

State of Alaska FY2002 Governor's Operating Budget

Department of Natural Resources
Forest Management and Development
BRU/Component

Component: Forest Management and Development

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Component Mission

Develop, conserve, enhance, and manage the state's forests to provide a sustainable supply of forest resources for Alaska and to manage the wildland fire suppression program.

Component Services Provided

This component provides for delivery of services in the wildland fire preparedness, forest resource management, forest practices, and federal cooperative forestry programs.

The wildland fire preparedness program provides personnel, fire training, equipment, facilities and support activities to prepare for Alaska's wildland fire season.

The forest resource management program provides a sustained yield of forest resources and uses on legislatively designated State Forests and other forested state land. This program sells timber to the private sector and creates jobs through value-added processing, harvesting, transportation, and replanting. It inspects harvest operations for compliance with state laws and contracts and involves the public and other agencies in forest management decisions. This program also maintains and enhances wildlife habitat that supports personal and guided hunting, and provides sites for commercial tourism and private recreation.

The forest practices program administers the Forest Resources and Practices Act (FRPA) on state, municipal, trust, and private lands. The Act and program are designed to protect fish habitat and water quality, ensure prompt reforestation, and provide for a healthy timber industry. The FRPA sustains the fish and forest resources that support jobs in the timber and commercial fishing industries. The program implements, monitors, and enforces best management practices for forest operations. The program focuses on private and trust lands where extensive harvesting is occurring.

The federal cooperative forestry program uses USFS funds to provide forestry assistance to private landowners, Native corporations, and communities. DOF delivers these services through its urban and community forestry, insect and disease suppression, fire conservation education, and forest stewardship staff. These funds do not supplant general funds nor duplicate state projects, but provide specialized professional expertise and public outreach.

Component Goals and Strategies

The goals are to deliver the individual program services efficiently and effectively; and to support the Governor's goal of jobs for Alaskans through responsible management and development of the state's renewable resources. Strategies are tailored to each specific program as follows:

The wildland fire preparedness program supports the Governor's emphasis on public health and safety by providing for wildland fire preparedness and fire prevention services. The Division maintains 57 cooperative agreements with local government and volunteer fire departments to augment its initial attack capabilities in the populated areas of the state. Joint training and exercises with cooperators in wildland/urban interface response are critical to ensure rapid coordinated responses. This program also supports municipal and local initiatives such as Project Impact (emergency preparedness and wildland fire), FIREWISE and the Kenai Peninsula Spruce Bark Beetle Project providing pre-planning for evacuation, fire "safe" zones, hazard fuels mitigation and defensible space homeowner education.

The forest resource management program supports the Governor's long term goals of a sustainable, renewable forest, jobs for Alaskans, and the value-added initiative for secondary processing of wood fiber. The FY 02 goal is to offer 40.3 million board feet (MMBF) of timber, comprised of 21.8 MMBF from this component and the remainder from CIP funding. Strategies will vary by geographic area and market demand. The market for forest products directly

affects the demand for timber sales. In Southeast Alaska, timber sales from about 10 thousand board feet to 3 million board feet will be offered for local, value-added processing. This strategy allows the state to play an important role in the local economy, despite having a limited land base. In Interior Alaska, a 6 million board foot timber sale will be offered in Tok as the first phase of a longer term timber supply to support local manufacturing of wood products. This sale and subsequent phases build on the Tanana Valley State Forest Plan update which will be completed in FY 01. The updated plan provides a sound basis for management decisions based upon public input and resource sustainability. We will also continue to offer other sales to support local processors and enhance wildlife habitat in the Tanana Valley. In Southcentral Alaska, the department will offer sales to support local processors, enhance wildlife habitat, and where feasible to salvage beetle-killed timber to accelerate reforestation and defray reforestation costs, to reduce wildfire hazards, and to obtain economic benefits from the wood.

The forest practices program supports the Governor's goal of sustaining, renewable industries such as forestry and fishing by protecting water quality and fish habitat, and ensuring prompt reforestation. It also improves efficiency for the forest industry by providing one-stop shopping with federal Clean Water Act and coastal zone management requirements. This program reviews detailed plans of operation, works with operators during on-site inspections, provides training for operators and landowners, conducts implementation monitoring, and when necessary, enforces the Act's provisions to ensure protection of water quality and fish habitat. Implementation actions focus on private and trust lands. A primary goal for FY 01-02 is to update the riparian standards and best management practices (BMPs) for Interior and Southcentral Alaska. The revision process for Interior Alaska is underway, and the Southcentral process will start this year. This program will provide training for operators and landowners when the new provisions take effect. Scientific monitoring of BMP implementation will identify practices for which training is needed, or where revision is appropriate. Review of riparian standards and BMPs for Southcentral Alaska will begin in FY 02.

Federal cooperative forestry programs support the Governor's initiative in the spruce bark beetle program, health, public safety, and jobs for Alaskans. Urban and Community Forestry, Forest Stewardship, Rural Community Fire Protection, RFPC grants, and Insect/Disease support provide direct assistance to individual Alaskans, Native corporations, and communities. The programs anticipate increases in federal funding for these programs in Alaska; additional funding will be directed toward state and municipal goals.

Key Component Issues for FY2001 – 2002

In Southeast Alaska, demand for wood from state land continues to be strong. Continued decreases in the wood supply from the Tongass National Forest create additional pressure for sales from the small area of southeast forest land in state ownership. Supplying wood for small to mid-size wood processors is a high priority. The information base for active management of these lands is weak. There is no timber inventory for most state timberland in southeast Alaska, and inventory is the cornerstone of sound, sustainable forest management.

In Southcentral and Interior Alaska, weak markets limited demand for state timber in FY 01. The major purchaser of beetle-killed timber in southcentral went bankrupt, undercutting salvage opportunities. In the Interior, demand is primarily from small, local processors. The Division is a major supplier for these operations, and is also working to provide opportunities for new processors through preparation of larger sales for value-added processing.

Reforestation costs in this area further reduce timber demand in Southcentral and Interior Alaska, especially for timber salvage. However, reforestation is essential to maintaining forest resources in these regions. The department reduces reforestation costs to the state by relying on natural regeneration where feasible, and requiring operators to provide site preparation and replanting on some sales. However, small operators rarely have the capital or expertise for effective reforestation. Without state support, reforestation costs can be a barrier to timber purchases for value-added processors. Reforestation funding is essential to stability in the state timber sale program and in local value-added processing operations.

Throughout the state, limited transportation infrastructure also hampers forest operations. The state incorporates the cost of road construction and maintenance into timber sale purchases whenever possible. However, costs of bridges and roads that provide long-term access to large forest management areas are often greater than individual sales, especially small sales to local operators, can bear. Funding for key bridges and road segments could expand the area available for forest management, and provide secondary benefits for other forest users.

Alaska's population continues to move into the urban interface areas of the state increasing the potential for more human-caused wildland fires. Wildland fires in the populated areas are the most costly and difficult to suppress. An aggressive wildland fire prevention program with continued focus on the defensible space and FIREWISE concepts is essential to reducing the human-caused wildland fire problem.

The threat of a catastrophic wildland fire exacerbated by the buildup of bark beetle killed timber will be an issue for years to come. The state has several areas with large stands of dead and down timber that has the potential to impact private property in the urban interface. Local government fire departments and volunteer fire departments need to be adequately trained in wildland fire suppression. Continued cooperation and coordination in initial attack will help in dealing with the potential from the buildup of hazard fuels.

Climatic change creating an earlier fire season and increased urban interface wildland fire occurrence has decreased the amount of time available for preseason training of the Divisions firefighters. Firefighters are being pulled from training each year to fight fires, creating a cumulative problem. A critical level has been reached that affects our ability to maintain a core readiness.

The Division's Wildland Fire Management Program consists of two components. This component funds wildland fire preparedness and the Fire Suppression Component funds actual fire suppression actions. The annual cost of wildland fire suppression over the last ten years has consistently exceeded budget funding. This has been recognized by both the administration and legislature and additional funding has been received through the use of supplemental appropriations. Until FY99 intent language to this effect was included in the budget act. The issue of making funding available through either supplemental or reappropriation for wildland fire management needs to be resolved.

Major Component Accomplishments for FY2000

- 82 sales were offered; all were aimed at local processors except for 5 salvage sales.
- 53.7 million board feet of timber were offered for sale.
- 411,000 seedlings were planted on 1,274 acres (CY 1999).
- Forest Resources and Practices Act riparian management standards for coastal Alaska were revised and regulations implementing the legislative changes were adopted. Changes were based on recommendations from a Science/Technical Committee and the Board of Forestry.
- Training was provided to landowners and operators for implementation of the FRPA changes.
- An interdisciplinary Science and Technical Committee was convened for review and revision of the riparian standards in Interior Alaska.
- A second round of implementation monitoring was conducted to measure compliance with BMPs. Overall, BMPs were adequately implemented 92% of the time. (CY 1999).
- Research on the dynamics of the Tanana River was initiated to help assess effects of forest cover on erosion and fish habitat along large glacial rivers.
- Gave physical fitness test to 1594 forestry, EFF, VFD, and local government firefighters.
- Issued red cards to 1137 forestry, EFF, VFD, and local government firefighters.
- Gave fireline refresher training to 1351 forestry, EFF, VFD, and local government firefighters.
- Trained 575 EFF firefighters to be utilized on village EFF crews.
- Maintained 57 cooperative agreements with local government and volunteer fire departments.
- Gave 101 school wildland fire prevention programs.
- Conducted fire readiness inspections on Division initial attack facilities statewide.
- Protected 134 million acres of land from wildland fire.
- Contained 95% of all wildland fires within 10 acres.

Statutory and Regulatory Authority

Forest Resource Management
AS 38.04.060-065
AS 38.05.035, .110-.123, .945
AS 41.15.300-.330

AS 41.17.020-.030, .060, .200-.400
AS 45.50.210-.325
11 AAC 05
11 AAC 71

Forest Practices
AS 41.17
11 AAC 95

Cooperative Forestry Programs
AS 41.15.020-.030
AS 41.17.030-.055

Preparedness
AS 41.15.010-.170
11 AAC 95.410-.495

Key Performance Measures for FY2002

Measure: Per Sec. 113(b)(1) SB0281e (2000) Compliance with AS 41.17 (Forest Resources and Practices Act)
(Developed jointly with Legislature in FY2000.)

Current Status:

First quarter FY01 on track.

Benchmark:

Continued certification of the FRPA for compliance with federal Clean Water Act and Coastal Zone requirements by effectively implementing the Act.

Background and Strategies:

The FRPA supports the timber and fishing industries by protecting fish habitat and water quality, and providing one-stop shopping for compliance with federal clean water and coastal zone standards. Strategies include updating riparian management standards for Interior and Southcentral Alaska, expanding implementation monitoring into southcentral Alaska, reviewing and improving procedures for documenting reforestation in Interior Alaska, reviewing all Detailed Plans of Operation (DPOs) timely, increasing the ratio of inspections to DPOs received, and training operators and landowners.

Measure: Per Sec 113(b)(2) and (3) SB0281e (2000) Annual volume of timber offered for sale and annual volume of state timber offered for in-state companies and converting to value-added products.
(Developed jointly with Legislature in FY2000.)

Current Status:

First quarter FY01 on track.

Benchmark:

A total of 39.3 MMBF will be offered in new sales, of which 21.3 MMBF will come from this component, and 18.0 MMBF from CIP funds. We estimate that 34.3 MMBF will be aimed at in-state processors, of which 15.5 MMBF will be from this operating component, and 18.8 MMBF from CIP funds.

Background and Strategies:

The DNR timber sale program focuses on supporting Alaskan jobs by making timber available for local processors. Competitive and negotiated sales are offered in sizes and locations needed by local processors in all regions of the state. Where feasible, the department also offers salvage sales of beetle-killed timber for either local use or export to accelerate reforestation and defray its cost, reduce wildfire hazards, and obtain value from the wood before it decays.

Measure: Per Sec 113(b)(4) SB0281e (2000) Total costs to the division per board foot sold.
(Developed jointly with Legislature in FY2000.)

Current Status:

First quarter FY01 on track.

Benchmark:

DNR is currently developing a benchmark for this new measure that will reflect costs of sale preparation, public review, sale offering, and administration. Because this is a new requirement, DNR is developing a new reporting system to track these costs.

Background and Strategies:

DNR strives for an efficient timber sale program. For example, fire and forest management staff are cross-trained for efficient use of personnel, and use of GPS and GIS technology has greatly reduced field and data processing time. However, there are conflicts between offering sales for in-state value-added processing, and reducing costs of the sale program. Value-added sales have higher costs per unit offered, since many are small sales that are less efficient to lay out and administer. Small sales often can't bear the cost of infrastructure development, and local processors lack the expertise and capital to complete reforestation on harvest areas.

Measure: Per Sec 113(b)(5) SB0281e (2000) Percentage of fires that result from human actions, whether as a function of population growth or other causes.
(Developed jointly with Legislature in FY2000.)

Current Status:

Too soon to tell.

Benchmark:

Reduce the overall percentage of human-caused fires in the Division's protection area.

Background and Strategies:

Humans cause approximately 83 percent of the wildland fires occurring each season in the Division's protection area. Strategies include maintaining an aggressive wildland fire prevention program and continued support of the defensible space and FIREWISE concepts in an effort to reduce the overall percentage of human-caused fires.

Measure: Per Sec 113(b)(6) SB0281e (2000) Percentage of fires in full and critical protection categories that are held to less than 10 acres.
(Developed jointly with Legislature in FY2000.)

Current Status:

First quarter FY01 on track. Since July 1, 2000 the Division responded to 51 fires, pack tested and red carded 46 local government and volunteer firefighters, and responded to 25 requests for personnel to support other agencies.

Benchmark:

Contain 90% of fires in full and critical protection categories at 10 acres or less.

Background and Strategies:

The Division of Forestry responds to an average of 430 wildland fires annually in its protection area with the exact number and location being unknowns. The most cost-effective response requires adequate preparedness and coordination with the Division's numerous cooperators. The occurrence of wildland/urban interface fires will continue to increase as the population moves to the wooded areas of the state, climatic changes result in longer fire seasons, and serious insect/disease infestations add to the hazardous fuels problem.

Strategies include providing immediate, aggressive initial attack in coordination with cooperating local government, volunteer fire departments and federal agencies. This strategy includes creating and maintaining cooperative agreements to enhance initial attack response effectiveness. Additional strategies include media coverage of fires to expand public awareness of the impact of human caused fires, support of fire prevention activities, and increased public education on how to create defensible space around private property.

Status of FY2001 Performance Measures

	<i>Achieved</i>	<i>On track</i>	<i>Too soon to tell</i>	<i>Not likely to achieve</i>	<i>Needs modification</i>
<ul style="list-style-type: none"> Per Sec. 113(b)(1) SB0281e (2000): Compliance with AS 41.17 (Forest Resources and Practices Act)(Developed jointly with Legislature in FY2000.) 		X			
<ul style="list-style-type: none"> Per Sec 113(b)(2) and (3) SB0281e (2000): Annual volume of timber offered for sale. 		X			
<ul style="list-style-type: none"> Per Sec 113(b)(4) SB0281e (2000): Total costs to the division per board foot sold. 			X		
<ul style="list-style-type: none"> Per Sec 113(b)(5) SB0281e (2000): Percentage of fires that result from human actions, whether as a function of population growth or other causes. 			X		
<ul style="list-style-type: none"> Per Sec 113(b)(6) SB0281e (2000): Percentage of fires in full and critical protection categories that are held to less than 10 acres. 		X			
<ul style="list-style-type: none"> Per sec 113, SB 0281e (2000): Annual volume of state timber offered for in-state companies and converted to value-added products. 		X			

Forest Management and Development

Component Financial Summary

All dollars in thousands

	FY2000 Actuals	FY2001 Authorized	FY2002 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	7,045.1	6,536.7	6,670.6
72000 Travel	319.7	217.0	219.7
73000 Contractual	1,055.7	1,219.1	1,445.3
74000 Supplies	487.8	520.3	549.6
75000 Equipment	231.8	47.0	50.5
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	24.2	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	9,164.3	8,540.1	8,935.7
Funding Sources:			
1002 Federal Receipts	931.7	1,161.6	1,161.9
1004 General Fund Receipts	6,893.7	6,962.0	7,020.1
1005 General Fund/Program Receipts	8.3	14.8	0.0
1007 Inter-Agency Receipts	1,147.4	50.5	155.6
1053 Investment Loss Trust Fund	0.0	45.7	0.0
1061 Capital Improvement Project Receipts	168.3	287.7	288.1
1108 Statutory Designated Program Receipts	14.9	17.8	30.0
1155 Timber Sale Receipts	0.0	0.0	280.0
Funding Totals	9,164.3	8,540.1	8,935.7

Estimated Revenue Collections

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Unrestricted Revenues						
Unrestricted Fund	68515	336.0	311.0	317.6	12.0	32.0
Unrestricted Total		336.0	311.0	317.6	12.0	32.0
Restricted Revenues						
Federal Receipts	51010	931.7	1,161.6	1,161.6	1,161.9	1,161.6
Interagency Receipts	51015	1,147.4	50.5	595.1	155.6	155.6
General Fund Program Receipts	51060	8.3	14.8	14.8	0.0	0.0
Statutory Designated Program Receipts	51063	14.9	17.8	17.8	30.0	30.0
Timber Sale Receipts	51076	0.0	0.0	0.0	280.0	280.0
Capital Improvement Project Receipts	51200	168.3	287.7	246.5	288.1	70.0
Investment Loss Trust Fund	51393	0.0	45.7	45.7	0.0	0.0
Restricted Total		2,270.6	1,578.1	2,081.5	1,915.6	1,697.2

Description	Master Revenue Account	FY2000 Actuals	FY2001 Authorized	FY2001 Cash Estimate	FY2002 Governor	FY2003 Forecast
Total Estimated Revenues		2,606.6	1,889.1	2,399.1	1,927.6	1,729.2

Forest Management and Development

Proposed Changes in Levels of Service for FY2002

Component service changes are proposed with the following increment and fund source shift:

"Overcoming Limits to Value-Added Timber Sales" - This increment would pay for a mix of reforestation, thinning, timber sale preparation, and access work. A typical mix of annual accomplishments would include reforestation of about 600 acres in southcentral and interior Alaska, and 20-25 acres of pre-commercial thinning (also called timber stand improvement) in dense, productive forests in southeast Alaska. It would also construct river and railroad crossings, and establish central haul roads. This effort would open or maintain areas for multiple timber sales where individual sales cannot pay the capital costs for regional access. Reforestation tasks include site preparation, seedling purchases, and planting. The increment is less than the total reforestation cost. DNR will continue to use natural regeneration to keep down reforestation costs where feasible, and will continue to include costs of reforestation in timber sale contracts where the sale can bear the cost and the purchasers have the expertise to replant successfully.

The decrement "Delete Program Receipt Authorization for Miscellaneous Forestry Projects" and the increment "Miscellaneous Forestry Projects funding from Statutory Designated Program Receipts" performs a fund source switch. \$14.8 GF/PR authority is eliminated and \$30.0 SDPR would be established for receipts from associations and non-profit groups for clearing, habitat improvement, and resource education.

Summary of Component Budget Changes

From FY2001 Authorized to FY2002 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2001 Authorized	7,022.5	1,161.6	356.0	8,540.1
Adjustments which will continue current level of service:				
-Convert Special FY2001 Labor Cost Fund Sources to GF	17.8	0.0	-17.8	0.0
-Year 2 Labor Costs - Net Change from FY2001	-5.4	0.3	0.5	-4.6
Proposed budget decreases:				
-Delete Program Receipt Authorization for Miscellaneous Forestry Projects	-14.8	0.0	0.0	-14.8
Proposed budget increases:				
-Overcoming Limits to Value-Added Timber Sales	0.0	0.0	280.0	280.0
-Miscellaneous Forestry Projects funding from Statutory Designated Program Receipts	0.0	0.0	30.0	30.0
-Increase IA Receipts to Reflect Spending Plan	0.0	0.0	105.0	105.0
FY2002 Governor	7,020.1	1,161.9	753.7	8,935.7

Forest Management and Development

Personal Services Information

Authorized Positions			Personal Services Costs	
	FY2001 Authorized	FY2002 Governor		
Full-time	60	60	Annual Salaries	5,183,464
Part-time	117	117	COLA	68,774
Nonpermanent	12	12	Premium Pay	0
			Annual Benefits	1,916,953
			<i>Less 6.95% Vacancy Factor</i>	<i>(498,591)</i>
			Lump Sum Premium Pay	0
Totals	189	189	Total Personal Services	6,670,600

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accounting Clerk II	0	0	0	1	1
Accounting Tech I	0	1	0	0	1
Accounting Tech II	1	0	0	0	1
Administrative Assistant	0	0	1	0	1
Administrative Clerk II	0	1	0	0	1
Administrative Clerk III	1	1	0	7	9
Administrative Manager I	0	1	0	1	2
Administrative Manager III	1	0	0	0	1
Cartographer II	0	1	0	0	1
Division Director	1	0	0	0	1
Education Assoc II	1	0	0	0	1
Emergency Management Assistant	1	0	0	0	1
Equip Operator Journey II	0	1	0	0	1
Forest Tech II	0	7	0	13	20
Forest Tech III	0	11	0	34	45
Forest Tech IV	0	9	0	19	28
Forester I	1	3	0	2	6
Forester II	2	5	1	11	19
Forester III	2	6	2	9	19
Forester IV	0	1	1	0	2
Information Officer I	1	0	0	0	1
Maint Gen Journey	1	1	0	1	3
Maint Gen Sub - Journey II	0	0	0	4	4
Maint Spec Bfc Jrny II/Lead	1	1	0	0	2
Mech Auto Journey	1	1	0	0	2
Natural Resource Mgr II	0	1	0	0	1
Natural Resource Mgr IV	2	0	0	0	2
Procurement Spec III	1	0	0	0	1
Student Intern	1	0	0	0	1
Student Intern I	11	0	0	0	11
Totals	30	52	5	102	189