

**B-D Working Group
Draft Meeting Record**

Wednesday, September 6, 2017
Butte Silverbow Archives, Butte
1:00-5:00 pm

BDWG Members: John Kountz, Leonard Wortman, Darcie Warden, Nick Gevock, Nick Jose, Tony Colter, Mark Thompson, Maureen Conner, Karen Laitala, Dave Schulz, Brian Ohs, Rick Sandru

Forest Service: Scott Snelson, Betsy Herrman, Alex Dunn, Matthew Todd, Jim McNamara, Anton Brennick, Mike Niccolucci, Summer Kemp-Jennings, Mo Bookwalter, Jim Brammer

National Forest Foundation: Karen DiBari, Adam Liljeblad

Guests/Observers: Mike McGinley (Beaverhead County), Dave Stone (Anaconda Sportsmen), Tim Love (Montana Forest Collaboration Network), Matt Arno (MT Dept of Natural Resources), Carol Young (Mineral County Resource Coalition), Willy Peets (Tricon Timber), Angelo Ververis (Tricon Timber), Todd Morgan (University of MT – BBER), Julia Altemus (MT Wood Products Association), Mdodi Florence (IREX-CSP), Chris Marchion (Anaconda Sportsmen), Bryan Lorengo (Montana Logging Association)

Other: Matt Arno, DNRC; Neil Simpson, DNRC; Chris Marchion, Anaconda Sportsmen; Dave Stone, Anaconda Sportsmen; Gary Carlson, Carlson Ranch; Sam Samson, citizen; Quentin Kujala, Montana FWP

1. Welcome and Introductions

- Dave Schulz opened meeting; all at table introduced themselves.
- June meeting record was approved without changes.

2. Public Comment: none

3. Announcements

- Mike McGinley shared that two MT commissioners participated in a National Association of Counties fly-in to Washington, DC regarding PILT (Payment in Lieu of Taxes); another trip on Secure Rural Schools is planned the second week of September
- The Montana Forest Restoration Network is holding its workshop November 6-7 in Missoula. All are welcome.

4. Congressional Policy Update: none

5. Timber Sale Economics Panel (for more detail, please see attached presentations)

- Todd Morgan, Director of Forest Industry Research, Bureau of Business and Economic Research

- Mike Niccolucci, Budget Coordinator, Region 1, USFS
- Jim McNamara, Timber Management Administrator, BDNF
- Julia Altemus, Montana Wood Products Association

Todd Morgan: in summary, we have seen downward trends across a number of indicators. Montana mills have more capacity and could handle more wood product volume. 68% of wood supply in Montana is on federal lands (primarily FS). *Todd shares lots of helpful graphs, maps and other information in his presentation that underscore these trends.*

Mike Niccolucci:

- Most timber sales have other objectives beyond generating money.
- The Sale Feasibility Statement is the income statement for a timber sale. In it is an analysis of profitability of projects in the marketplace.
- BBER tracks revenue at the gate and costs (for logging and transport).
- Region 1 has had the fewest number of no-bid sales in the country for the last 10 years.
- The FS is required to estimate fair market value. BUT – NEPA costs are not included in this analysis.

Jim McNamara/Anton Brennick/Matthew Todd:

- Currently have 2-3 million board feet in decks, but can't go in to assess due to fires
- Have asked for an ESD – emergency situation determination
- Program of Work for FY18:
 - Fleecer: 100,000 acres, 2,000 acres harvest, 60-70% lodgepole, 36,000 ccf
 - Red Rocks and Pintler Face are each 3X the size of Fleecer
- BDNF has been offering 1,000 – 2,000 acres annually
- BDNF's target is for their contractors to have a place to work 9 months/year
- Seasonal restrictions are very challenging to schedule around (spring = elk calving; fall = road closures for hunting). Sometimes the only time to log is winter due to soil conditions.
- When sales are larger, then smaller operators can't compete.
- Projects are changing. For example, Pintler Face is a 75,000 acre area, all suitable. Treatment area is 17,000 acres.
- Is litigation factored into cost analysis (direct and indirect costs)? The FS asked BBER to look into that question a few years ago. Litigation takes on average 2 – 2 ½ years to resolve, prep work must start over. Collaborative processes are making a difference. It helps the FS legal team when there are comments/support from collaboratives.
- COMMENTS:
 - expensive for operators to move around different areas to follow seasonal restrictions
 - "Volume cures a lot of sins."
- ACTION: FS "multifunds" the NEPA work. Once a timber sale is selected as the management tool for a project, then the FS is required to use timber program money. The group wanted to flag this as an issue to discuss with Congressional staff.

Julia Altemus:

- Currently 8 sawlog mills and 3 manufacturers in Montana. The state has lost 30 mills in the last 30 years.
- 10 year average production on FS lands is 84mmmb
- In FY16, Region 1 didn't meet its timber target. Why? Softwood lumber agreement, and 2 no-bid sales

- Because of the fires this summer, about 1 million acres is off limits now for logging, so mills are using the current log supply they have.
- Currently 2 insect & disease categorical exclusions under a notice of intent to sue or litigation on the Lewis & Clark and Custer-Gallatin NFs.
- Currently have 54 Canadian owned mills in the U.S., before Softwood Lumber Agreement there were none

DISCUSSION:

- Stewardship contracts: Kootenai, Flathead, Lolo are all good places for stewardship contracts. Doesn't make sense to do stewardship contracts in eastern MT.
- Best to use a blend of types of contracts.
- NFTM budget line item (timber line): has gone up in the last 4 years and other budgets have gone down
- Last year in R1 - \$900/acre from timber sales in revenue. Region 3 (NM and AZ) is paying \$1,000/acre to have someone review
- FS is no longer hiring seasonals – reduced workforce
- Discussion of “shared stewardship” and blended approach using Good Neighbor Authority

6. Big Hole Divide Landscape:

- Strategy document – approved by consensus
- Letter of support for BDNF's grant application for westslope cutthroat trout restoration in Selway Meadows
 - Discussion of FS goals to make Selway a showcase for integrated restoration, demonstrating how WCT can be restored and also achieve other objectives on the landscape

7. Project Updates

- Red Rocks
 - Great field trip this summer. FS getting ready for 30 day comment period on scoping/proposal. Derek Milner is the acting Strike Team Lead while Tera Little is on a detail in Washington DC
- Pintler Face – draft EA will be out soon
- Greenhorn moving forward – Gravelly Landscape Collaborative very involved

8. October agenda items

- Forests in Focus and Good Neighbor Authority (Neil Simpson, Roger Zeisack)
- Fires
- Project updates

9. Closing