent) for plywood and 103.65 for the nonrenewables. The energy penalty for replacing a ton of plywood with nonrenewables is therefore 97.65 million Btu (oil equivalent).

Pulp and board

The argument over relative energy efficiencies of paper products versus plastics and other nonrenewables is so complex, and disagreement so widespread among technologists, that for the purposes of this

⁴ Since the CORRIM Report was published, structural flakeboard, hardboard, and vinyl siding have gained market share over MDF and aluminum siding. While comparison of flakeboard siding with vinyl siding might better depict the current situation, it is likely that energy consequences would be much the same as the consequences tabulated in Table 10. Today, MDF is much used in furniture, so that a pertinent comparison could be between steel or plastic furniture and that made with solid wood or MDF.

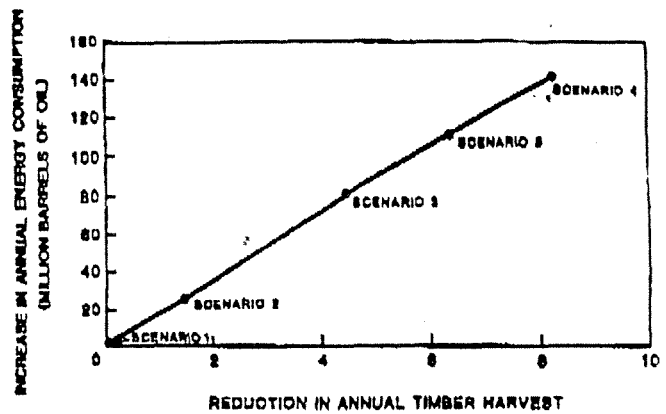


Figure 3. — Annual increase in global energy consumption related to reductions in annual timber harvest associated with alternative scenarios for managing forestlands in the spotted owl region of the Pacific Northwest.

paper it is considered a standoff. Therefore, no energy penalty is assumed for substituting nonrenewables for paper products in the computations that follow.

Posts, poles, and piles

A ton of wood fence posts butt-treated with water-borne copper naphthenate requires a net energy input of about 4.00 million Btu (oil equivalent). An equivalent number of steel fence posts will require about 23.65 million Btu (oil equivalent), that is, (0.47×50.32) . The penalty per ton of wood posts replaced with steel is therefore 19.65 million Btu (oil equivalent), that is, $(23.65 - 4.00)$.

This example undoubtedly oversimplifies the very complex comparison of roundwood products to the various steel, aluminum, and concrete structures that compete with wood posts, poles, and piles. The example is easily understood, however, and has been used in the computations that follow.

MDF and particleboards (and other residue boards)

Reconstituted boards of various kinds find a multitude of uses. Should they be replaced by nonrenewables, the list of substitutes would be long and complex. To simplify the comparisons and to utilize the CORRIM data, only two cases are considered — one comparing MDF siding with aluminum siding, and the other comparing MDF siding with brick veneer (Table 10).⁴

Energy consequences of scenarios 2, 3, 4, and 5

The foregoing computations permit calculation of the total increase in annual energy requirement (above the base case of 1983 to 1987 average harvest in the owl region) that would be attributable to replacing wood in structures with nonrenewables. The totals are massive and are summarized in Figure 3.

To put these quantities in perspective, the Alaska pipeline, which supplies about one-fourth of the oil needs of the United States, pumps a maximum of

about 2 million barrels of oil daily (10). Thus, the projected harvest reductions in the owl region could annually cause consumption of from 12 to 70 days of output of the Alaska pipeline, pumping at capacity. In other terms, 140.8 million barrels of oil yearly is about sufficient to annually operate a fleet of 11 million automobiles.

As further perspective, the Exxon Valdez was carrying 1.2 million barrels of oil when it spilled 11 million gallons in April of 1989. Unless our appetite for building materials decreases, or unless we massively increase wood imports, the global increase in annual oil consumption resulting from scenario 4, for example, could amount to the entire cargoes of 117 such tankers.

CO₂ consequences of harvest reductions

Significant amounts of CO₂ would be added to the atmosphere as a consequence of using nonrenewables in structures in place of wood. These additions are the sum of two components. First is the increase attributable to the higher energy requirements of the nonrenewables — with a consequent increase in combustion of fossil fuels. Second is the effect attributable to forest age and productivity, and the longevity of wood products in service.

Increase attributable to energy requirements of nonrenewables

Scenarios 2, 3, 4, and 5 all call for reductions in wood product output below the base case scenario 1 (Table 5). If the wood products eliminated by these reductions are replaced by nonrenewables, the annual consumption of energy will increase significantly. If these increased energy requirements are translated

into million Btu (oil equivalent) and then translated into gallons of oil (Table 11), the additional CO₂ added to the atmosphere by the increased fuel oil consumption can be computed (Table 12).

The foregoing analysis of increased CO₂ additions to the atmosphere attributable to substitution of nonrenewables for wood could be criticized on the grounds that the source for the additional energy needed might be relatively pollution-free hydroelectric power rather than oil. The counter argument would be that our Northwest hydroelectric power is already fully committed, and in view of the possibility (probability?) of placing certain anadromous fish on the endangered species list our available hydroelectric power may in fact be reduced.

In some applications, natural gas, which at the moment seems to be in surplus supply, could serve as the energy source with less potential for CO₂ additions to the atmosphere than oil. While each gallon of fuel oil burned adds 22.44 lb. of CO₂ to the atmosphere, an equal heat content of natural gas adds significantly less (16.55 lb.). But no matter where the nonrenewables are produced, about 13 percent of the requirement is expended during extraction and transport — expenditures that are normally supplied by diesel fuel. Moreover, a significant percentage of the nonrenewables come from foreign lands where oil or coal are the predominant energy sources (1).

In the distant future, it may be that most energy for industrial purposes will come from atomic power plants or from hydrogen processes not yet commercially developed. But for the next several generations, fossil fuels will likely dominate.

Under scenarios 2, 3, 4, and 5 wood product output

TABLE 11. — Increase in annual energy requirement (Btu), above the base case (1983 to 1987 average harvest in the owl region) attributable to scenarios 2, 3, 4, and 5 assuming replacement by nonrenewables, by product classes and forest ownership.^a

Product class	Scenario			
	2	3	4	5
----- (million Btu (oil equivalent)) -----				
USFS and BLM				
Lumber and shakes	15,802,570	82,580,190	82,580,190	82,580,190
Veneer and plywood	27,639,344	144,423,327	144,423,327	144,423,327
Pulp and board	0	0	0	0
Post, pole, and pile	37,296	194,869	194,869	194,869
MDF and particleboard (and other residue boards)	32,283,623	168,693,410	168,693,410	168,693,410
Subtotal	75,762,833	395,893,796	395,893,796	395,893,796
Million gallons of oil ^b	(549)	(2,869)	(2,869)	(2,869)
Million barrels of oil ^c	[13.1]	[68.3]	[68.3]	[68.3]
Private (and other public)				
Lumber and shakes	19,739,646	19,739,646	121,105,343	70,422,475
Veneer and plywood	12,135,551	12,135,551	74,453,047	43,294,209
Pulp and board	0	0	0	0
Post, pole, and pile	134,268	134,268	823,767	479,026
MDF and particleboard (and other residue boards)	36,437,400	36,437,400	223,548,136	129,992,718
Subtotal	68,446,865	68,446,865	419,830,293	244,188,520
Million gallons of oil ^b	(496)	(496)	(3,043)	(1,769)
Million barrels of oil ^c	[11.8]	[11.8]	[72.5]	[42.1]
Grand total	144,209,698	464,340,661	815,824,089	640,082,316
Million gallons of oil ^b	(1,045)	(3,365)	(5,912)	(4,638)
Million barrels of oil ^c	[24.9]	[80.1]	[140.8]	[110.4]

^a Derived from Table 5 and factors in text discussion.

^b One gallon of diesel oil contains 0.138 million Btu (thermal).

^c Forty-two gallons of oil = 1 barrel.

would be significantly reduced. Concomitant with this reduction would be a reduced quantity of woody residues burned as fuel for energy needs of the wood product manufacturing operation (but not for needs of harvesting or product transport). This reduction in combustion of woody fuel would reduce some of the CO₂ consequences of burning additional fossil fuels to manufacture the nonrenewable replacement products.

For the purposes of this analysis it has been assumed that half of the woody residue is bark and the other half wood. Data on ultimate chemical analysis (defining carbon content) and heat content of wood and bark are both available for Douglas-fir from the owl region (25), and have been used in computations of CO₂ additions. Carbon content of bark is about 53.7 percent — slightly more than the carbon content of wood, 52.3 percent. Thus, each pound (ovendry basis) of bark burned yields 1.969 lb. of CO₂, while a pound of wood yields 1.918 lb. of CO₂. The average is 1.944 lb. of CO₂ per pound of woody residue. The heat of combustion of wood is about 8,600 Btu/ovendry 10,100 Btu/pound ovendry. The average is 9,350 Btu/pound. Each gallon of fuel oil burned adds 22.44 lb. of CO₂ to the atmosphere; an equal heat content (138,336 Btu) of woody residue (half bark) burned adds a maximum of 28.76 lb. of CO₂ to the atmosphere.

Table 7 of the CORRIM Report shows the energy contribution of wood residue to wood product manufacture. That is, it is the lesser of the values tabulated for available energy and energy needs during manufacture (excluding logging and transport).

Application of all these data to the tonnage reductions shown in Table 5 yields the values shown in parentheses in Table 12. The following is a summary of Table 12 data that shows the net addition of CO₂ to the atmosphere above the base case that results when nonrenewables are substituted for wood products:

Scenario	Annual CO ₂ additions to atmosphere above the base case (scenario 1) (million tons of CO ₂)
2	10.9
3	35.1
4	61.6
5	48.3

Increase (or decrease)

According to Houghton and Woodwell (11), carbon addition to the atmosphere is increasing by about 3 billion metric tonnes annually. The major share of carbon additions to the atmosphere is estimated to come from burning fossil fuels, that is, 5 billion metric tonnes of carbon per year (4).

TABLE 12. — Increase in annual CO₂ additions to the atmosphere, above the base case (1983 to 1987 average harvest in the owl region) (scenario 1) attributable to increased energy consumption caused by scenarios 2, 3, 4, and 5 assuming replacement by nonrenewables.^{a,b}

Product class	Scenario			
	2	3	4	5
	(tons of CO ₂)			
	USFS and BLM			
Lumber and shakes	1,282,527 (207,958)	6,702,160 (1,085,168)	6,702,160 (1,085,168)	6,702,160 (1,085,168)
Veneer and plywood	2,243,193 (108,972)	11,721,476 (569,419)	11,721,476 (569,419)	11,721,476 (569,419)
Pulp and board	(Zero addition; no replacement assumed)			
Post, pole, and pile	3,027 (0)	15,815 (0)	15,815 (0)	15,815 (0)
MDF and particleboard (and other residue boards)	2,620,120 (92,156)	13,691,059 (481,548)	13,691,059 (481,548)	13,691,059 (481,548)
Subtotal	6,148,867 (408,786)	32,130,510 (2,136,135)	32,130,510 (2,136,135)	32,130,510 (2,136,135)
	Private (and other public)			
Lumber and shakes	1,602,056 (259,394)	1,602,056 (259,394)	9,828,839 (1,591,418)	5,715,447 (923,406)
Veneer and plywood	984,914 (47,848)	984,914 (47,848)	6,042,568 (293,542)	3,513,740 (170,694)
Pulp and board	(Zero addition; no replacement assumed)			
Post, pole, and pile	10,897 (0)	10,897 (0)	66,856 (0)	38,878 (0)
MDF and particleboard (and other residue boards)	2,957,238 (104,013)	2,957,238 (104,013)	18,143,037 (836,135)	10,550,134 (378,074)
Subtotal	5,555,107 (411,253)	5,555,107 (411,253)	34,081,298 (2,523,093)	19,818,199 (1,467,174)
Grand total	11,703,974 (820,039)	37,685,617 (2,547,388)	66,211,808 (4,659,230)	51,948,709 (3,603,308)

^a Data do not include photosynthetic effects of gradual conversion of unreserved portions of LS/OO forests to more intensively managed forests with shorter rotation age; see text for discussion of age effect. Each gallon of fuel oil burned adds 22.44 pounds of CO₂ to the atmosphere; an equal heat content (0.138 million Btu) of woody residue (half bark) burned adds a maximum of 28.76 pounds of CO₂ to the atmosphere.

^b Entries in the table show the addition of CO₂ attributable to the increased energy consumption (Table 11) based on the oil equivalent of 0.138 million Btu/gallon of fuel oil; listed below in parentheses is the CO₂ contribution to the atmosphere of wood residue burned and utilized for energy during manufacture of the wood product. Net CO₂ addition to the atmosphere attributable to the substitution of nonrenewables for wood is the top number minus the number below in parentheses (see summary table in text).

While it is obvious that both forests and wood products temporarily store carbon, it is equally obvious that such storage can only buy time in the battle to restore balance between carbon additions and carbon subtractions from the atmosphere. That is, sequestering carbon in forests and wood products cannot indefinitely offset the massive infusions of atmospheric carbon resulting from the combustion of fossil fuels.

The real driving force in carbon additions is the thermodynamic law of entropy, which provides a measure of change toward unavailable energy in a system. According to the law of entropy, energy in systems tends to move from available to unavailable condition. For example, a gallon of oil or a lump of coal containing available heat energy can be burned to provide heat to boil water and produce high-temperature steam to move a piston and, by overcoming friction, drag a load over a horizontal surface. At the end of movement the lump of coal is reduced to ash, heat from friction and from low-temperature exhaust steam is dissipated to the atmosphere, and the load is at rest and has not changed its elevation — hence has gained no kinetic or potential energy. That is, the available energy in the coal is spent, the process is not reversible, and entropy of the system has increased.

Within the timeframe of humankind's likely span on earth, the gallon of oil or the lump of coal in the example cited cannot be replaced. Not so with wood, however; through photosynthesis driven by input of solar energy, a lump of wood (containing available energy) can easily be replaced within a single human lifespan.

It is beyond the scope of this paper to address the increase in entropy (decrease in available energy) in our global situation. Discussion is therefore reduced to the question: Does an unutilized, occasionally burned, late-successional old-growth forest, over the long term, add more or less CO₂ to the atmosphere than a younger forest, intensively managed to yield forest products having some discrete life before these products decay or are burned?

Table 1 of Rasmussen's impact evaluation (17) indicates that the total area of USFS, BLM, and State forestland suitable for owl habitat conservation is about 13,502,000 acres in the owl region. In Rasmussen's description of impacts on private lands, he notes that the private forest area suitable for owl habitat conservation is slightly larger than that encompassed by the affected public lands. This suggests that somewhat more than 27 million acres would be affected by owl habitat conservation measures.

Oliver et al. (14) make a comparison between several management options for these public and private lands. Two options of interest to this analysis are as follows: 1) protect these acres so that stand-replacing wildfires — which consume the forest — occur only once every 240 years (no on-site management performed); or 2) harvest the old growth on these

acres, burn (or naturally decay) the logging slash, and grow Douglas-fir plantations on 65-year rotations.

They conclude that over a 400-year timespan there would be only a modest difference in the amount of carbon stored per acre under these two options. That is, the plantation would store 18 percent less carbon than the old-growth forest.

Because the two options represent extremes (harvest nothing, or convert all to tree plantations on 65-yr. rotation), the effect of forest age in scenarios 1 through 5 on CO₂ additions to the atmosphere is deemed minimal. Fundamental to this conclusion is the assumption that public and private forest acreages in the owl region will not be significantly diminished by conversion to nonforest uses.

Dewar (7) observed that carbon storage related to forests and harvests is the sum of two components: that stored by the trees and that stored in wood products resulting from timber harvest. His model indicates that when forests are managed for maximum sustained yield of wood, the contribution to long-term carbon storage in living trees is about one-third that in forests of mature trees (age not specified). The contribution from timber products, according to his model, is typically about 2.5 × average time for product to decay + commercial optimum rotation time.

By this rationale, a rotation age of 65 years and a decay time of wood in structures of 78 years would accomplish carbon storage equal to that of a mature forest.

Supporting Dewar's findings, Harmon et al. (8) conclude from their model that if carbon storage is to be unaffected by conversion of old-growth forests to young fast-growing forests (60-yr. rotation), the lifespan of wood in structures should be significantly longer than the 50-year lifespan assumed in their model. That is, carbon storage is increased by increasing the durability of wood in service.

These findings of Dewar and of Harmon et al. contain a challenge to land managers to obtain — on short rotations — high yields of structural wood from multiple-use forests. Just as important are the challenges to wood technologists to maximize yield of structural and decorative products from each cubic foot of wood harvested, and to develop economic and energy efficient ways to increase lifespans of wood products in use. Additionally, builders must be taught to use wood intelligently so it will be protected from decay, thereby increasing its longevity in service.

Conclusions, comment, and recommendations

Conclusions

In comparison to the average annual timber harvest for the years 1983 to 1987 in the owl region (base case scenario 1), the various strategies under consideration for conservation of the northern spotted owl, and other harvest considerations, in Washington, Oregon, and California all call for substantial harvest reductions on both public and private lands. These

timber harvest reductions will reduce output of structural wood products. If nonrenewable structural materials such as steel, aluminum, concrete, brick, and plastics replace the structural wood shortfall, there will be significant increases in 1) global energy consumption, ranging from 25 to 141 million barrels of oil annually; and 2) CO₂ additions to the atmosphere, ranging from 11 to 62 million tons annually, depending on the harvesting scenario.

Put in perspective, the increase of 141 million barrels that the extreme case of full implementation of the ISC strategy (scenario 4) could produce is equal to about 70 days of output of the Alaska pipeline operating at capacity, enough oil to annually operate a fleet of 11 million automobiles.

It is generally assumed that extra annual additions of 11 to 62 million tons of CO₂ into the atmosphere would have an adverse effect on global warming trends. The extent of this effect is difficult to accurately predict.

It must be noted that the data developed in the preceding discussion probably represent an upper boundary situation, for several reasons. First, by recycling and other measures taken since 1976, the steel and aluminum industries have significantly lowered their energy requirements. The energy ratios between wood and these metals may therefore be lower than the CORRIM Report suggests.

Additionally, all of the harvest loss in the owl region will not be replaced by nonrenewables. That is, some additional wood will be imported. In view of the knot structure and low specific gravity of much of the plantation-grown pine from the Southern Hemisphere, however, more than 1 cubic foot of such imported wood will be required to serve the structural purposes served by 1 cubic foot of Douglas-fir.

One might also take issue with the material balance diagrams depicted in the CORRIM Report — particularly the rather high percentages of each log going to reconstituted panels. The diagrams accurately depicted the situation in 1976, but may not accurately depict the situation in the 1990s. Moderate shifts in wood allocation among various structural wood products should not, however, have a profound effect on the overall energy advantage of wood compared to nonrenewables.

Comment

Central to any discussion of levels of harvest in the owl region is the question of sustainability of the harvest in perpetuity. Obviously there are passionate arguments over the level of harvest acceptable to the nation's many public interest groups.

Many professionals in the field of silviculture knowledgeable about the outstanding productiveness of the forests in the owl region believe that if intensive forestry were practiced on all suitable acres (excluding designated wilderness areas and other areas reserved prior to the owl controversy) the 1983 to 1987 average harvest levels could be maintained in perpetuity. Others are less sanguine, not so much because of

doubts about potential forest yield, but because of doubts that USFS, BLM, and private policies will broadly permit long-sustained application of intensive forestry practices to the forests within the owl region.

Most silviculturists would agree that over millennia, owl region forests intensively managed on 65- to 120-year rotations would grow more tonnage of wood for structural products per acre per year than if less intensively managed over long rotations — for example, 450 years.

Concern about the environment, which fuels much of the passion in the argument over harvest level, often appears to be focused on local and regional issues, but not on global effects. Regardless of the uncertainty in assumptions involving the degree of product substitution, and those involving harvest reductions, it is abundantly clear that there are substantial environmental consequences beyond the preservation of local forestland.

It is an anomaly that a significant segment of the population of the United States — professional foresters as well as lay public — consider it not only economically practical, but environmentally ethical to:

1. Forego tree plantations on some of the highest quality sites in the United States, while accepting the strategy of purchasing more expensive wood from foreign coniferous tree plantations that have been created out of habitat native to the country of origin. Because of the lower productivity of many of these foreign forests and the knot structure and low specific gravity of wood produced in them, the acreage of habitat lost outside the United States will exceed the acreage preserved inside the United States.

2. Forego sustainable tree plantations on major acreages of the Pacific Northwest, one of the premier timber-growing areas of the world, but accept substitution of more costly nonrenewable materials (significant quantities of which are imported) for renewable wood at the expense of significantly greater global energy consumption and fossil fuel depletion, carbon dioxide additions to the atmosphere, and nonrenewable materials depletion.

Logic suggests that after careful consideration of our national and individual interests, and of the global environmental, ethical, and economic forces at work, the public and our forest managers will ultimately perceive the wisdom of a midcourse that protects certain ecosystems but permits rational multiple-use management of the balance of the forest.

Recommendations

No one knows what humankind's span on earth will be, but it is not unreasonable to design our strategies for management of forest amenities and resources based on millennia rather than decades, or even centuries. Given the propensity of human populations to increase, and the human appetite for material goods and energy — whether renewable or nonrenewable — it would also seem reasonable to intensify our management of the amenities and resources provided by forests, and to resist any significant diminu-

tion of acreage committed to forests. In addition to these two general recommendations (for very long-range management, and protection of forested acreages coupled with intensification of management), specific recommendations are as follows:

1. Research efforts should be intensified to increase the percentage of each harvested tree's volume converted into structural products, and to prolong longevity of wood in service.

2. To the extent technically and economically practical, paper and paperboard products (short lived) should be made from recycled fiber or from wood residual from, or unsuitable for, manufacture of long-lived solid wood products.

3. Recent surveys suggest that the northern spotted owl is more numerous, and its habitat more varied, than originally thought. Research should be intensified to develop silvicultural systems and stand structures that will protect owl populations and also permit sustained harvests of wood.

4. In spite of the millions of dollars and decades of time devoted to determining levels of sustainable harvests from our national forests and from private forestlands, it appears that few answers are in hand with which knowledgeable silviculturists are comfortable. Perhaps levels of harvest will always be in some degree of flux, but effective research to determine levels sustainable in perpetuity should be intensified.

5. New knowledge should be sought and existing knowledge used to improve management of private commercial forests; on most commercial forest acres, rotations should be timed to maximize yield of wood for structural uses.

6. Data contained in the CORRIM Report (particularly Panel II data) should be updated, and resultant information widely disseminated to professional foresters, architects and builders, politicians, and to the nation's various public interest groups.

7. Not only humankind will be adversely affected by an extreme buildup of carbon dioxide in the atmosphere; fauna of the world—including the owl—will also be threatened. Efforts should be intensified, therefore, to inform the nation's various interest groups and politicians of the important role played by intensively managed forests, and structural wood products therefrom, in capturing and sequestering carbon—and slowing drawdown of fossil fuels and nonrenewable materials.

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United States
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Reply to: 4000

Date: June 29, 1993

Honorable Bill Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear President Clinton:

The Forest Ecosystem Management Assessment Team, assembled at your direction following the Forest Conference in Portland in early April, has been developing a set of options and recommendations for your use in crafting an integrated approach to managing Pacific Northwest forests. We support the efforts of the highly qualified people who have been working on the Ecosystem Team. We also support your premise underlying the Forest Conference--that a healthy environment and a healthy economy can be compatible. The purpose of this letter is to urge you to select a course of action for certain Pacific Northwest forest ecosystems that we think is critical to their health and integrity, and that may at the same time enhance opportunities for employment. The ecosystems in question, and the reasons we believe that special provisions are needed for them, are described briefly below.

The geographic scope of the work of the Ecosystem Team is the range of the northern spotted owl. Forested ecosystems throughout this range have been strongly influenced by fire and other disturbance factors such as insects, diseases, and wind. However, the characteristic fire regimes--for example, how often and how severely fires burned in the centuries before European settlers began to exert major influences on the forests--differ widely among subregions of the range, primarily in response to climatic differences. The moist forests west of the Cascade crest in Washington and Oregon and north of the Klamath Mountains (for simplicity, hereinafter referred to as "moist" forests) burned relatively infrequently, in some places only once every several hundred years. When they burned, however, fires tended to be severe and to kill most large trees over wide areas. The drier forests east of the Cascades in Washington and Oregon, in the Cascades of northern California, and in the Klamath Mountains of southwestern Oregon and northwestern California (hereinafter referred to as "dry" forests) had quite different fire regimes. In these areas fires burned much more frequently (on the order of once every 5 to 30 years), and because less fuel accumulated between fires, they also burned less severely. Typically, medium- to large-sized trees survived over most of the burned area.

Forests with these very different fire regimes also differ substantially in terms of impact of past management activities and risk of catastrophic loss or ecosystem deterioration. Fire suppression policies begun in the early 1900s have affected the moist forest ecosystems relatively little. These same policies, however, have profoundly changed the structure, composition, and function of the dry forests. As frequent fires of low to moderate severity have ceased being a dominant ecological force, trees of fire-sensitive and

shade-tolerant species have increased dramatically in abundance, particularly in small to medium size classes. Unnaturally dense stands have led to drought stress and insect outbreaks, resulting in widespread mortality of trees in many areas and the potential for extensive mortality in many other places. Along with fuels on the forest floor that have accumulated far beyond their normal levels, these stand conditions have substantially increased the probability (and actual occurrence) of large-scale, catastrophic wildfires. Such adverse changes certainly are not consistent with the goal of sustaining healthy, productive, biologically diverse forest ecosystems.

The necessity and difficulty of restoring and sustaining these dry forest ecosystems is emerging as a major challenge confronting the Forest Service and other forest management organizations. Several recent reports have stressed the importance of this issue and have recommended approaches to the problem. Three excellent examples, all released in 1993, are "Fire related considerations and strategies in support of ecosystem management" (a staffing paper prepared in the Forest Service's Washington Office), "Eastside forest ecosystem health assessment" (a report prepared at the request of Speaker Foley and Senator Hatfield, and published jointly by the National Forest System and Forest Service Research), and "Forest health in the Blue Mountains: a management strategy for fire-adapted ecosystems" (a publication of the Pacific Northwest Research Station of the Forest Service). In addition, two of the Appendices (F and G) to the "Recovery plan for the northern spotted owl" recognize major differences between moist and dry forest ecosystems and recommend management approaches that differ accordingly. For example, management activities designed to reduce the risk of catastrophic fire tend not to be very cost-effective in moist forests. In contrast, fuel management strategies, including development of fuelbreak systems and initiation of extensive prescribed burning, may be very important investments in the future of dry forests. Thinning of overly-dense stands anywhere in the Pacific Northwest can, among other things, speed the development of desirable old-growth-type characteristics. The need for thinning and other silvicultural methods may be more critical in many portions of the dry forest types, however: without them, the risk of catastrophic loss to wildfire, insects, and disease will continue to escalate.

The appropriateness of a more active form of management in the dry forests is reinforced, we believe, by another recently-released report--"The California spotted owl: a technical assessment of its current status" (a publication of the Pacific Southwest Research Station of the Forest Service). Three of us (McKelvey, Noon, and Verner) were members of the core team of wildlife biologists responsible for preparing the report (Verner was team leader), and authored most of the chapters in the report. The fourth (Weatherspoon) served as a consultant/advisor to the core team, and authored two chapters dealing with fire ecology and fuels management, and (with McKelvey) long-term management strategies. The team's principal recommendations for management dealt with forests of the Sierra Nevada, which for the most part have short-interval fire regimes similar to those of the dry forests within the range of the northern spotted owl. The team decided not to recommend establishment of a large-scale reserve system for the California spotted owl. Risk of loss of habitat to wildfire, along with limited opportunities in a reserve system to ameliorate that risk, played a major role in the decision.

The report states (pp. 18-19), "Sierran mixed-conifer forests, where most California spotted owls occur, are drier and, given the effects of fire exclusion, much more prone to stand-destroying fires than are most forests in western Washington and Oregon." This report contains recommendations for fuel management and silviculture that may be relevant also to the dry forests within the range of the northern spotted owl.

On May 6-7 one of us (Weatherspoon) participated in a panel in Portland convened to help the Ecosystem Team assess ecosystem viability for the various options that had been developed up to that point. Each of the options included a unique mix of one or more of several types of conservation areas, which permitted a range of management intensity from no management to limited management. The options also varied in terms of the degree to which they made provisions for subregional differences related to climate and fire regime. There were some indications at that time that concerns related to forests of northern California and other dry forests of Oregon and Washington were not being addressed as fully as those related to the moist forests. Recognition of important subregional differences, particularly with regard to fire ecology and related management of conservation areas, did not seem to be well developed at that time (in large part understandable because of the short time available for the assessment). Recent conversations with colleagues who are members of the Ecosystem Team indicated that they agreed with these observations, based on current versions of the options. Our intent certainly is not to criticize the Ecosystem Team's report, especially since we have not seen the final version of it. Nor do we see our recommendations here as contrary to the strategies proposed for the northern spotted owl by the ISC (Thomas) Team or the Recovery Team of the U.S. Fish and Wildlife Service. Both of those teams recommended a separate management plan for each conservation area, which could develop fuel-treatment programs specific to the conditions in each area. We simply want to urge that appropriate attention be given to this issue, and the possibility of its not being addressed fully in the Ecosystem Team's final report provided the impetus for us to write this letter to you. We felt it was important to write now, rather than wait until we had had time to review the final report, in order that these concerns might have a better chance of being incorporated into your announced management strategy for Pacific Northwest forests.

In short, Mr. President, we think it is essential that the management strategy developed by your administration take into account the distinctive nature and special needs of the short-interval fire-adapted ecosystems east of the Cascades and in southwestern Oregon and northern California. As we indicated earlier, several excellent reports substantiate this need and provide useful recommendations. We do not argue against conservation areas. We simply suggest that, for whatever system of conservation areas may be adopted, flexibility be incorporated into it to meet the needs of these dry forest ecosystems. A "hands-off" approach in conservation areas might be appropriate elsewhere in the Pacific Northwest, at least in the short term. But in these dry forests, abandoning all management activities, including fuel management, will simply exacerbate existing problems and could be a recipe for disaster. This recommendation is not a ploy to "get out the cut" at all costs; much of the needed work will produce little or no timber volume. The question is one of ecosystem health and sustainability. The measures needed to restore and

maintain these ecosystems, however, will require a lot of rather intensive work. Jobs, therefore, would be a substantial and valuable byproduct.

We hope these comments are helpful.

Respectfully,

/s/ Kevin S. McKelvey

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TESTIMONY

SENATE COMMITTEE

ON

NATURAL RESOURCES AND WILDLIFE

**HEARING ON IMPACT
OF THE
CLINTON FOREST PLAN**

OCTOBER 5, 1993

EUREKA CITY HALL

We have more to lose than our jobs. Our ability to keep our self-esteem, our very existence, our roots and the security of homes and family, which all of us have spent our entire lives planning and dreaming about. We have seen what happens when the chain reaction occurs. This is nothing new, but, if you live here and continued to see the downslide of a community being destroyed, piece by piece, only then would you understand why our cry for help must be heard. Put yourselves in the place of our workers-----for example: say you are 40 Or 50 years of age and the government told you we are going to take your job away from you and you only knew one trade, that which you have done all your life. It was was a trade you thought would always be here because you had a renewable resource from which you manufactured your product. You had the security you always wanted so you began planting roots for your future and the future of your children by buying a home. You sent your children to school and, had a mortgage and school loan payments and your bills were within your means. You began to put some money away for your retirement, beginning to see the light in the end of a long tunnel, which was your future. You had always taken care of your family and were able to put food in their mouths and shoes on their feet. You were proud and felt good about yourself until.....one day, the government steps in and takes your job. What would you do? How would you feel? Is the job the only thing the government would be taking? What about security, self-esteem and family? Statistics have proven many disastrous changes occur during a loss.....be it financial, material, or emotional. Depression is always there, family breakdown begins to occur, crime rates rise, suicides increase.....all because of the loss of their jobs and particularly when they are not certain there is a good reason to have lost that job.

If you lay in your bed, close your eyes and think about how you would react to this situation, what would your answer be?

OPTION 9 IS A POOR POLICY

We have just lost 55 more of our jobs due to reduced availability of large logs. A gradual reduction has occurred over the past few years due to more and more restrictive government regulations. We have gone from a field of membership of 1600 to a current 450 which is being reduced by 55 more as of December, 1993. We have seen plant closure after plant closure. These are figures of only one local Union in our area.

Option 9 speaks of 6000 jobs which is slightly below the actual level of jobs to be lost. This is why we feel the need in the plan for a wider window is necessary. Three years is not long enough. We need no less than five years because once the plan goes into effect, it will take time for the effect to come down. This was a problem we had after the park was bought. In some areas, the loss of jobs occurred later but was still due to the impact of the legislation and by that time the benefits were not available. People needed retraining, schooling, etc., but could not afford to do this because they had to come up with money for house payments, taxes, etc. Unemployment and minimum wage did not cover this and they certainly did not want to lose their homes so they were forced to sell their homes and drop out of the program in order to start all over again.

The entire dislocated worker program, at the state or local level treats the dislocated worker as if they are the reason for their dislocation instead of recognizing that the worker is dislocated because of National Forest Policy.

Providing resume preparation, job search skills and self-esteem training does not help feed the family, pay the mortgage, maintain health insurance, buy school clothes for the children or pay for higher education needed. These skills do little good if these basic human needs are not met. These are the real problems which don't compare to the facts about the economic problems which this plan will create.

Increased use of imported fiber carbon emissions from the energy used in aluminum framing is three times greater, while steel framing is two and one-half times greater than wood.

Harvest levels are substantially below growth levels leading to increased fuel load on the ground. (creates wild fires)

Also, contributing towards the substitution of non-renewable forest products, such as aluminum and steel, Option 9 will increase global oil consumption by six billion gallons per year and annually add another 62 million tons of carbon dioxide to the atmosphere.

Shifting harvest from highly managed forests to less productive and less managed forests, primarily in third world countries like Russia, who needs 1.53 million acres to equal the 4.7 billion board feet which we harvest from 100,000 acres on the

Pacific Northwest. Logs are being brought in from Chile and Russia and now chips from Brazil. All from places who do not manage their harvest.

The impact of Option 9 on the people and our communities will be devastating. Option 9 will cause unemployment for about 60,000 Northwest workers. The Option 9 job loss figure of 6000 is misleading because it only counts direct job loss in rural communities and ignores the indirect job loss such as pulp and paper mills (about 8 mills on brink of supply related closure) and urban producers of machines and services for timber industry. It ignores the market reality of what happens to high cost producers--the competitive disadvantage will close many marginal mills while making many profitable mills marginal for lack of timber. The smaller diameter logs dramatically decreases profitability. New investment will steer clear because of uncertainty. Secondary manufacturing can not develop and grow without primary manufacturing activity.

Annual unemployment rate average for the three northwest counties of Mendocino, Humboldt and Del Norte has risen dramatically in the last 3.5 years. From a rate of 9.4 in 1990 to a rate of 12.8 as of August, 1993. The 12.8 rate does not include the annual increase of unemployed in the winter months. Humboldt County alone had an annual average rate of 7.6 in 1990 and as of August, 1993 has a rate of 10.7.. This again does not include our increase that usually occurs in the winter months.

Add the figures as a result of Option 9 and you will see an economically devastating average that will destroy communities.

Foreseeing a devastating effect on people and our communities we would like you to consider the following changes to help meet the needs of the people who will lose their jobs.

1. Extend the Window from 3 years to at least 5 years.
2. Develop ways for them to keep their homes.
3. A way that their property tax and income tax can be **deferred until they have secured a job** which provides them with the same income they had at the time they lost their job.
4. A full payoff by the Government for all school loans currently being paid by these employees who lose their jobs.
5. Relocation and retraining needs a longer window of time.
6. A. Subsidize a person's income other than unemployment while he or she is in the readjustment period.
B. Extend unemployment benefits rather than cutting off the extensions.
7. Counseling for families and children directly affected.
(all degrees of problems.)

**ANNUAL UNEMPLOYMENT AVERAGE
HUMBOLDT, DEL NORTE AND MENDOCINO COUNTIES**

	HUMBOLDT	DEL NORTE	MENDOCINO
1990	7.6	12.3	8.3
1991	8.8	?	10.9
1992	10.5	15.6	12.8
1993:			
JAN.	11.9	17.6	15.2
FEB.	11.9	16.3	15.4
MAR.	11.1	15.5	14.0
APR.	9.6	13.4	12.0
MAY	10.2	13.2	11.5
JUNE	11.0	13.9	12.4
JULY	10.6	15.9	12.5
AUGUST	9.2	13.3	10.0

DEL NORFOLK COUNTY
LABOR FORCE AND INDUSTRY EMPLOYMENT SUMMARY

BM 3/92

1992	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	ANN AVG
LABOR FORCE (1)	9,075	9,200	9,225	9,125	9,375	9,650	9,775	9,650	9,575	9,425	9,275	9,275	9,400
EMPLOYMENT	7,700	7,650	7,700	7,625	7,950	8,125	8,450	8,275	8,275	8,000	7,550	7,700	7,925
UNEMPLOYMENT	1,375	1,550	1,525	1,500	1,425	1,525	1,325	1,375	1,300	1,425	1,725	1,575	1,475
UNEMPLOYMENT RATE	15.1%	16.9%	16.4%	16.4%	15.3%	15.9%	13.6%	14.2%	13.6%	15.1%	18.5%	17.0%	15.6%
INDUSTRY EMPLOYMENT (2)	6,850	6,825	6,875	6,925	7,175	7,300	7,400	7,225	7,400	7,225	6,750	6,725	7,050
AG WAGE & SALARY	400	350	325	350	400	450	475	500	600	625	300	300	425
AG PRODUCTION	225	200	200	250	275	350	350	400	500	525	225	225	300
AG SERVICES	175	150	125	100	125	100	125	100	100	100	75	75	125
NON-AG WAGE & SALARY	6,450	6,475	6,550	6,575	6,775	6,850	6,925	6,725	6,800	6,600	6,450	6,425	6,625
MINING & CONSTRUCTION	175	175	200	200	225	225	250	250	250	225	200	200	225
MANUFACTURING	725	675	625	725	750	750	775	775	650	600	500	500	675
LUMBER & WOOD	350	350	350	350	375	375	400	400	375	350	300	275	350
FOOD & KINDRED	325	275	225	300	300	300	300	300	200	175	125	150	250
OTHER	50	50	50	75	75	75	75	75	75	75	75	75	75
TRANS & PUBLIC UTILITIES	275	275	300	300	300	325	325	325	325	325	300	300	300
WHOLESALE TRADE	75	75	75	75	75	75	75	75	75	75	75	75	75
RETAIL TRADE	1,300	1,325	1,325	1,325	1,400	1,450	1,575	1,575	1,525	1,425	1,375	1,350	1,425
FIN, INS & REAL ESTATE	150	150	150	150	150	150	150	150	150	150	150	150	150
SERVICES	1,125	1,125	1,150	1,150	1,150	1,175	1,175	1,175	1,175	1,150	1,150	1,150	1,150
GOVERNMENT	2,625	2,675	2,725	2,650	2,725	2,700	2,600	2,400	2,650	2,650	2,700	2,700	2,650
FEDERAL	150	150	150	150	150	175	175	175	175	175	175	175	175
STATE, LOCAL & EDUC	2,475	2,525	2,575	2,500	2,575	2,525	2,425	2,225	2,475	2,475	2,525	2,525	2,475

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- 1) Labor force, employment and unemployment by place of residence. Employment includes persons involved in labor-management disputes. The unemployment rate is computed from unrounded data; it may differ from a rate based on the rounded figures in the table.
- 2) Employment reported by place of work and does not include persons involved in labor-management trade disputes.

NOTE: Because of a change in methods, current labor force data (November 1989 forward) are again comparable to the data for January 1983 through March 1988. However, these data are not strictly comparable to data for April 1988 through October 1989. Wage and salary employment data are not affected. Current data (January 1988 forward) are based on 1987 federal Standard Industrial Classifications. Data for the period from January 1972 through December 1987 are based on 1972 Standard Industrial Classifications. Current month's data are preliminary, previous month's data may be revised.

DEL MORTE COUNTY
LABOR FORCE AND INDUSTRY EMPLOYMENT SUMMARY

*1993
Annual
to date
14.8%*

BA 3/92

1993	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
LABOR FORCE (1)	9325	9525	9375	9250	9525	9775	10125	9850	0	0	0	0
EMPLOYMENT	7725	7975	7925	8025	8275	8425	8525	8550	0	0	0	0
UNEMPLOYMENT	1600	1550	1450	1225	1250	1350	1600	1300	0	0	0	0
UNEMPLOYMENT RATE	17.2%	16.3%	15.5%	13.4%	13.2%	13.9%	15.9%	13.3%	0.0%	0.0%	0.0%	0.0%
INDUSTRY EMPLOYMENT (2)	6700	6925	6900	6975	7225	7450	7325	7325	0	0	0	0
AG WAGE & SALARY	325	375	325	350	400	425	475	500	0	0	0	0
AG PRODUCTION	225	200	200	250	275	325	350	400	0	0	0	0
AG SERVICES	100	175	125	100	125	100	125	100	0	0	0	0
NON-AG WAGE & SALARY	6375	6550	6575	6625	6825	7025	6850	6825	0	0	0	0
MINING & CONSTRUCTION	175	175	200	200	200	200	225	225	0	0	0	0
MANUFACTURING	475	600	525	550	650	675	600	650	0	0	0	0
LUMBER & WOOD	275	275	250	250	250	250	275	275	0	0	0	0
FOOD & KINDRED	150	275	225	250	325	350	250	300	0	0	0	0
OTHER	50	50	50	50	75	75	75	75	0	0	0	0
TRANS & PUBLIC UTILITIES	275	275	275	300	300	300	300	300	0	0	0	0
WHOLESALE TRADE	75	75	75	75	75	75	75	75	0	0	0	0
RETAIL TRADE	1425	1425	1450	1475	1525	1575	1775	1775	0	0	0	0
FIN, INS & REAL ESTATE	150	150	150	150	150	150	150	150	0	0	0	0
SERVICES	1125	1125	1150	1150	1175	1225	1225	1225	0	0	0	0
GOVERNMENT	2675	2725	2750	2725	2750	2825	2500	2425	0	0	0	0
FEDERAL	150	150	150	150	150	175	175	175	0	0	0	0
STATE, LOCAL & EDUC	2525	2575	2600	2575	2600	2650	2325	2250	0	0	0	0

- 1) Labor force, employment and unemployment by place of residence. Employment includes persons involved in labor-management disputes. The unemployment rate is computed from unrounded data; it may differ from a rate based on the rounded figures in the table.
- 2) Employment reported by place of work and does not include persons involved in labor-management trade disputes.

NOTE: Because of a change in methods, current labor force data (November 1989 forward) are again comparable to the data for January 1983 through March 1988. However, these data are not strictly comparable to data for April 1988 through October 1989. Wage and salary employment data are not affected. Current data (January 1988 forward) are based on 1987 federal Standard Industrial Classifications. Data for the period from January 1972 through December 1987 are based on 1972 Standard Industrial Classifications. Current month's data are preliminary, previous month's data may be revised.

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Option # 9: Turning Win-wins into Lose-lose

Option # 9 is poor public policy. If implemented in its present form it will generate adverse global environmental repercussions, disastrous local economic consequences, and move Northwest Forests away from a management policy based on the best available science to one based on the momentarily politically correct fad.

Instead of seeking either a strict scientifically based solution. Or, as the Administration has apparently attempted with the auto industry and auto workers, making a commitment to the advancement of an environmentally benign, highly productive, technologically advanced forest management industry. This Administration has chosen to pander to the special interests of urban based professional pseudo-scientific environmental groups more concerned with maintaining an ability to do fund raising than in developing a scientifically creditable forest management plan.

In terms of environmental impacts, Option # 9 fails to comply with the key ecological assumption that every nation should strive to consume only what is environmentally most benign and to produce most of what it consumes. Failure to strive for this goal results in externalizing environmental damage to other areas within the nation and to other nations less able to afford environmentally enlightened social policies.

Instead of recognizing the global connectedness of forest supply and

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demand , Option # 9 is a locally parochial response to a global problem. As such, Option # 9 if implemented will increase the amount of fiber imported into the U.S. from less productive, less well managed forests, resulting in increase global deforestation, increased exploitation of third world workers, expanded global habitat deterioration, increased substitution of non-renewable products, and increased global energy inefficiencies.

A few examples will document these assertions. Carbon emissions from the energy used in aluminum framing is 3 time greater while steel framing is 2.5 times greater than wood.

Implementing Option # 9 will increase global oil consumption by 6 billion gallons per year and annually add another 62 million tons of carbon dioxide to the atmosphere.

Shifting harvest activity from highly managed Northwest Forests to less productive and less managed forests primarily in third world countries will require considerable more acres of habitat to be harvested to generate the same amount of wood products. It will require harvesting 1.53 million acres of Russian forest to equal the 4.7 billion board feet that could have been harvested from 100,000 acres in the Pacific Northwest.

Stone Container Corp has already introduced 27 million gamelina araborea to Costa Rico to obtain a fiber supply. This tree is native to India. The introduction of new plants in areas such as the tropics has usually been accompanied by long term environmental impacts.

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Chilean logs are being imported into the U.S. The Department of Agriculture is working hard to allow these logs into the Pacific Northwest. Hopefully their inspection process for diseases and insects is superior to their meat inspection in Northwest restaurants.

The end result is increased pollution, increased energy inefficiency, the substitution of non-renewable products for renewable products, and the few temporary salvation of habitat for a hundred species at the expense of the habitat for thousands of other species. None of these is environmentally desirable.

As bad as Option # 9 is for the environment, it is even worse for people. For rural residents in timber dependent communities of the Pacific Northwest, Option # 9 will create dramatic job dislocation. The administration's estimate of job loss is based as much or more on the political reality than economic analysis. It is no coincidence that the Administration's job loss estimate of 6,000 jobs is slightly below the level of job loss acceptable to average citizens according to numerous of polls.

Because the decline in available timber has occurred so dramatically and so quickly a number of temporary market anomies are also likely to occur which will quickly make the 6,000 estimate seem as realistic as federal budget deficit projections.

First, the market mechanism is being dramatically distorted in its effort to find equilibrium. As the historically unprecedented fluctuations of the past

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39 months attest, the market has been unable to find the balance point for prices of either timber or lumber products. As prices for timber and finished product gyrate wildly several results can be expected on the margin.

A larger number of mills will close than predicted since the uncertainty of supply and profitability will cause more market leavers than predicted by current historically based econometric models.

Second, because of the extreme fluctuation in the market, there will be more market losers. When timber prices soar to record highs and finished products lag behind, many more mills that normal will be caught in liquidity crunches leading to bankruptcy and or closure.

Third, rather than the most productive mill being the survivor, as has historically been the case, and as would be socially desirable, those mills with access to timber will survive. The current round of closures is just now starting to reveal the closure of productive and competitive mills because they are unable to obtain timber at any price.

Fourth, The rapid run up in Northwest timber prices will make all down stream users become high cost producers. Thus, not only timber mills will close because the price of their raw material is so substantially higher than their global or southern competitors, but so will pulp and paper mills. In addition, the prospect of supply uncertainty coupled with high timber prices suggests that the current disinvestment in the forest products industry in the Pacific Northwest will, with few modest exceptions, increase dramatically.

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This in turn will undermine the ability of secondary manufactures to grow and develop niche markets.

Private landowners, especially smaller woodlot owners will be pressured to abandon their traditional steady income stream management program to capitalize on temporarily high prices for raw materials. This will accelerate the yo-yoing of the current market.

Fifth, the Department of Agriculture's policy to micro-manage the timber market by attempting to generate cutting and contracting circles, small business set asides, and local bidding preferences will aggravate, not mitigate, all of the above problems. Micro-management simply adds additional uncertainty and needless bureaucratic intervention at a time when the market needs certainty and predictability, not isolated and frequently inefficient small enterprises. The Department will not be able to sufficiently alter the shake-out of small federal timber dependent mills currently ongoing. Option # 9, will simply speed up the concentration and eventual alteration of the national timber market to an oligopoly.

Finally, Option # 9's mitigation package is wasteful, unresponsive, and ignores the most basic precepts of successful labor market interventions. The monies are essentially divided into four categories, dislocation assistance, economic development, and public works.

The dislocation monies are inadequate, designed to be delivered through programs with a demonstrated history of incompetence and irrelevance for

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adult, dislocated workers with established labor market experience. The needs-related payments are insufficient to assure that the few who either chose or can afford to start participating in these minimalist training programs, will be able to finish.

The entire dislocated worker program at the state and all too frequently, the local level, treats the dislocated worker as if they are the reason for their dislocation. Instead of recognizing that the worker is dislocated because of national forest policy. Providing resume preparation, job search skills, and self-esteem training does not help feed the family, pay the mortgage, maintain health insurance, or buy school clothes for children. Intervening on the top of the needs hierarchy, does little if basic human needs are not met.

The economic development assistance is as meaningless today as it has been for more than four decades. Timber dependent communities exist because they provide needed goods and services to the timber industry and timber workers. If the primary economic reason d'etre of these communities is removed within 24 months, it is reasonable to expect that the vast majority of them will suffer population, social, and economic decline anywhere from 1/3 of their population to total abandonment.

These timber dependent communities have remained so, despite decades of government funded economic development programs because there are real and serious economic disadvantages for private business to operate in these locations. The barriers to economic growth include, the inability to compete

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in terms of transportation to markets, technological infrastructure, agglomeration benefits of urban market areas, cultural amenities, the narrow skill base of the local labor pool, and local public infrastructure. If firms feel they can be competitive under these conditions then there is an overwhelming probability that the firm is making up the difference by externalizing costs either to the local environment, the local tax base, or the local labor market.

The most common has been the local labor market. This occurs when firms move from higher wage urban areas to rural areas and unilaterally lower the wages at the same time. This is obviously adverse social policy and disastrous economic policy. Instead of promoting high skill, high wage jobs, the relocated firm tends to engage in "dumbing down" its job skills because of introduction of the latest available technology and lowers its wages. The end result of is higher costs to government as additional social services are required for the "working poor."

Community development suffers much of the same problems. New water systems and sewer systems may attract retiring equity refugees, enabling the local economy to be powered for some time by social security transfer payments and dividends from pension funds. However, over the long run, the indigenous population is priced out of their own community. This is the neutron bomb approach to community development. The community and the buildings are saved but the original inhabitants are gone.

Lastly, the public works aspect of Option # 9 will indeed provide

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temporary employment for some group of unemployed workers. However every indication is that these "Jobs in the Woods" projects will be driven by watershed and environmental, not labor market considerations. Doing restoration jobs in damaged Eastern Washington forests will do little to help dislocated workers in Aberdeen. In addition, there is absolutely no indication that the type of jobs created will use the existing knowledge, skills, and abilities of dislocated woodworkers, mill workers or paper workers. Neither is there any written commitment to train dislocated woodworker for these temporary jobs.

There is, on the other hand, plenty of reason to believe that existing restoration contractors will be in a competitive position to capture a disproportionate share of these contracts. As a group, the current forest restoration and replanting contractors are most accurately characterized by a large number of safety violations, wage and hour violations with almost none of the independents providing health insurance, family level wages, or pension plans.

Given this rather lengthy diatribe what can be done.

1. Tweak existing programs at every opportunity. Admittedly this is similar to developing seating patterns for deck chairs on the Titanic. Nevertheless, any incremental change that makes these programs more relevant for dislocated workers is a step in the right direction.

Such changes should include:

- a. Require prevailing wages and benefits for all contracts with and or by U.S. Departments of Interior, Agriculture, and Forest Service
- b. Require all contractors and purchasers to hire from a "first source" labor pool comprised of dislocated woodworkers
- c. Ban from bidding any exporter of raw logs during times of "extreme shortage"
- d. End the small mill set-aside
- e. Dedicate a portion of all federal timber revenues to restoration and productivity enhancing activities in the woods and for investment in job creating forest products mills in timber dependent communities

2. Support legislation aimed at correcting basic flaws in the delivery system for dislocated programs. Sen Hatfield, of Oregon, has recently introduced legislation that would provide sub-minimal needs-payments for dislocated workers participating in JTPA programs. While it falls far short of what it morale, it at least represents the start of a public debate that needs to occur. Incidentally, Senator Hatfield's legislation requires consultation with the affected labor union and limits administration to 5%. Both lessons needed to be learned by Employment Security in Washington state.

3. Work to amend Option# 9. Critical amendments required include, ramping down harvest levels over several years instead of crashing all markets involved. And, a commitment to create a viable forest products

industry in the Northwest similar to the Big Three auto-UAW accord.

4. Create a superfund for dislocated timber workers supported at a level to hold them harmless, including mortgage payments or buy-outs, pension buy-outs, and labor market driven public works employment.

Option # 9 micro-manages the forests and allows Adam Smith's individual hand, which historically has been all thumbs, to manage the labor market. It is poor science, weak public policy, and will do indeterminable harm to workers, their families, and their communities in the Pacific Northwest.

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Option # 9 Fact Sheet

Is not based on science

Assumes a "state of Nature" that never existed

Option # 9 aims to have % of forests in old growth stage, various historical studies show forest average was closer to %

Places a subjective value on Late Succession Old Growth to the detriment of other stages of forest growth

Ignores biological and natural reality of Northwest forests

forest fire suppression

Douglas Fir not climax species

ignores basis principles of ecosystem management

focus is on preservation, not conservation

results in management plans that ignore the nature changes in forests,

Economic

Option # 9 is a local political solution imposed on the Northwest by primarily urban based policy elites.

It will dramatically increase the amount of fiber imported to U.S. this simply exports environmental damage to other countries.

All other substitute products require more energy to produce than wood products.

Example: carbon emissions from the energy used in aluminum framing is 3 time greater while steel framing is 2.5 times greater than wood

harvest levels are substantially below growth levels leading to increased fuel loads on the ground

Contributes toward the substitution of non-renewable for a relatively benign forest products

Implementing Option # 9 will increase global oil consumption by 6 billion gallons per year and annually add another 62 million tons of carbon dioxide to the atmosphere.

Shifts harvest activity from highly managed forests to less productive and less managed forests primarily in third world countries.

Example: 1.53 million acres of Russian forest will have to be harvested to equal the 4.7 billion board feet that could have been harvested from 100,000 acres in the Pacific Northwest.

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Stone Container has introduced 27 million gamelina araborea to Costa Rico to obtain a fiber supply.

Chilean logs are being imported into the U.S.

Option # 9 ignores the gradual increase in global wood products demand.

forest products industry is most productive and competitive in world.

driving up price of raw material while doing nothing to mitigate regulatory uncertainty creates economic pressure for private woodlot owners to harvest above sustained yields to capitalized on artificially high prices

Labor Market

Option # will cause unemployment for about 60,000 Northwest workers

Option # 9 job loss figure of 6,000 is misleading

only counts direct job loss in rural communities

ignores indirect job loss such as pulp and paper mills (about 8 mills on brink of supply related closure) and urban producers of machines and services for timber industry

ignores market reality of what happens to high cost producers

competitive disadvantage will close many marginal mills while making many profitable mills marginal for lack of timber

smaller diameter logs dramatically decreases profitability

new investment will steer clear because of uncertainty

secondary manufacturing can not development and grow without primary manufacturing activity

Retraining

Training programs ignore labor market, train workers regardless of supply of workers

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(JTPA is using dislocated worker funds to train truck drivers while industry is laying off truck drivers

Training does not provide for needs-related payments such as mortgage support, health insurance, pension

Option # 9 public works jobs not targeted to labor market need, neediest communities, nor is any preference given for dislocated woodworkers

Restoration work requires different knowledge, skills, and abilities. No training for dislocated mill workers to do restoration work.

No skill building or re training for workers doing restoration work

No acknowledgement of hardships on families, children, communities. Glosses over problems since by Federal standards numbers are small

Community development projects are being used to fund community 'wish lists' with no input from dislocated workers, their representatives, or labor unions

Testimony of Richard Hargreaves to Senate Natural Resource Committee on Option 9:

Option 9 means massive job dislocation. Other options developed by scientific panels would have led to less economic and social dislocations such as Option 7. Equally troubling is the blatantly political manipulations of both job loss estimates and the amount of economic assistance available to dislocated workers and their families. Instead of reporting the actual economic consequences of the decision, the Administration decided to deceive the public by only reporting the direct job loss. This ignores the indirect job loss which also will occur.

When the timber town loses 10% to 15% of their income, other merchant's businesses will be forced to close. Department plan direct harvesting at an average of 1.2 billion board feet. The Clinton administration is sorely mistaken if it believes that an 85,000 job loss resulting from an 80% reduction in historic harvest levels will tidy up the severe economic and social problems devastating the Pacific Northwest.

The Administration social economic retraining package is a strawman. According to Peter DeFazio, a Democrat of Oregon, asserted during the hearing, "There is a mythical \$500 million out there." Most of the package's funds are already appropriated through other economic programs.

In addition, funding for the program requires congressional approval, which likely will prove difficult given federal budget constraints. Worker retraining funds are drawn from the Job Training Partnership Act discretionary fund and thus perpetuate the

same old programs that are short term and ineffective at moving dislocated workers into high-wage, high-skill jobs. Nearly half of the entire package is devoted to forest restoration. Unfortunately, the restoration program does not create many jobs - and the jobs that it does generate are season and/or short term.

Past efforts to do this same thing with workers to try and relocate them have proven failures. The Cal Tree project in 1984 is a good example. So was the retraining program for the workers that were dislocated in the Redwood Regional Park. Most of these people returned, or never did obtain jobs outside of the area.

Option 9 calls for spending about \$9,500.00 per worker. Missing, of course, is any type of income support, mortgage support, retirement or ironically health insurance coverage for workers undergoing the minimalistic training. For those workers not capable, or willing to be retrained, they have promised three years of work in Enhancement programs. What happens in the 4th year? Will most rural labor markets be still clogged with large number of unemployed workers at high rural unemployment rate. No guarantee exists that the public works jobs will be anywhere near where the dislocated workers live. No guarantee exists that dislocated wood workers will even get these jobs and no guarantee exists that dislocated wood workers could do these jobs and would be retrained to succeed in these occupations. Do wood workers want retraining? Absolutely. Do wood workers deserve income support while being retrained? Absolutely. Should timber towns receive help to mitigate the loss of payrolls and income tax income?

Absolutely.

Studies in Oregon on the closure effects, the mill in Coos Bay shows the local communities are going to have to come up with a lot of money for increased crime. In one of the studies, it showed that there was a 31.3% increase in eight major criminal offenses after the mill closure, including spousal abuse, suicide, robbery, assault, drunkenness, disorderly conduct, burglaries, motor vehicle theft and arson. Without any income, how are these communities going to afford increased police and medical facilities to handle these things.

Option 9 provides no protection from additional lawsuits, no short term harvest activities, no gradual wrap down in harvest levels permits continued log exports spends more for business, 600 million and for workers 400 million.

Another glaring flaw in Option 9 is the administration did not include pulp and paper job losses in the overall job loss estimates. The administration claimed that 28,000 jobs in the paper industry are not the issue over the long term. Yet the Pacific Northwest pulp industry is totally dependent on chips derived from manufacture of solid wood products. Pulp mills reduced output if timber harvest is decreased, thereby sacrificing thousands of additional jobs. One company has already closed two pulp mills in the State of California with a loss of several hundred jobs.

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This report also ignores more than 50 years of history where the Federal Government promoted the creation of timber dependent towns for timber workers. The wise suggest when given lemons, make lemonade but in this case, Option 9 is still a bitter drink to swallow.

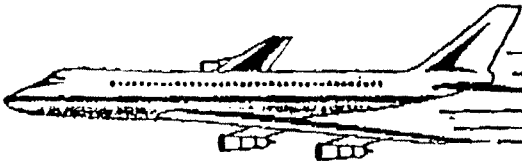


Serving the People of California



State of California / Health and Welfare Agency / Employment Development Department

DATE: _____



Fax Transmittal

TO:

Name; Eileen Johnson

Location: Del Norte Co.

Telephone: _____

FAX: 757-822-4165

Serving the People of California

Charlotte Kular
Labor Market Analyst

State of California
Employment Development Department
Labor Market Information Division
7000 Franklin Blvd., Bldg. 1100
P.O. Box 826880, MIC 57
Sacramento, CA 94280-0001

(916) 262-2292

SUBJECT: Labor Market Information

NUMBER OF PAGES TO FOLLOW: 2

COMMENTS: 1990 Annual Avg 4 Fac 8750 Employment 7695 UI EMP-1075 UI RATE 12.3%
1990 Annual Avg

Simpson

Simpson Timber Company

Redwood Division P.O. BOX 1169

ARCATA, CALIFORNIA 95521-1169 (707) 822-0371 FAX (707) 822-4429

September 28, 1993

Employment Development Department
Job Training Partnership Division
P. O. Box 942880
Sacramento, CA 94280-0001
ATTN: Rapid Response Team

CERTIFIED MAIL
P 140 613 680

RETURN RECEIPT REQUESTED

To Whom it May Concern:

This is to notify you of a permanent curtailment of approximately 55 sawmill and remanufacturing employees at our Korbel, California mill due to the shutdown of our sawmill headrig, a major component of our lumber manufacturing operation. This shutdown is necessitated by the changing nature of the available resource and specifically the reduced availability of larger logs.

Layoff of employees will occur around the first of December, 1993, and is expected to be permanent. Because we are a unionized operation and there will be bumping rights on a seniority basis we are not able to supply exact names of employees expected to be curtailed.

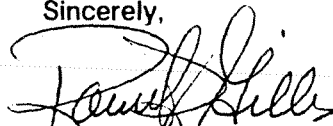
The number of employees affected does not comprise one-third of the work force which numbers approximately 450.

Copy of this notice will be sent to the Humboldt County Board of Supervisors and the President of the International Woodworkers of America, Local 3-98, 4700 Valley East Blvd., Arcata, CA 95521.

We will appreciate any assistance you can provide our local EDD in reemployment efforts on behalf of our curtailed employees.

If you have any questions concerning this layoff please contact me at (707) 822-0371.

Sincerely,



Robert J. Gilles
Employee Relations Manager

cc International Woodworkers of America, Local 3-98
Humboldt County Board of Supervisors
Employment Development Department
Private Industry Council

REDWOOD REGION AUDUBON SOCIETY

P.O. BOX 1054, EUREKA, CALIFORNIA 95502



The President's Forest Plan

Statement of Chad Roberts, RRAS Conservation Chair

California Senate Committee on Natural Resources and Wildlife

Eureka, California

5 October 1993

Senator Thompson and other members of the Committee:

Thank you for coming to the Northcoast to hear the concerns of California citizens in this area with respect to the Clinton Forest Plan. We are pleased to welcome you again, and most anxious to tell you about our concerns.

The documents provided to you by the California Research Bureau present a relatively unbiased portrayal of the timber industry in California, and it is easy to see that the industry is a major player in the politics of the Northcoast, as well as a major contributor to the economy in this region. Only by coming here to listen to local residents are you likely to hear the rest of the story. Based on the agenda for this hearing, you will still miss a lot of the information you need, about how the industry consistently manages for its dollar profits, and not for jobs or for the well-being of the people who depend on the woods, the mills, and the trucks; you should come back again and hold hearings on those concerns to really find out about the industry in this part of the state.

By the same token, the Research Bureau documents should indicate to you that the culture and the economy of the Northcoast are in a natural transition away from an overriding dependence on the timber industry. The President's Forest Plan recognizes (correctly, I think) that this transition must be fostered by state and federal agency actions and infusions of money. I am not, however, here today to talk about the culture and the economy of this region, but rather to discuss the wonderful biological treasures that still exist in this region, as well as how the President's Forest Plan relates to those treasures.

Members of this Audubon chapter have been working on the issue of forest management in this region for a long time. I have personally been involved with federal forestland management issues in this area for more than 13 years, and other chapter members have even longer periods of involvement. Other

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members of this panel also have involvement periods longer than mine. Collectively, the appropriate management of federal lands to protect natural values and wildlife has been a concern for "environmentalists" in this area since the early 1970s or even earlier. In the past decade, we have combined our efforts with those of other forest activists in the Pacific Northwest, with the actions of concerned scientists within the federal management agencies, and with those of concerned members of Congress, to bring the issues of appropriate management and compliance with federal law before the federal courts. In this region, we have reviewed countless federal environmental assessments, met with agency personnel hundreds of times to try negotiating suitable management, and finally gone to court ourselves to seek enforcement of federal laws.

Our members have also been active in timberland management concerns for private land. Probably the most important single step we have taken was to prepare and submit a (successful) petition to the California Fish and Game Commission to list the Marbled Murrelet under the California Endangered Species Act. Our members strongly supported Proposition 130 (the Forests Forever Initiative), as well as the Sierra Accord. While the Governor's Grand Accord package was less desirable, our members also supported that attempt to reform the state's inadequate review process for approving logging on private timberlands. We commend this subject to the Committee as one worthy of additional state concern when the status of federal land management is better resolved.

I think that it's important to tell you that Audubon members are often among the most technical of the "environmentalists" to contribute to these policy debates. Many Audubon members are professionally trained scientists, and in fact the Redwood Region Audubon Society was founded by a group of agency staff scientists and technicians in the early 1970s to provide a suitable focus for their concerns about a project then under consideration in the Humboldt Bay area. Because many of us know and interact with technical professionals in the federal and state management agencies, and have similar technical backgrounds, our members often are aware of shortcomings and flaws in federal agency proposals that are not emphasized in federal environmental documents or plans. I have personally been involved in discussions with Forest Service scientists charged with wildlife and biological diversity

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management in the Klamath Region, and as a practicing environmental scientist I can attest that the technical staff available to the Forest Service properly understand the science issues underlying the President's Forest Plan.

Owls, Science, Biological Diversity, and Old-growth Forests

Aside from some conceptual errors which seem to be hard to eradicate in Sacramento (see below), the science in the Research Bureau briefing documents was adequate for background purposes. To understand the current status of the science of old-growth ecosystems, committee members would have to spend four to ten years studying the applications of all of the scientific disciplines that are involved in old-growth studies. I strongly recommend that committee members and staff study the contents of the Federal Ecosystem Management Assessment Team (FEMAT) Report, and follow that up by studying the four other major study efforts produced by federal agency scientists in the past four years; this should be followed up by studying the thousands of books, technical studies, and scientific papers produced during the last ten years by scientists working on biological diversity-related issues in the western U.S. This is, of course, a daunting task, which is almost beyond the reach of most decision-makers. That is why the FEMAT report is so valuable. It represents the best summary so far prepared of the science underlying the debate about biological diversity and old-growth on federal lands; for current discussion purposes, I am willing to agree with the scientific conclusions and inferences contained in that report.

In essence, the remaining old-growth forests on federal lands in the Pacific Northwest (including those in the four California forests) represent the last of the native forestlands in the United States. These forests hold the remnants of the native biological diversity present in the western United States at the time it was settled by Europeans. The United States Congress has seen fit to declare that it is the policy of the United States that federal agencies charged with managing these forests must protect this native biological diversity as part of the heritage of all Americans. It is patently obvious that those federal agencies have not been meeting either the letter or the intent of the federal laws; Judge Dwyer's decisions only ratified what all environmentalists and nearly all federal agency employees already knew.

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Northwestern California is a special place, biologically. The federal lands in the National Forests include the California part of the Klamath Mountains, which are among the places with the highest biological diversity in the United States. The Klamath Mountains occupy the interior of Del Norte and Humboldt counties, the central and western parts of Trinity County, and the western part of Siskiyou County; the Klamath Mountains are the southern part of the Klamath bioregion, with the Siskiyou region of southwestern Oregon being the northern part. More than three decades ago, Robert Whittaker identified the bioregional patterns of the Siskiyou region as more varied than occurred outside of this region. Two decades ago, Ledyard Stebbins and Jack Major identified the Klamath region as one of two regions in the state (the California desert being the other) with the highest plant species "endemism" (that is, plant species or subspecies found nowhere else). A decade ago, Marty Raphael and his crews documented high residual wildlife diversity in the unlogged forests of northwestern California, including a high abundance and wide distribution of Northern Spotted Owls. In the last five years, Forest Service research scientists from Redwood Sciences Lab have documented the occurrence patterns of Marbled Murrelets, tailed frogs, Del Norte salamanders, Olympic salamanders, fishers, pine martens, bats, other birds, insects, and plants which are most abundant or only occur in old-growth forests in the Klamath Mountains. The forests in the Klamath Mountains (and to a lesser extent those in the adjacent coastal strip) have more coniferous (cone-bearing) tree species than any other forest in the western hemisphere, indicating a wider amplitude of ecological patterns. The Klamath Mountains were a refuge from ice during the Pleistocene glaciations. More recently, these mountains were the last region in the state to be entered by Europeans. The biological importance of the forestlands owned by the federal government in northwestern California cannot be overstated.

Above I stated that the committee's briefing documents contained biologically significant conceptual errors. One is a statement that the California Spotted Owl is a different creature ecologically than is the Northern Spotted Owl. This statement, while true, implies that management in the four northwestern California national forests should be different from the management in forests in Oregon and Washington. In fact, the California Spotted Owl does not occur in the four northwestern California forests; only the Northern Spotted Owl does. As noted above, the forests in the Klamath Mountains are

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ecologically equivalent to those in the Siskiyou Mountains of southwestern Oregon. A similar finding is required for the Cascade forests found in the central part of Siskiyou and Shasta Counties, with respect to those of the southern Oregon Cascades. It is simply incorrect to believe that the forests in northwestern California differ significantly from the adjacent forestlands in southern Oregon; the forests and their native inhabitants do not know anything about political boundaries, and are the same on both sides of the Oregon-California border.

The committee's briefing document also indicates that because the California Spotted Owl is not listed under the state or federal Endangered Species Act, then it is not necessary for the state to adopt forest practices that will protect this species from endangerment, and logging can go on as usual. This is not the case. The California Spotted Owl is under consideration for listing under one or both Acts, because the same fragmentation of forests that has affected the Northern Spotted Owl is affecting the Sierra Nevada and the southern California mountain ranges which are the home of the California Spotted Owl. Both acts (and especially the state act) require that public trustee agencies (such as the Department of Forestry and Fire Protection) act to prevent a species from coming under the act before it becomes threatened, rare, or endangered.

All of these comments are prefatory to any discussion about the actual provisions of the President's Forest Plan. I include them here because I believe that it is important for committee members and staff to understand how many person-decades have gone into getting our basic understanding of the significance of old-growth forests to the point where it is now. I would like to be able to say that I believed that we now know enough about these forests and their native inhabitants to be able to make good, solid management decisions. I do not believe that; nor do most of the professional scientists employed by the federal management agencies responsible for these lands. Regardless of the specific provisions of the President's Forest Plan, I don't believe that it will be possible to produce a management strategy that demonstrates compliance with federal laws without a further significant increase in efforts devoted to learning how these forests work. As noted below, this is one of the major failings of the President's Forest Plan.

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What's Good About the President's Forest Plan

The best thing about the President's Forest Plan is that it's the best the federal agencies have done yet to identify and acknowledge the importance of ecological features and processes of old-growth forests, and then to attempt a management program that is sensitive to those facts. The proposed Options all are based on an appraisal of real biological and ecological information, and on an honest attempt to comply with existing federal laws. This is the first time that these agencies have done that, and the President, Vice President, and Cabinet all deserve great credit for allowing the professionals in the federal agencies to accomplish this result.

The President's Forest Plan also could lead to a reduction in the extinction probability of some of the species that depend on old-growth habitat conditions. The assessment provided in the Environmental Impact Statement for the President's Forest Plan indicates that most bird and mammal species, most vascular plants, most insects, most bryophytes (ferns and their allies), and most fungi with close ecological connections to old-growth are likely to survive for evolutionarily meaningful periods. These are some of the "cogs and wheels" of which Aldo Leopold spoke, and their protection and continued existence are the only acceptable measures of whether the President's Forest Plan is worth the paper it took to print it.

The proposed plan adopts the strategy of designating ecologically reserved areas within the federal landscape. No strategy or program which does not include reserves could protect enough of the ecologically valuable old-growth from the inroads of the politically powerful timber industry in the Pacific Northwest. These reserves include many of the areas known to be of significant ecological value, in California as well as elsewhere in the Pacific Northwest.

Finally, what is good about the Plan is its implicit commitment to allow technically trained professionals in non-timber disciplines a real opportunity to have a say in how the forests are managed. Like the California Department of Forestry, the Forest Service is and has been dominated by "timber

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beasts," and recognition and promotion of Forest Service personnel have been based almost entirely on how well staff worked toward helping "get the cut out." The President's Forest Plan finally refocuses the Forest Service mission to be full compliance with the rest of the laws governing Forest Service land management.

What's Not Good About the President's Forest Plan

The President's Plan has some significant shortcomings. The most significant is that a decision was made to increase log production while decreasing the likelihood that species dependent on old-growth and related habitat conditions will survive for evolutionarily relevant time periods. It is distinctly possible that the compromises made by the Administration in producing the recommendation for Option 9 may have rendered the President's Plan legally inadequate to comply with federal law. The big losers appear to be a number of anadromous fish stocks (salmon and steelhead) in the Pacific Northwest. The President's Plan offers only about one chance in two that some extant fish stocks will survive. In addition, some insect groups, some vascular plants, many fungi, most mollusks, many amphibians, and most bats would have a significantly greater chance of long-term survival under Options 1 and/or 4 than under Option 9.

Another major shortcoming in Option 9 concerns the allocation of lands to management strategies, and the management activities allowed in some areas. In northwestern California, some ecologically significant areas that should have been placed in reserves were not (such as the Dillon Creek basin in Klamath National Forest and the Pilot Creek basin in Six Rivers National Forest). Both of these areas will be subjected to logging intensities higher than would have occurred without the President's Plan, and the reason is the same in both cases: these two basins are largely unentered and have extensive stands of old-growth timber. It seems apparent that the exclusion of these areas from reserve status was based on the logs that they can produce.

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The Dillon Creek basin is placed in the "matrix," the lands surrounding the reserve network in the President's Plan. As one who was involved in significant technical input to the Klamath National Forest Plan, I can state with certainty that the "matrix" under the President's Plan will be logged much more heavily than it would have been under prior planning requirements. Specifically, prior planning requirements would have required adherence to the "50-11-40" rule (50 percent of a planning area having average tree diameters of 11 inches, with a 40 percent canopy closure). Under the President's Forest Plan, the "matrix" will not have to meet this requirement; this waiver is clearly intended to produce more logs than would have been possible from the "matrix" under prior requirements.

The Pilot Creek basin was placed into the Hayfork Adaptive Management Area, apparently in the final hours before the Plan was finalized. This is an unacceptable assignment at best, given that the Adaptive Management Area is primarily in lands of Trinity National Forest, while the Pilot Creek basin is in Six Rivers National Forest, where all the necessary expertise exists and with which Humboldt County environmentalists already have developed a working relationship about the future management of the basin. I believe that this misassignment will be corrected before the final Plan is issued. However, the assignment of the basin to an Adaptive Management Area assures that more logs will come out of the basin than are desirable.

I believe that the odds are better than even that the Adaptive Management Areas will fail to live up to the commitments made in the President's Plan that no logging will be conducted unless it can be shown that adverse effects on old-growth habitat and dependent wildlife will be avoided. All environmentalists having any experience with the Forest Service know all too well how the Service can corrupt any discretionary program to increase the amount of logging associated with the program. The association of the Adaptive Management Areas with a substantial commitment to "local control" increases that likelihood significantly, to the extent that the people who constitute the "local control" lack a comprehension of the ecological significance of old-growth forests. Adaptive Management Areas seem to be a ploy to allow increased logging in areas that would be placed in more restrictive uses under any

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of the other Options in the President's Plan. This is inappropriate, and in my opinion is likely to doom the overall Plan to failure to comply with applicable federal laws.

The Plan's allowance of discretion to the Forest Service to conduct extensive salvage and other logging within the reserves is a major concern. Recent experience with the Forest Service demonstrates that the Service will use the salvage provisions to increase the number of logs coming out of the woods, including a substantial number of logs from trees that should remain on the ground in order to meet the objectives of the President's Plan (i.e., trees that should be allowed to recruit to snag and/or downed wood compartments in the forest ecosystem). A similar concern exists for the management logging allowed within reserves to "jump-start" plantations toward old-growth conditions; the Forest Service has never done this before, and it is unlikely that the Service will be able to accomplish this goal without logging substantial volumes of large green trees within the reserves (the usual argument used in the past has been that it was necessary to take the large green trees in order to have economically viable sale units). These provisions for logging in the designated reserves are one of the most troublesome aspects of the President's Plan, and are also the most likely aspects that will cause it to fall out of compliance with existing federal laws.

The final, fatal problem that could face the President's Timber Plan is a lack of budgetary commitment from the Administration and Congress to carry out the provisions of the Plan. The President's Forest Plan stands or falls on the basis of extensive monitoring, which will allow the federal agencies to track the ecological conditions present in the managed landscape. While it is still too early to read the signals from Washington clearly, the National Audubon Society has already identified a reluctance on the part of the Forest Service to identify sources of funds for the actions that will have to be carried out by the Service. Meetings initially scheduled to discuss the allocations of research grants to Forest Service scientists have been cancelled because there was no budget established for the research. On the local National Forest level, personnel reductions have reduced local staff positions in the disciplinary areas most critical to the success of the President's Plan. The lack of adequate funding for wildlife, fisheries, recreation, and similar non-timber programs has many times before been the basis for

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the Forest Service's inability to comply with federal laws. To carry out the President's Plan, the Forest Service, the Congress, and the Administration will have to work together to identify funding needs and establish budgetary bases for these "new forestry" components. Without this cooperative effort, the President's Plan will fail.

Implications for Privately Owned Timberlands

The Environmental Impact Statement for the President's Plan indicates in many locations that the ultimate compliance with federal laws such as the Endangered Species Act will depend in part on what happens on non-federal timberlands. This appears to be true for Marbled Murrelets, for some species of insects, some native vascular plants, and especially for anadromous fish. It could be true for other taxonomic groups. I presume that negotiations and memoranda of understanding involving the relevant federal (and probably some state) agencies will address this need for private land compliance on a species-by-species basis.

In the broadest sense, the requirement that some non-federal land be used to comply with federal law is hardly a new issue, and this is certainly not a new issue at the state level. This potential need is a revisitation of the "police powers" debate, which is the basis of state regulation of many kinds of land use approvals and exactions for public goods of various kinds. The constitutionality of such regulation has long been established.

The real questions that should be addressed with respect to private land have to do with the fairness with which state laws are applied and the procedural process by which decisions about the acceptability of impacts are made. Notwithstanding the failure of Proposition 130, the Sierra Accord, and the Grand Accord, I believe that most environmentalists would agree that the process used by the Department of Forestry to review and approve logging proposals on private timberland is still biased against protecting significant environmental values. This effect is an inevitable result of the current Forest

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Practices Act, which is too narrowly focused on commercial forestry as practiced by the timber industry, and which places too much authority in the hands of foresters licensed to do the bidding of the timber industry in this state.

How the President's Timber Plan Could Be Improved

While the President's Plan has much to recommend it, the following steps should be taken to reduce its likely effects on species dependent on or related to old-growth habitat conditions.

- > The most satisfactory of the options identified in the President's Forest Plan appears to be Option 1, and the Administration should select and implement it as the preferred option.
- > Whichever option is selected, logging should be extremely restricted within the designated reserve areas, whether for salvage, sanitation, or whatever other causes may be proposed by the Forest Service. Unless it can be shown that the logging will avoid all negative impacts to the protected management values, logging in reserves is not acceptable.
- > Within the "matrix," the President's Plan should incorporate the equivalent of the "50-11-40" rule, to insure that the matrix continues to provide habitat values to wildlife related to old-growth forests.
- > If Adaptive Management Areas are to remain a part of the Plan to be implemented, it is imperative that the Forest Service and "local control" advocates should be prohibited from increasing logging within the Adaptive Management Areas beyond what can be sustained without impacts to sensitive species and habitats. With respect to the Hayfork Adaptive Management Area, it is also imperative that the portion within Six Rivers National Forest be allocated to that Forest for management purposes.

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- > The Plan requires a major commitment to funding Forest Service monitoring programs. The Administration and Congress should identify the full budget amount necessary to carry out the proposed Plan, and these funds should be appropriated before any final decision is made to select or implement the President's Forest Plan.

With these modifications, I believe that the President's Forest Plan could indeed be a solution to the long-standing management disagreement about the appropriate strategy for managing old-growth forests on federal lands in the Pacific Northwest.