

# **State of Alaska FY2004 Governor's Operating Budget**

## **Department of Natural Resources Forest Management and Development Component Budget Summary**

## **Component: Forest Management and Development**

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### **Component Mission**

Develop, conserve, enhance, and manage the state's forests to provide a sustainable yield 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, conservation and Firewise education, and forest stewardship staff. These funds do not supplant general funds or 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 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 protects public health and safety by providing for wildland fire preparedness and fire prevention services. The Division maintains 57 cooperative agreements with local government and structure 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. Evacuation Guidelines have been developed through a cooperative effort by a number of agencies to provide for public safety. 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 survivable space homeowner education.

The forest resource management program supports the long-term goals of a sustainable forest, jobs for Alaskans, and in-state value-added processing of wood fiber. The FY04 goal is to offer 38.6 million board feet (MMBF) of timber, comprised of 28.6 MMBF from this component and the remainder from CIP funding. This figure is somewhat lower than

the target for FY03, reflecting continuing weak markets. Strategies and sale volumes will vary by geographic area and market demand. The market for forest products directly affects the demand for timber sales. Throughout the state, we will offer timber sales in a range of sizes to support local, value-added processors and enhance wildlife habitat. This strategy allows the state to play an important role in the local economy, despite having a limited land base in Southeast Alaska where forest productivity is greatest. In Southcentral Alaska and the Haines State Forest, we plan to offer a total of 16.5 million board feet in sales to salvage beetle-killed timber. These salvage sales reduce wildfire hazards, accelerate reforestation, defray reforestation costs, and obtain economic benefits from the wood. Since FY02, DOF has received some timber sale receipt funding to reduce barriers to value-added timber sales. In FY03, this funding is being used to lay out and administer sales in Southern Southeast, build and maintain sale access in the Haines and Tanana Valley State Forests, reduce the reforestation backlog, and defray reforestation costs.

The forest practices program supports the goal of sustaining the forest and fishing industries by protecting water quality and fish habitat, and ensuring prompt reforestation. It also improves efficiency for the forest industry by providing one-stop shopping for compliance 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 FY03 is to adopt updated riparian standards and best management practices (BMPs) for Interior Alaska. HB 131 was introduced in 2001 to implement the consensus recommendations of a science and technical committee, a stakeholders implementation group, and the Board of Forestry. The bill passed the full House and the Senate Resources and Finance committees without opposition, but was not scheduled for a final vote on the Senate floor. Review of the riparian standards for Southcentral Alaska will start in FY03. The forest practices 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.

Federal cooperative forestry programs support the spruce bark beetle program, health, public safety, and jobs for Alaskans. Community Forestry, Forest Stewardship, Rural Community Fire Protection, Volunteer Fire Assistance (VFA) grants, and Insect/Disease programs provide direct assistance to local governments, individual Alaskans, Native corporations, and communities. DOF anticipates increases in federal funding for some of these programs in Alaska. Additional funding will be directed toward state and municipal goals, including reduction of wildfire hazards and reforestation in the wildland-urban interface.

### **Key Component Issues for FY2003 – 2004**

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. Much of the most productive state land was inherited from the USFS with young second-growth stands that need thinning. These stands are over-crowded, reducing their productivity for timber and their benefit for wildlife habitat.

In Southcentral and Interior Alaska, weak markets limited demand for state timber in FY03, particularly for salvage sales in areas with spruce bark beetle infestations. 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. We do not anticipate an increase in markets in the coming year.

Reforestation costs further reduce timber demand in South central 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. A portion of the FY03 timber sale receipts for removing barriers to value-added timber sales will

be used to reduce reforestation costs. In spruce bark beetle infestation areas, reforestation also helps reduce wildfire hazards by decreasing grass cover.

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. A portion of the FY03 timber sale receipts for removing barriers to value-added timber sales will be used for access development and maintenance.

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 survivable space and FIREWISE concepts is essential to reducing the human-caused wildland fire problem. Firefighters and resources available for rapid initial attack in the urban interface can be very effective in keeping new fires small. The same resources can also be effective in prevention activities, in reducing the number of fires that result from human actions.

The threat of a catastrophic wildland fire exacerbated by the buildup of bark beetle killed timber will be an issue for years to come. There are several areas with large stands of dead and down timber that have the potential to impact private land in the urban interface. Local government fire departments and structure fire departments need to be adequately trained in wildland fire suppression. Continued cooperation and coordination in initial attack will help reduce the potential for catastrophic fire events due to 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 the emergency declaration process and supplemental appropriations.

### Major Component Accomplishments in 2002

Forest Resource Management. DNR continued to emphasis support of local value-added processors in its timber sale program. In FY 02, DNR:

- Offered 38.2 million board feet of timber for sale.
- Sold 56 timber sales overall, 54 of which went to local processors. Two sales were salvage sales for which there was no local market.
- Planted trees on 365 acres to ensure that the supply of forest resources is sustained for the future.
- Updated the Tanana Valley State Forest Management Plan and increased the annual allowable cut for state land in the Tanana Valley.

Since FY97, this program has sold more than 300 timber sales totaling over 97 million board feet of state timber to more than 140 in-state processors (see tables 1 and 2).

**Table 1.** Number of timber sales sold for value-added processing and number of purchasers by region, FY 97 - FY 02

| Region          | FY 97 | FY 98 | FY 99 | FY 00 | FY 01 | FY 02 | Total # sales | # different purchasers |
|-----------------|-------|-------|-------|-------|-------|-------|---------------|------------------------|
| Coastal Region  | 22    | 34    | 17    | 27    | 25    | 26    | 151           | 73                     |
| Northern Region | 28    | 17    | 15    | 33    | 31    | 28    | 152           | 72                     |

|       |    |    |    |    |    |    |     |     |
|-------|----|----|----|----|----|----|-----|-----|
| Total | 50 | 51 | 32 | 60 | 56 | 54 | 303 | 145 |
|-------|----|----|----|----|----|----|-----|-----|

**Note:** Some purchasers bought timber from more than one area, therefore the statewide total for the number of different purchasers is less than the sum of the areas.

**Table 2.** Volume of timber sold in value-added sales by region (million board feet), FY 97 – FY 02

| Region          | FY 97 | FY 98 | FY 99 | FY 00 | FY 01 | FY 02 | Total Volume (MMBF) |
|-----------------|-------|-------|-------|-------|-------|-------|---------------------|
| Coastal Region  | 5.2   | 10.5  | 7.6   | 14.1  | 2.8   | 12.3  | 52.6                |
| Northern Region | 14.5  | 6.6   | 6.9   | 6.6   | 5.9   | 4.2   | 44.7                |
| Total           | 19.8  | 17.1  | 14.5  | 20.7  | 8.7   | 16.5  | 97.3                |

**Forest Practices.** DNR continued to ensure that forest resources, clean water, and fish habitat are maintained through implementation of the Forest Resources and Practices Act. In 2001, DNR

- Conducted timely review of 83 new Detailed Plans of Operation covering 31,500 acres and 208 miles of forest road.
- Conducted 152 field inspections on forest operations.
- Supported passage of legislation (HB 131) to implement changes in the riparian management standards for Region III (Interior AK). The bill had broad support, passing the full House and the Senate Resources and Finances committee without opposition, but was not scheduled for final vote on the Senate Floor.
- Conducted implementation monitoring in Regions I & II to measure compliance with best management practices.
- Resolved Region I stream classification issues above questioned blockages.
- Held Region II and III reforestation workshop to help strengthen reforestation reporting compliance.
- Conducted bioassessment study on the Kenai Peninsula to test methodology for affordable effectiveness monitoring.

**Fire Preparedness.** This program ensures that the department and its cooperators are prepared to effectively and efficiently respond to wildfire in the state protection area, and strove to prevent human-caused fires. In FY02, DNR

- Provided ICS physical fitness tests to 1217 forestry, EFF, VFD, and local government firefighters,
- Issued red cards to 1217 forestry, EFF, VFD, and local government firefighters,
- Provided fireline refresher training to 1217 forestry, EFF, VFD, and local government firefighters,
- Trained 600 EFF firefighters to be utilized on village EFF crews,
- Maintained 57 cooperative agreements with local government and volunteer fire departments,
- Gave 102 school wildland fire prevention programs,
- Protected 134 million acres of land from wildland fire, and
- Contained 96% of all wildland fires in full and critical protection areas within 10 acres.

**Cooperative Forestry.** The Cooperative Forestry programs used federal funds to assist private forest landowners in developing and implementing plans to manage their forest resources, provided information on insect and disease conditions to agencies and private landowners, assisted communities in assessing and managing their tree resources, and provided conservation education programs to teachers and organizations. In FY02, these programs

- Provided grants to 12 communities for tree planting, conservation education, and program development,
- Trained 250 individuals in community forestry workshops, and trained 65 teachers in Project Learning Tree curriculum.
- Completed 27 stewardship plans and 76 forestry incentive program plans on more than 6,000 acres of private land.
- Provided \$15,000 in grants to ANCSA corporations for forestry planning.

### 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

**Forest Management and Development**  
**Component Financial Summary**

*All dollars in thousands*

|                                            | FY2002 Actuals | FY2003 Authorized | FY2004 Governor |
|--------------------------------------------|----------------|-------------------|-----------------|
| <b>Non-Formula Program:</b>                |                |                   |                 |
| <b>Component Expenditures:</b>             |                |                   |                 |
| 71000 Personal Services                    | 7,689.1        | 6,861.1           | 7,080.3         |
| 72000 Travel                               | 320.2          | 221.7             | 221.7           |
| 73000 Contractual                          | 1,127.4        | 1,815.3           | 1,621.2         |
| 74000 Supplies                             | 589.4          | 563.6             | 563.6           |
| 75000 Equipment                            | 174.1          | 50.5              | 50.5            |
| 76000 Land/Buildings                       | 0.0            | 0.0               | 0.0             |
| 77000 Grants, Claims                       | 0.0            | 0.0               | 0.0             |
| 78000 Miscellaneous                        | 0.0            | 0.0               | 0.0             |
| <b>Expenditure Totals</b>                  | <b>9,900.2</b> | <b>9,512.2</b>    | <b>9,537.3</b>  |
| <b>Funding Sources:</b>                    |                |                   |                 |
| 1002 Federal Receipts                      | 805.6          | 1,181.2           | 1,189.0         |
| 1004 General Fund Receipts                 | 7,011.1        | 6,583.2           | 6,584.0         |
| 1007 Inter-Agency Receipts                 | 1,542.3        | 468.4             | 472.7           |
| 1061 Capital Improvement Project Receipts  | 270.2          | 568.3             | 574.1           |
| 1108 Statutory Designated Program Receipts | 9.7            | 30.0              | 30.0            |
| 1155 Timber Sale Receipts                  | 261.3          | 681.1             | 687.5           |
| <b>Funding Totals</b>                      | <b>9,900.2</b> | <b>9,512.2</b>    | <b>9,537.3</b>  |

**Forest Management and Development  
Proposed Changes in Levels of Service for FY2004**

No service changes anticipated.

**Summary of Component Budget Changes  
From FY2003 Authorized to FY2004 Governor**

*All dollars in thousands*

|                                                                                         | <u>General Funds</u> | <u>Federal Funds</u> | <u>Other Funds</u> | <u>Total Funds</u> |
|-----------------------------------------------------------------------------------------|----------------------|----------------------|--------------------|--------------------|
| <b>FY2003 Authorized</b>                                                                | <b>6,583.2</b>       | <b>1,181.2</b>       | <b>1,747.8</b>     | <b>9,512.2</b>     |
| <b>Adjustments which will continue current level of service:</b>                        |                      |                      |                    |                    |
| -Annualize FY2003 COLA Increase for General Government and Supervisory Bargaining Units | 0.0                  | 7.8                  | 16.5               | 24.3               |
| -\$75 per Month Health Insurance Increase for Non-covered Staff                         | 0.8                  | 0.0                  | 0.0                | 0.8                |
| <b>FY2004 Governor</b>                                                                  | <b>6,584.0</b>       | <b>1,189.0</b>       | <b>1,764.3</b>     | <b>9,537.3</b>     |

## Forest Management and Development

### Personal Services Information

|               | Authorized Positions               |                                  | Personal Services Costs          |                  |
|---------------|------------------------------------|----------------------------------|----------------------------------|------------------|
|               | <u>FY2003</u><br><u>Authorized</u> | <u>FY2004</u><br><u>Governor</u> |                                  |                  |
| Full-time     | 64                                 | 63                               | Annual Salaries                  | 5,596,715        |
| Part-time     | 116                                | 118                              | Premium Pay                      | 0                |
| Nonpermanent  | 12                                 | 12                               | Annual Benefits                  | 2,002,068        |
|               |                                    |                                  | <i>Less 6.82% Vacancy Factor</i> | (518,483)        |
|               |                                    |                                  | Lump Sum Premium Pay             | 0                |
| <b>Totals</b> | <b>192</b>                         | <b>193</b>                       | <b>Total Personal Services</b>   | <b>7,080,300</b> |

### 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         | 1         | 1        | 1          | 3          |
| Administrative Clerk II        | 1         | 1         | 0        | 2          | 4          |
| Administrative Clerk III       | 0         | 1         | 0        | 7          | 8          |
| Administrative Manager III     | 1         | 0         | 0        | 0          | 1          |
| Cartographer III               | 1         | 1         | 0        | 0          | 2          |
| Cartographer IV                | 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         | 6         | 0        | 13         | 19         |
| Forest Tech III                | 1         | 12        | 0        | 33         | 46         |
| Forest Tech IV                 | 0         | 8         | 0        | 20         | 28         |
| Forester I                     | 1         | 3         | 0        | 2          | 6          |
| Forester II                    | 1         | 5         | 0        | 12         | 18         |
| Forester III                   | 1         | 5         | 2        | 10         | 18         |
| Forester IV                    | 0         | 1         | 0        | 1          | 2          |
| Information Officer I          | 1         | 0         | 0        | 0          | 1          |
| Maint Gen Journey              | 1         | 1         | 0        | 2          | 4          |
| Maint Gen Sub - Journey II     | 0         | 0         | 0        | 2          | 2          |
| Maint Spec Bfc Jrny II/Lead    | 1         | 1         | 0        | 0          | 2          |
| Mech Auto Journey              | 2         | 1         | 0        | 0          | 3          |
| Natural Resource Mgr I         | 1         | 0         | 0        | 0          | 1          |
| 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          |
| Safety Officer                 | 1         | 0         | 0        | 0          | 1          |
| Student Intern I               | 12        | 0         | 0        | 0          | 12         |
| <b>Totals</b>                  | <b>33</b> | <b>51</b> | <b>3</b> | <b>106</b> | <b>193</b> |