

AP/AL: Appropriation **Project Type:** Renewal and Replacement

Category: Development

Location: Prince of Wales Island

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Estimated Project Dates: 07/01/2003 - 06/30/2006

Brief Summary and Statement of Need:

To sustain a long-term timber supply to value-added processors in SE Alaska, we must keep managed stands productive. Forest lands in SSE are the most productive in Alaska, and the state owns little land in this area. To maximize production from our limited land base, we must thin young, overstocked stands. We inherited a backlog of overstocked state land that was cut over by the USFS. Overstocking slows tree growth, delays re-harvest, and degrades wildlife habitat. With CIP funding we will thin these stands to accelerate growth for future harvest, maintain the rotation age, ensure sustainable harvest levels, and increase habitat benefits.

Funding:	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	Total
Gen Fund	\$100,000						\$100,000
Total:	\$100,000	\$0	\$0	\$0	\$0	\$0	\$100,000

<input type="checkbox"/> State Match Required	<input checked="" type="checkbox"/> One-Time Project	<input type="checkbox"/> Phased - new	<input type="checkbox"/> Phased - underway	<input type="checkbox"/> On-Going
0% = Minimum State Match % Required		<input type="checkbox"/> Amendment	<input type="checkbox"/> Mental Health Bill	

Operating & Maintenance Costs:

	<u>Amount</u>	<u>Staff</u>
Project Development:	0	0
Ongoing Operating:	0	0
<u>One-Time Startup:</u>	<u>0</u>	<u>0</u>
Totals:	0	0

Additional Information / Prior Funding History:

This is a new project request. The SSE Area office thinned a 50-acre pilot project in Ketchikan in FY 01 funded by timber sale receipts. Experience from the pilot unit will be used to design and manage the proposed thinning projects efficiently, and to provide a site for southeast research projects on forest management.

Project Description/Justification:

DNR is constitutionally mandated to utilize, develop, and maintain forest resources on a sustained yield basis, and to make these resources available for the maximum use consistent with the public interest (Const. Art VIII, Sections 1 and 4). To meet this mandate, we must ensure prompt reforestation, and in southeast Alaska, must thin young stands to maximize timber growth and habitat value.

Funding for reforestation and timber stand improvement through thinning has been sporadic throughout the state. Despite legislative intent to contribute to the Reforestation Fund annually (AS 41.17.300-.310), there have been no allocations to the Reforestation Fund, and there has never been a CIP for timber stand improvement through thinning in Southern Southeast Alaska.

This project will thin 240 acres of young, overstocked stands in Southern Southeast Alaska. Because they are overstocked, growth rates are slower, and wildlife habitat value has declined. Thinning these stands will accelerate growth for future harvest, ensure sustainable harvest levels, and increase habitat benefits. It will also improve the health of the timber stands and wildlife habitat by reducing competition and increasing growth of trees and forage.

These stands were inherited from the US Forest Service after they were harvested. Although currently in poor condition due to overstocking, this land is some of the most productive forestland in the entire state, and it will respond quickly with increased growth after thinning. These highly productive

Improve Forest Productivity in Southern Southeast Alaska **FY2004 Request: \$100,000**
Reference No: 37739

stands are particularly important because the state has a very limited land base in this region from which to supply timber to sawmills. The infrastructure for these stands (roads, bridges, etc.) is already in place and logging is feasible. Continued management of these stands to produce a long-term timber supply should receive as high a priority as developing new areas for harvest. Timber from these stands will especially benefit small operators who can't afford the cost of constructing logging roads. There are currently over 25 small operators in Southern Southeast who manufacture value-added wood products.

Demand for value-added timber sales in Southern Southeast is the highest in the state. From FY 97 through FY 02 alone, DNR sold 85 sales to 41 Alaskan businesses in the Southern Southeast Area. These sales totaled 37 million board feet of timber. By managing this land intensively, we can support local operators, create jobs, and sustain Alaskan businesses. Communities in this area have seen up to seventy-five percent of their jobs base disappear due to reductions in federal timber supply. A sustainable, long term timber supply is critical to maintaining a forest products inventory in Southern Southeast Alaska. An additional benefit will be employment of thinning contractors for this project.

This project will generate long term revenue to the State from timber sold when the thinned stands mature. Timber revenues will be available sooner than they would if the stands were left unthinned. Long-term market conditions are extremely difficult to predict, but there should be a significant increase in revenue due to the increase in the available volume. Based on past studies, a thinned stand will reduce the rotation age by at least 40% and double or triple the volume within that timeframe. For example, an unthinned 100-acre stand of mixed second growth timber at age 50 years with a total volume of 2 million board feet would have an estimated gross sale value of \$500,000 (\$250/MBF). A thinned stand on that same site should have an estimated total volume of at least 5 million board feet at the same age. By increasing the volume and changing the species mix that stand could have an estimated gross sale value of \$2,100,000 (\$420/MBF). The net gain would be \$1,200,000 after subtracting the thinning cost of \$400/acre (\$400,000).

Thinning may reduce operating costs slightly by lowering sale layout costs. Sale boundaries would have already been defined and acreage would have already been determined for sales in these areas.

This project does not leverage private sector or local funds. It manages state land and does not transfer that responsibility to the local or private sector.

Alternatives considered: The Division has considered several alternatives, including requiring timber sale purchasers to thin adjacent second growth timber as part of their sale contract, or acquiring research funding for tree stand improvement. However, these alternatives would provide only a minimal amount of thinning. Neither alternative would significantly reduce the State's backlog of overstocked second growth timber. This backlog needs to be reduced before we can address any thinning concerns in the future. We have also considered using additional timber sale receipt funding dedicated to removing barriers to value-added timber sales. However, continued use of these funds for thinning would come at the expense of producing timber sales. The receipts are needed to lay out and produce timber sales for the State's value-added program, and to build access to sale areas throughout the state. Similarly, operating funds can't be dedicated to thinning without reducing the volume of timber sales laid out. This CIP request is desperately needed to reduce the backlog of overstocked, under-productive acres of second growth timber.

Why is this Project Needed Now?

Many of the state's second growth stands are at the prime age for precommercial thinning. Delay will put these stands out of the age range where the growth response will be maximized. Preliminary inventory data from state land shows more acreage of second growth timber than mature timber. We need to begin thinning some of these second growth stands now to reduce the gap of unavailable timber available for harvest in the future. This will also allow us to concentrate future sales in areas that already have infrastructure in place.

Specific Spending Detail:

100	\$12.0 for staff to lay out the thinning units and field check the thinning contractors to ensure contract compliance.
200	\$3.5 travel and per diem for state staff to perform above mentioned duties.
300	\$84.0 for thinning contractors to perform the actual thinning of the trees. This includes wages and expenses.
400	\$0.5 for forestry supplies such as flagging, tags, etc.

Project Support:

Alaska Forest Association, local wood processors, SEACC, ADF&G, most of the communities in the Southern Southeast. Even groups that don't traditionally support timber harvesting do support silvicultural management that improves habitat.

Project Opposition: None known.