

Natural Resources Committee
2/6/2008
7:30 a.m.
GFCC Conference Room

Attendance: Tom Bundtzen, Chair; Steve Haagenson; Bob Swenson; Mark Eliot , Robert Burggraf, Cassie Pinkel, Chris Maisch, Cal Skaugstad, Dana Novak, Lorna Shaw, Bud Fate, and Michelle Gibson

1. **Call To Order:** Tom Bundtzen called the meeting to order at 7:40 a.m.
2. **Roll Call and Introductions.**
3. **Approval of Minutes from 1/23/2008:** Motion: Roger; Second: Cal Skaugstad; passed: yes.
4. **New Business:**
 - a. Natural Resources Resolution
 - i. E-mailed to committee members for review, and was drafted after the vote for action at the last meeting to oppose HB 156.
 - b. Discussion: Roger Burggraf, Michelle Gibson, Cal Skaugstad, Tom Bundtzen, Cal Skaugstad
 - i. Would like to see a wider distribution for the resolution—
 1. Addressed in an e-mail by Rhonda Boyles suggesting to include: DNR Commissioner Tom Irwin, DNR Deputy Commissioner Marty Rutherford, and the Alaska State Legislature.
 - ii. How does the FY 2006 \$179 million revenue listed in the 4th whereas compare to fisheries, like the fish tax?
 1. Don't know this year – the previous year it was \$58 million.
 - iii. Last whereas—change to “all of which” from “all of whom”
 - iv. Roger Burggraf made a motion approve the resolution as submitted and amended; second: Lorna Shaw; Approved: yes.
5. **Program: Chris Maisch on the Tanana Valley State Forest Changes Additions and Deletions per SB-229 –**
 - a. Extensive review came out of the 2001 Tanana Valley State Forest management plan effort, a 4 – 5 year effort to update the management plan for the State Forest. Different organizations and groups have seen the proposals contained in the management plan and this legislation. Hand-outs: (Briefing paper and map)
 - i. Briefing of Tanana Valley Changes
 1. First two pages are short version, and last three contain lists of proposed additions and deletions to State Forest lands (legal descriptions).
 - ii. Management Plan Map Parcels
 1. Yellow
 - a. Proposing to delete. Essentially lands that do not contain very much productive forest land.
 2. Light green
 - a. Proposing to add. High site class productive land for management purposes.

3. Orange
 - a. Proposed deletions to the State Forest added to the Minto Wildlife Refuge.
 - b. Reconnected with different groups involved with this to refresh about plans and legislative proposals to make sure everyone is up to speed.
 - c. Sen. Thomas is sponsoring SB 229 on this issue
4. In net, the State Forest will drop 66,218 acres, and add 101,610 acres and transfer 4,298 acres from the State Forest to the Minto Wildlife Refuge. This will mean a total net increase of 31,123 acres coming into the State Forest.
- b. Questions: Steve Haagenson, Chris Maisch, Tom Bundtzen, Cal Skaugstad, Dana Novak, Cassie Pinkel, Tom Bundtzen, Bob Swenson
 - i. How many acres of the dark green parcels are in production today?
 1. The State Forest is approximately 1.7 million acres total, with about 1,000 acres each year being harvested. Mixtures of different forest types, of which spruce types are the main species with economic demand currently in the Interior—The Division is working to develop a hardwood industry. Looking at marketing opportunities for hardwood production, including energy.
 - ii. How does the Nenana Basin gas exploration activity interact with the state forest in that area?
 1. Mutually beneficial because of access. Many of the winter roads established in the State Forest could be used for exploration work. The Division would like to coordinate winter harvesting activity with exploration for development of winter roads. Development of this basin would provide long-term access into that area. Pogo Mine is a good example. It opened up a lot of new ground, and there is increased harvesting in that area.
 - iii. What about 9A—is that on the Goodpaster River?
 1. (The units south and west of 9A were an early proposal for additions, but these units were dropped during the public process. The map passed out at the meeting had a drafting error and showed these units as being added, that has been corrected and a new map sent out to committee members)
 2. Steve commented that he own property there and that additions of land to the TVSF in the Goodpaster watershed created controversy and was a flashpoint in the Goodpaster area in the 1990s during the planning process.
 - iv. Fish and Wildlife had to stop stocking Tschute Lake—had been multi-use, and this took away opportunities?
 1. This lake is in a Research Natural Area (RNA)—was stocked even though stocking was not an allowed use. The RNA's are meant to be unique geographic features where research can be conducted in natural settings unaffected by development. When the stocking plan came out, staff missed commenting on it, and missed it until the

stocking began. The Department went through a lengthy process to stop it. The TVSF Management plan specifies intent for RNAs. Idea is to manage the research of natural areas as a nondevelopment portion of the state forest. Restricts certain types of activity that can be done, like stocking. RNAs comprise a very small percentage of the State Forest

- v. Over a third of the state is restricted, and when doing this to our own state lands, recreational opportunities are curtailed.
 - 1. It takes time, and trying to be forward thinking as far as development in the future. The Tanana Valley is probably going to be growing, and at some point in the future, it will be even more valuable to have land dedicated for multiple uses. This management plan was the result of an extensive public process for over 5 years.
 - 2. The added lands are better site classes, and can be managed for commercial purposes.
- vi. Any new sites restricted?
 - 1. No, and people can go any where they want within the RNA.
 - 2. The Division would like to develop a map that shows the road and trail system in the state forest.
- vii. What if we did get a pipeline after this is done?
 - 1. No restrictions. The pipeline is going to drive growth and development indirectly. It helps us with access issues.
 - 2. Currently we develop our road system, on the backs of timber sales. The Division can get a capital project built as part of the sale. Construction authority is tied to the timber sale program.
- viii. What are the main barriers to entry—access and market?
 - 1. Access is slowly improving, and the big one is the whole effort to increase interest in the hardwood side of the forest. Focusing on variety of different energy projects, like the proposed pellet mill, wood chips and coal at the new powerplant, and bioenergy projects in Tok and Delta Junction. The Wood Energy Task Force has done 83 feasibility projects that look at converting large public facilities into wood heat. The task force has done work, and is starting to build systems like solid wood boilers at Tanana. Would like to demo a chip burning unit at schools. Doing engineering work right now. Once there is an establish fiber use, it will make other hardwood logs available—some to energy uses and some to sawmills. This would really change how we practice forestry here in Interior Alaska. Much closer to a fully-integrated industry.
- ix. State or Federal grants?
 - 1. Not very significant amounts of money. Denali Commission set aside \$6 million for alternative energy. Fuels for Schools which is a Federal Program in western states that provide matching funds for conversions or new construction, which the state does not have access to. It

may make sense to fund a similar program with state funds.

- x. If Fairbanks converted to wood, how much forest land would be needed to support it?
 - 1. Don't know right off hand, but the proposed pellet mill would be a small, starter mill at 20,000 tons/year.
 - 2. Their initial plan is to use waste materials from local mills such as Northland sawdust, then look at using timber sales. Maximum is 30,000 tons. About 10,000 -15,000 tons for commercial use, and leave enough capacity to outfit residential heating needs for about 660 homes at 2500 sq ft. per structure.
 - 3. The Division is conducting a new forest inventory now to help answer questions. Could harvest several thousand acres around Fairbanks in a sustainable matter
- xi. What about coal?
 - 1. Pellets almost equivalent to coal in btu's.
- xii. Peat is unknown in North America, but well known in other northern countries. In between wood and coal with regard to energy produced per unit, and it's clean. More work needs to be done on drill program regarding amount of peat resources. Not a renewable energy source, at least any time soon. Maybe in a geologic sense!
- xiii. What is needed for SB 229?
 - 1. A resolution in support would be helpful— The Division can develop briefing papers on Goodpaster and RNA issues. Can e-mail to committee and answer any follow-up questions. (Note: Goodpaster issue addressed with new map that shows correct forest additions, none in the Goodpaster. One RNA has a small addition of land, but the use of RNA's is covered by the TVSF Management Plan, not the proposed legislation).
- xiv. What about the committee drafting a resolution in support of bill?
- xv. Another issue on the plate is cap and trade for carbon issues and reforestation. How does the issue fit in, and how reforestation will tie into it?
 - 1. Nationwide people are trying to figure out how to commoditize this. So far, scientific community has bought off on this concept of ecosystem services credits. When a biomass fuel like wood is used instead of a fossil fuel, like oil, it generates a fuel offset. Since the wood fuel is viewed as a carbon neutral fuel and it replaces a fuel source that is not, a credit is created. An offset credit—can be sold on a carbon exchange, like the CSX exchange. The revenue from the sale of the credit would not pay for the project, but is another part of the puzzle.
- xvi. In support of this work, but so many issues are changing. How we are using land and what the energy portfolio will look like in this State will be changing dramatically. Look at the possibilities, and what land managers need to do in order to respond in an intelligent and responsible manner.

- xvii. The proposed legislation does not affect RNAs— the uses and intent will probably be updated in 15 years or the next time the plan is updated. Language in plan says updates will occur as needed, like for significant changes. It's possible to open a plan to surgically deal with one aspect rather than re-doing the whole plan.
 - xviii. Tom Bundtzen made a motion to support SB 229; second: Roger Burggraf.
 - xix. Discussion: Steve Haagenson; Mark Eliot
 - 1. Own property, and this has not been a topic on Goodpaster River--haven't heard about it.
 - a. Will look into the situation and follow-through as necessary.
 - 2. Try to stay on top of the issue of access and building more roads by working cooperatively with the gasline and railroad for access to timber and public activities.
 - xx. Vote on Motion: All affirmative with one no. Tom Bundtzen it passed pending further discussion with Dick Bishop. Generally support it and write it unless there are big flags.
- 6. Request to prioritize priorities.**
- a. General consensus was great to have these things, but have something to say about all of them.
 - b. Discussion: Steve Haagenson, Cal Skaugstad, Lorna Shaw
 - i. Okay order that read them in.
 - ii. The mining priority is most imminent, with potential to cripple mining
 - iii. Taxation that's before legislature don't think going to schedule because the administration undertaking longer-term review. Be clear about issues.
 - iv. Okay with moving mining to 1, gas line to 2. Cost of energy not here—concerned about that.

End of Meeting.

Respectfully submitted,

Michelle B. Gibson