

Appendix A

Reasons for Scheduling the Environmental Analysis of the Iyouktug Timber Sales

Introduction

This appendix provides an explanation of the rationale for a specific timber harvest project and its importance to the multi-year timber program on the Tongass National Forest. To accomplish this, the following questions are answered:

- Why is timber from the Tongass National Forest being offered for sale?
- How does the Forest Service develop forecasts about future timber market demand?
- What steps must be completed to prepare a sale for offer?
- How does the Forest Service maintain an orderly and predictable timber sale program?
- How does the Forest Service decide where timber sale projects should be located?

Coordinated timber sale planning is essential for meeting the goals of the Tongass Land and Resource Management Plan (Forest Plan) and to provide an orderly flow of timber to local industry. To determine the volume of timber to offer each year, the Forest Service can look to current market conditions and the level of industry operations. However, the planning process for timber harvest projects requires the Forest Service to rely on projections of future harvest levels to decide how many timber sale projects to begin each year. This document explains how the Forest Service uses information about future markets and past experience with timber sale planning to determine the volume of timber that needs to be started through this process each year. This appendix relies heavily on the current annual timber demand analysis and the most recent timber sale schedule.

Why is Timber from the Tongass National Forest Being Offered for Sale?

National Legislation

On a national level, the legislative record is clear about the role of the timber program in the multiple-use mandate of the national forests. One of the original objectives for creation of national forests was to provide natural resources, including timber, for the American public. The Organic Act of 1897 (partially repealed in 1976) directed the agency to manage the forests in order to "improve and protect the forest ... [and] for the purpose of securing favorable conditions of water flows, *and to furnish a continuous supply of timber* for the use and necessities of the citizens of the United States" (emphasis added). The Multiple-Use Sustained Yield Act of 1960 directs the Forest Service, U.S. Department of Agriculture, to administer federal lands for "outdoor recreation, range, timber, watershed, and wildlife and fish purposes."

The National Forest Management Act (NFMA) of 1976 states that "the Secretary of Agriculture...may sell, at not less than appraised value, trees, portions of trees, or forest

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products located on National Forest System Lands.” Although the heart of the Act is the land management planning process for national forests, the Act also sets policy direction for timber management and public participation in Forest Service decision making. Under NFMA, the Forest Service was directed to “limit the sale of timber from each national forest to a quantity equal to or less than a quantity which can be removed from such forest annually in perpetuity on a sustained-yield basis.”

The NFMA directs the Forest Service to complete land management plans for all units of the National Forest System. Forest plans are developed by an interdisciplinary team to provide for the coordination of outdoor recreation, range, timber, watershed, wildlife and fish, and wilderness. Forest plans designate areas of national forest where different management activities and uses are considered appropriate including those areas suitable for timber harvest.

Alaska-specific Legislation

Timber from the Tongass National Forest is being offered for sale as part of the multiple-use mission of the Forest Service identified in the public laws guiding the agency. In addition, Alaska-specific legislation and the Tongass Forest Plan direct the Forest Service to seek to provide timber to meet market demand, subject to certain limitations.

The Alaska National Interest Lands Conservation Act (ANILCA) and the Tongass Timber Reform Act (TTRA) provide direction on the issue of Tongass timber supply. Section 101 of TTRA amended the ANILCA timber supply mandate and fixed budget appropriations and replaced them with the following text in Section 705 (a):

“Sec. 705. (a) Subject to appropriations, other applicable law, and the requirements of the National Forest Management Act of 1976 (P.L. 94-588); except as provided in subsection (d) of this section, the Secretary shall, to the extent consistent with providing for the multiple use and sustained yield of all renewable forest resources, seek to provide a supply of timber from the Tongass National Forest which (1) meets the annual market demand for timber from such forest and (2) meets the annual market demand from such forest for each planning cycle.”

Tongass National Forest Land and Resource Management Plan (Forest Plan, as amended)

The Record of Decision for the Tongass Land Management Plan Revision (Forest Plan) was signed by the Alaska Regional Forester in 1997. The Forest Plan incorporated new resource information and scientific studies and reflected an extensive public involvement process.

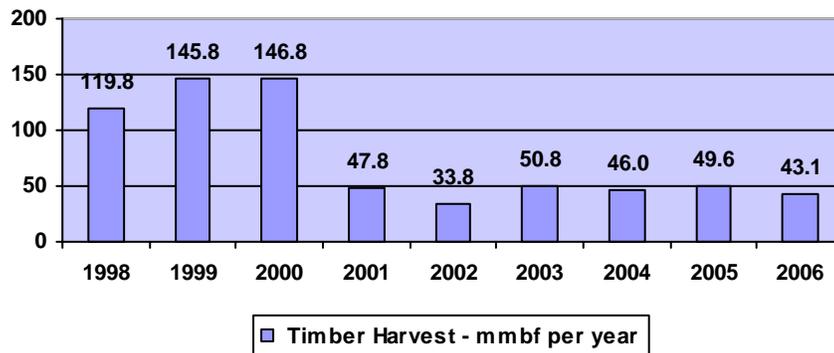
There was direction to supplement the 1997 Final EIS to evaluate and consider roadless areas within the Tongass for recommendation as potential wilderness areas as part of the March 2001 US District Court decision on litigation on the 1997 Forest Plan. The Record of Decision for the Supplemental Environmental Impact Statement was signed in February 2003. The No-action Alternative was selected; no additional lands were recommended for Wilderness designation and no changes were made to the Land Use Designations (LUDs) from the 1997 Record of Decision. The 1997 Forest Plan defines appropriate activities within each LUD. Approximately 74 percent of the Tongass is allocated to LUDs where commercial timber harvest is not allowed.

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Amendments have been made to the 1997 Forest Plan, primarily to modify small Old-growth Habitat Reserves to meet Forest Plan criteria. These amendments have been accomplished through environmental analysis and are documented in decision documents. Due to those modifications, LUDs in certain areas have changed from development LUDs that allow timber harvest to Old-growth Habitat LUD or changed from the Old-growth Habitat LUD to development LUDs. Since the plan was signed in 1997, these amendments have affected two percent of the acres designated as suitable commercial timber by re-designating them as Old-growth Habitat LUD where timber harvest is not allowed.

The effects to resources in the Final EIS for the 1997 Forest Plan were analyzed as if the full timber harvest allowed under each alternative would occur over the next decade and into the future. In that way, the Forest Plan analysis displayed the maximum environmental effects that could be reasonably foreseen. Since substantially less timber volume and acres have been harvested since the 1997 Forest Plan revision than was analyzed, the effects on resources are expected to be less than projected in the 1997 Final EIS. The environmental effects analysis in the Forest Plan projected that up to 267 MMBF and 10,200 acres could be harvested per year based on the suitable forest lands where timber harvest is compatible with the Forest Plan Land Use Designations. Forest Plan monitoring indicates that average annual harvest has been considerably less than that amount (Figure A-1).

Figure A-1 Tongass Timber Harvest, 1998-2006



On August 5, 2005, the Ninth Circuit Court of Appeals ruled that a misinterpretation of the Brooks and Haynes 1997 draft timber demand projections rendered the 1997 Record of Decision for the Tongass Land Management Plan Revision arbitrary and capricious. The court of appeals remanded the matter for further proceedings consistent with the court's opinion (*Natural Resources Defense Council v. U.S. Forest Service*). The process of remedying the shortcomings identified by the court of appeals is in progress with a Forest Plan Amendment Draft EIS released in January 2007. However, there are lengthy time periods involved in clearing timber volume through the NEPA, administrative appeals and litigation processes. Clearing a timber sale project through the NEPA process is an important step in the process the Alaska Region uses to comply with this mandate. Delaying the completion of this and other site-specific projects until after a decision on the Forest Plan Amendment is made would undermine the Forest Service's ability to keep an even-flow of

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economical timber supply. This project will be reviewed for consistency with the decision on the Forest Plan Amendment.

Allowable Sale Quantity (ASQ)

The ASQ serves as an upper limit on the amount of timber that may be offered for sale each decade as part of the regularly scheduled timber sale program. The Record of Decision for the 1997 Forest Plan states:

“The maximum amount of timber that could be harvested (Allowable Sale Quantity or ASQ) during the first decade of the Forest Plan implementation is an average of 267 MMBF per year. A timber volume level less than the ASQ is likely to be offered over the next few years, given current market conditions, the transition that both the timber industry and the Forest Service are experiencing, and the current amount of appeals and litigation.

The ASQ is the maximum amount of sustainable timber harvest on suitable forest lands allocated to development by the Forest Plan, in accordance with its standards and guidelines and management direction. It consists of two separate Non-Interchangeable Components (NICs) called NIC I and NIC II. The NIC I component includes lands that can be harvested with normal logging systems including helicopter logging with less than ¾ mile yarding distance. The NIC II component includes land that has high logging costs due to isolation or special equipment requirements. Most of these NIC II lands are presently considered economically and technically marginal.

There are two purposes of partitioning the ASQ into two components: (1) to maintain the economic sustainability of the timber resource by preventing the over-harvest of the best operable ground, and (2) to identify that portion of the timber supply that may not be harvested because of marginal economic conditions.

With regard to timber production sustainability, the Record of Decision for the 1997 Forest Plan further states:

“The timber resource will be managed for production of sawtimber and other wood products from timberlands available for sustainable timber harvest, on an even-flow, sustained-yield basis and in an economically efficient manner. The Tongass National Forest will seek to provide a timber supply sufficient to meet the annual market demand for Tongass National Forest timber and the market demand for the planning cycle.

The Tongass National Forest will continue to allow timber harvest while maintaining sustained yield and multiple-use goals. The forest-wide standards and guidelines for timber include general direction to “[e]nsure that silvicultural systems other than clearcutting are considered through an appropriate project level analysis process.” However, uneven-aged management systems will be limited to areas where yarding equipment suited to selective logging can be used.

Roadless Area Conservation Rule

The January 2001 Roadless Area Conservation Rule prohibited most timber harvest and road construction in inventoried roadless areas on National Forest System lands.

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The Roadless Area Conservation Rule (1/12/2001) has been the subject of several lawsuits. In the most recent ruling (9/20/06), the court re-instituted the rule as it appears in the 2004 version of 36 CFR Parts 200 to 299. The rule in effect includes the text at 294.14(d): "this subpart does not apply to road construction, road reconstruction, or the cutting, sale or removal of timber in inventoried roadless areas on the Tongass National Forest".

An analysis of the effects to roadless areas within the project area has been included as part of the analysis for this project. This project is consistent with agency policy and procedures and has been designed to meet the management direction, goals and objectives, and standards and guidelines in the Forest Plan.

How does the Forest Service Develop Forecasts about Future Timber Market Demand?

Consistent with the provisions of the Tongass Timber Reform Act, the Tongass National Forest makes two determinations on volume to be offered. The first, "annual market demand" is an estimate on volume to be offered for the current year, based on a forecast of annual timber market demand. The second is "planning cycle market demand" forecasts potential timber volume needs over the life of the Forest Plan. Annual market demand is analogous to assessing industry performance in the short-term. The general approach is to consider the timber requirements of the region's sawmills at different levels of operation and under different assumptions about market conditions and technical processing capability.

Annual Market Demand

The annual market demand forecast is a methodology used to set the short-term goals for the Tongass timber sale program – it is the projected volume of Tongass timber needed to meet annual market demand. The estimated annual market demand is the volume the Forest plans to offer for sale in the current year pending sufficient funding.

The reports Responding to the Market Demand for Tongass Timber (Morse, 2000) and Tongass National Forest Timber Sale Procedures (Morse, 2000a) document the formulas and procedures used in forecasting annual market demand. The Morse methodology originally used the projected harvest from the final 1997 Brooks and Haynes report. Currently calculations of the annual demand use the annual projected harvest from Brackley 2006 as one of the inputs. In addition, the methodology is self-correcting based on actual experience and considers such factors as mill capacity, utilization, and volume under contract. To the extent that actual harvest is lower than projected harvest, the inventory of timber under contract builds up and the demand for new timber decreases, as long as economic volume is available. The procedures are designed to be flexible given the uncertainty associated with forecasting market conditions. This is especially difficult in Southeast Alaska because of the structural transformation underway in the timber industry. The methodology accounts for the fact that the Forest Service timber sale program cannot quickly respond to market fluctuations, and allows the industry to accumulate adequate volume under contract. The methodology includes provisions to monitor industry behavior and includes ways to adjust timber sale program levels to reflect harvest activity with some

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specific criteria for action. These assumptions provide a basis for estimating the volume of timber likely to be processed by the industry as a whole in any given year. The volume of timber likely to be purchased is equal to the volume needed to make up any inventory shortfall in addition to the volume likely to be harvested in the coming year.

To keep the annual demand current, the timber sale plan is updated each fiscal year for each ranger district, whereby the current year is dropped at the end of the fiscal year and a new year is added. These plans from the ranger districts are then consolidated into the Tongass Timber Sale Plan. In the past, the Tongass prepared a 10-year timber sale plan. For several reasons, the Tongass now uses a 5-year timber sale plan, which is consistent with Forest Service Manual 2430. These reasons include the difficulty to project changing market conditions, the outcome of timber harvest decisions affected by litigation, the time it will take to remedy the Forest Plan to be consistent with the court's opinion (*Natural Resources Defense Council v. U.S. Forest Service*) and the completion of the amendment to the Forest Plan currently in progress. This 5-year plan is based on completed and ongoing environmental analyses and will contain more-accurate information to purchasers and provide a plan that is easier to adjust in response to changing market conditions.

The volume that needs to be offered to meet the "annual market demand" for FY 07 is projected to be 131 MMBF. This figure was calculated using the Brackley 2006 "expanded lumber scenario" which allows for sufficient timber volume for the existing Southeast Alaska sawmills to operate efficiently. The spreadsheet displaying how this demand is calculated and a summary of the factors used in these calculations are in the project record.

The planned annual timber volume offer could include a combination of new, previously offered, and reconfigured timber sales. Both green timber and salvage will be components of the program. Offerings will consist of those targeted for Small Business qualified firms, as well as a portion of the volume being made available for the open market.

Market Demand over the Planning Cycle

There have been a number of "planning cycle market demand" analyses prepared for Tongass timber program, including three series prepared by Brooks and Haynes (1990, 1994, and 1997) for the Forest Service's Pacific Northwest Research (PNW) Station that are the 1997 demand projections were used in the preparing the 1997 Tongass Forest Plan.

An update of the "planning cycle market demand" assessment by Brooks and Haynes (1997) was requested from the US Forest Service. In 2006, the PNW Research Station published new harvest projections (Brackley et al. 2006). The Brackley 2006 projections contain four scenarios, as opposed to the three in Brooks and Haynes (1997). These four scenarios include: 1) limited lumber production which represents the current situation where timber supply is limited; 2) expanded lumber production which represents the current industry in southeast Alaska operating without the current supply limitations; 3) medium integrated industry which represents an expansion of the current industry capacity and better utilization of forest products removed from public timber sales; and 4) high integrated industry which represents full utilization of forest products. More information about these scenarios is in the Forest Plan Amendment Draft EIS (January 2007).

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The 2006 projections did not require changes to the basic methodology from the procedure outlined in Morse (2000a) except to use the projections from Brackley, 2006 rather than the 1997 Brooks and Haynes projections (Alexander, 2006).

Table A-1. Projected Tongass National Forest Timber Harvest— in Million Board Feet (MMBF); (Alexander, 2006)

Year	1- Limited lumber scenario	2 - Expanded lumber scenario	3 -Medium integrated scenario	4 - High integrated scenairo
2007	49.8	61.9	67	67
2008	49.8	66.4	139	139
2009	51.3	72.4	151	151
2010	52.8	78.5	166	166
2011	52.8	84.5	184	184
2012	54.3	90.5	204	286
2013	55.8	98.1	204	291
2014	57.3	105.6	204	295
2015	58.9	113.2	204	299
2016	58.9	122.2	204	303
2017	60.4	131.3	204	308
2018	61.9	140.3	204	312
2019	63.4	150.1	204	317
2020	64.9	163.0	204	325
2021	66.4	175.0	204	333
2022	67.9	187.1	204	342
2023	69.4	200.7	204	351
2024	70.9	215.8	204	360
2025	72.4	230.9	204	370

¹ Annualized calculation to fulfill derived demand scenarios from Brackley et al. (2006). This table was created using annualized values provided by Dr. Allen Brackley (personal communication, Nov 29 2006) from the model used to develop derived demand estimates in Brackley et al. (2006a). The values for Limited Lumber Scenario and Expanded Lumber scenarios reported in this table have been adjusted to include low quality material not included in the demand projections and include saw logs, cedar export, and utility (chip) volumes available from sawmill production. The Medium and High Integrated Scenarios are not adjusted and include saw logs, cedar exports, chip volumes, low-grade material, and utility in Brackley et al. (2006

Both the “annual market demand” and the “planning cycle market demand” projections are important for timber sale program planning purposes. They provide guidance to the Forest Service to request budgets, to make decisions about workforce and facilities, and to indicate the need to begin new environmental analysis for future program offerings. They also provide a basis for expectations regarding future harvest, and thus provide an important source of information for establishing the schedule of probable future sale offerings. The weight given to the projections will vary depending on a number of factors, such as how

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recently they were done and how well they appear to have accounted for recent, site-specific events in the timber market.

What Steps Must Be Completed to Prepare a Sale for Offer?

The Tongass National Forest's timber sale program is complex. A number of projects are underway at any given point in time, each of which may be in a different stage of planning and preparation. A system of checkpoints, or "gates", helps the Forest Service track the accomplishments of each stage of a project from inception to contract termination.

Gate 1 – Initial Planning of Timber Sale Project

A Timber Sale Project Plan, often referred to as a Position Statement, is a brief analysis of the project area with the intent of determining the feasibility of a potential timber sale. After the Position Statement is developed, the Forest Service decides whether the project area merits continued investment of time and funds in sale planning.

Gate 2 – Project Analysis, Sale Area Design, and Decision

This step is commonly referred to as the "NEPA" phase and includes field work, public scoping, analysis, draft disclosure of the effects of the project on the environment, public comment, final analysis and disclosure, decision, and potentially administrative appeals and litigation. Gate 2 activities must be completed before a sale is awarded. Legislation, policy changes, and appeals and litigation have recently extended completion of some projects for a much longer timeframe, often doubling the desired time frame.

Gate 3 – Preparation of a Timber Sale

During this step, the information and direction included in the decision document from Gate 2 is used to layout units and design roads on the ground. Additional site-specific information is collected at this time. In order to maintain an orderly flow of sales, Gate 3 activities need to be complete before a sale is advertised.

Gate 4 – Advertise a Timber Sale

The costs and value associated with the timber sale designed in Gate 3 are appraised and packaged in a timber sale contract. The contract is a legally binding document that tells a prospective timber sale purchaser how the sale must be harvested to conform to the project decision document. This step occurs during the final year of the project development and culminates with the advertisement of the project for sale.

Gate 5 – Bid Opening

Gate 5 is completed with the opening of bids for the project. If a bid is submitted, contractual provisions govern when the award of the sale takes place, when the sale will be completed (contract length and operation season), and how timber removal is to occur.

Gate 6 – Award a Timber Sale Contract

Gate 6 is the formal designation of a contract between a bidder and the Forest Service.

How does the Forest Service Maintain an Orderly and Predictable Timber Sale Program?

Pools of Timber (Pipeline Volume)

As discussed earlier, the Forest Service tracks the accomplishment of the different steps of development of each timber sale with the Gate System process (Forest Service Handbook 2409.18). From a timber sale program standpoint, it is also necessary to track and manage multiple projects through a “pipeline” of time as projects collectively move through the Gate System. Because of the timeframes needed to accomplish a given timber sale and the complexities inherent in timber sale project and program development, it is necessary to track various timber sale program volumes from Gate 1 through Gate 6.

The goal of the Tongass National Forest is to provide an even flow of timber sale offerings on a sustained-yield basis to meet market demand. In recent years, this has been difficult to accomplish due to a combination of uncertainties such as delays related to appeals and litigation; changing economic factors, such as rapid market fluctuations; and industry-related factors, such as changes in timber industry processing capabilities. To achieve an even flow of timber sale offerings, ‘pools’ of volume in various stages of the Gate System are maintained so volume offered can be balanced against current year demand and market cycle projections.

Today, upward trends in demand are resolved by moving out-year timber projects forward, which may leave later years not capable of meeting the needs of the industry. In other instances, a number of new projects are started based on today’s market but will not be available for a number of years. By the time the added projects are ready for offer, the market and demand for this volume may have changed. Three pools of timber volume are tracked to achieve an even flow of timber sale offerings.

The objective of the timber pools concept is to maintain sufficient volume in preparation and under contract to be able to respond to yearly fluctuations in a timely manner. Refer to Table A-2, which displays the current estimated volume in each pool, as well as the goal for volume to be maintained in each pool, based on historic patterns. Based on historic patterns, the Tongass has established a goal for the volume to be maintained in each of the timber pools. Appeals and litigation can cause timber sale projects to be reevaluated to ensure they meet current standards and direction, which can cause delays in making projects available to move through the pools, thereby not fully meeting the goals for volumes in each pool.

Pool 1 - Timber Volume Under Analysis (Gate 1 and Gate 2)

Volume in Gate 1, the initial planning step, represents a large amount of volume, but represents a relatively low investment in each project. This relatively low investment level offers the timber program manager a higher degree of flexibility and thus, does not greatly influence the flow of volume through the pipeline.

Gate 2, timber volume under environmental analysis, includes sales being analyzed and undergoing public comment through the NEPA process. This pool includes any project that has started the scoping process through those projects ready to have a decision issued. In addition, tracking how much volume is involved in appeals or litigation may be necessary to

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determine possible effects on the flow of potential timber sales. Volume in appeals and litigation is tracked as a subset of this pool as necessary (Table A-3).

Based on historic patterns, the Tongass has established a goal for the pipeline volume to be maintained in each of the timber pools. The goal for Pool 1 is to be maintained at approximately 4.5 times the amount of the projected harvest to account for projects at various stages of analysis. That goal reflects a number of factors which can lead to a decrease in volume available, such as a decision in Gate 1 to drop further analysis in a particular planning area (called the “no go” decision), a falldown in estimated volume between Gate 1 and Gate 2, and volume not available for harvest due to appeals or litigation.

Pool 2 - Timber Volume Available for Sale (Gates 3, 4 and 5)

Timber volume available for sale includes sales for which environmental analysis has been completed, and have had any administrative appeals and litigation resolved. Enough volume in this pool is needed to be maintained to be able to schedule future sale offerings of the size and configuration that best meets market needs in an orderly manner.

As a matter of policy and sound business practice, the Forest Service announces probable future sale offerings through the Periodic Timber Sale Announcement. Recent delays at Gate 2 have affected sale preparation and have made scheduling uncertain. At Gate 4, sales have been fully prepared and appraised, and are available to managers to advertise for sale. This allows potential purchasers an opportunity to do their own evaluations of these offerings to determine whether to bid, and if so, at what level.

Timber in this pool can include a combination of new sales, previously offered unsold sales, and remaining volume from cancelled sales. The goal is to maintain Pool 2 at approximately 1.3 times the amount of the projected harvest to allow flexibility in offering sales.

Pool 3 - Timber Volume under Contract (Gate 6)

Timber volume under contract contains sales that have been sold and a contract awarded to a purchaser, but which have not yet been fully harvested. Contract length is based on the amount of timber in the sale, the current timber demand, and the accessibility of the area for mobilization. The longer the contract period, the more flexibility the operator has to remove the timber based on market fluctuations. Timber contracts typically initially give the purchaser 3 years to harvest and remove the timber purchased. Analysis of Tongass timber sales indicates an average sale length of about 6 years due to modifications in the contracts due to inoperable periods of weather, injunctions, and other contractual delays.

The Tongass attempts to maintain roughly 3 years of unharvested volume under contract to the industry as a whole. This volume of timber is the industry’s dependable timber supply, which allows adaptability for business decisions. This practice is not limited to the Alaska Region, but is particularly pertinent to Alaska because of the nature of the land base. The relative absence of roads, the island geography, the steep terrain, and the consequent isolation of much of the timber land means that timber purchasers need longer-than-average lead times to plan operations, stage equipment, set up camps, and construct roads prior to beginning harvest.

A combination of projected harvest and projected demand is used to estimate the volume needed to maintain an even-flow timber sale program. As purchasers harvest timber, they deplete the volume under contract. Timber harvest is then planned and offered by the

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agency as sales that give the industry the opportunity to replace this volume and build or maintain their working inventory. Although there will be variation for practical reasons from year to year, in the long-run over both the high points and low points of the market cycle, the volume harvested will equal the timber volume sold, excluding cancelled sales.

The goal for Pool 3, volume under contract, is to maintain timber volume at approximately three times the amount of annual projected harvest. This allows the purchasers to have a continuous supply of timber volume available for harvest so they can plan their operations and be flexible to allow for weather conditions and market fluctuations.

Table A-2 Accomplishments in Gate System and Timber Pools (MMBF)

Pipeline Pool Volume	2007 Goal	FY 07 (as of 6/1/07)
Pool 1 Volume Under Analysis (Gates 1 and 2)	279 ¹	350
Pool 2 Volume Available for Sale (Gates 3, Gate 4 and Gate 5)	79 ²	304 ³
Pool 3 Volume Under Contract (Gate 6)	186 ⁴	100 ⁵

¹ The goal for volume under analysis is approximately 4.5 times the projected harvest for the current year (61.9 MMBF for 2007 based on expanded lumber scenario). Volume under analysis includes all volume in projects from the Notice of Intent through completion of the environmental analysis for sales planned.

² The goal for volume available for sale is to have at least 1.3 times the projected harvest for the current year (61.9 MMBF) in sales that have approved NEPA and completion of timber sale preparation.

³ Includes volume from sales mutually cancelled under the provision of the 2004 Appropriations Act (Sec. 339). However, most of this volume appraises deficit under current market conditions and can not be offered for sale under Congressional direction in the 2006 Appropriations Act (Public Law 109-54, Sec. 416). Does not include volume under litigation – see Table A-3.

⁴ The goal for volume under contract is for purchasers to have 3 times the volume under contract as projected for harvest for the current year (61.9 MMBF).

⁵ Estimated volume under contract available for harvest (not including timber enjoined from harvest or sales that have had mutual cancellation requests granted).

How Appeals and Litigation Affect the Timber Sale Program

Timber harvest projects require site-specific environmental analysis that usually is documented in an environmental assessment (EA) or an environmental impact statement (EIS). The public is notified of the analysis and is provided the opportunity to comment on proposals and file an appeal on decisions. The administrative appeal process for most timber harvest projects takes up to 105 days before implementation to occur.

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When decisions are appealed and affirmed through the administrative appeal process, the project can still be litigated. Litigation can be a lengthy process. Although litigation does not preclude offering timber for sale, the Forest Service and potential purchasers are often reluctant to enter into a contract where the outcome is uncertain. Recently, sales were enjoined from harvest after the contracts were awarded. The outcome of litigation affects the Forest's ability to provide a reliable timber supply.

Table A-3 Timber Volume Involved in Appeals and/or Litigation¹

Timber volume remanded on appeals ²	23 MMBF
Timber volume involved with litigation	35.2 MMBF

¹ As of May 23, 2007- date of Settlement Agreement with NRDC

² Remanded – Decision overturned during internal review. Does not include volume in decisions currently in the appeal period or undergoing an appeal review.

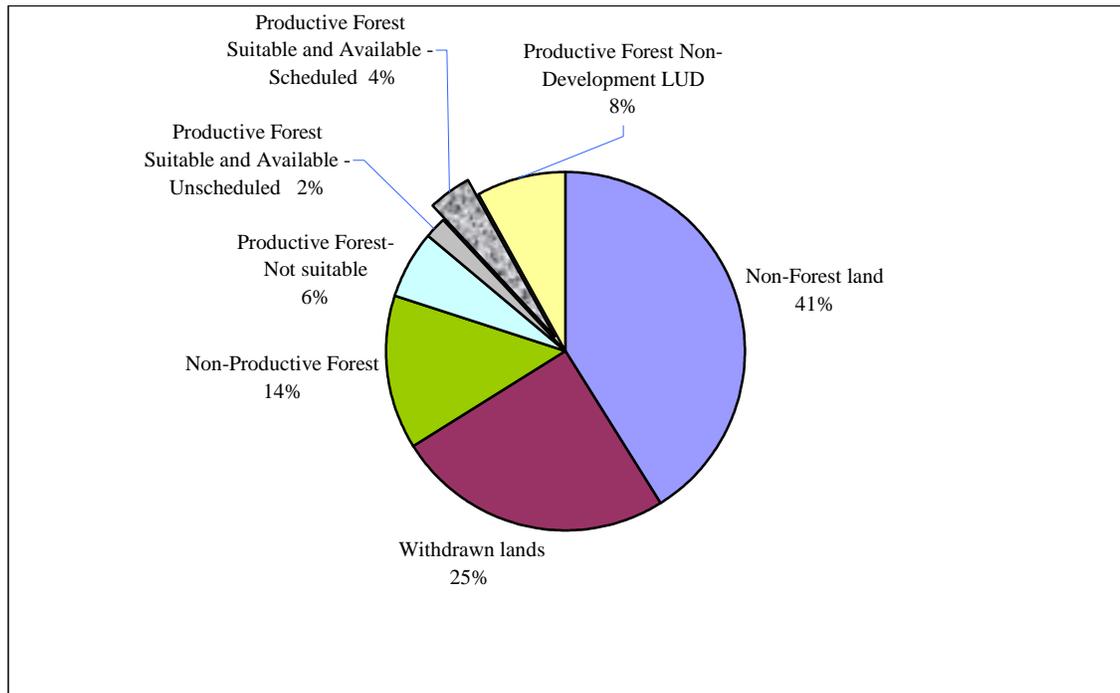
How Does the Forest Service Decide Where Timber Harvest Projects should be Located?

The location of timber sale projects is based first on the land allocation decisions in the Forest Plan. Under the 1997 Forest Plan, lands designated for possible timber harvest are in the development Land Use Designations (LUDs), primarily the Timber Production, Modified Landscape, and Scenic Viewshed LUDs.

Timber Resource Land Suitability

The second consideration is the suitability of the land for timber production. Many acres within the development LUDs are not suitable for timber production due to poor soils or steep slopes. The process for determining the suitability of the land is found in the Forest Plan, Appendix A. Figure A-2 depicts the classification of all the lands within the Tongass National Forest. Four percent of the Tongass land base, the suitable, available and scheduled forest land, provides the land base for the Allowable Sale Quantity of 267 MMBF per year. Under the 1997 Forest Plan, the remainder of the land, approximately 96 percent, does not allow, is not scheduled, or is not physically suitable.

Figure A-2 1997 Forest Plan Timber Resource Suitability Analysis



Non-Forest land – Land that has never supported forests, e.g. muskeg, rock, ice, etc.

Withdrawn Lands – Lands designated by Congress, the Secretary of Agriculture, or Chief for purposes that preclude timber harvest, e.g. Wilderness Areas

Non-productive Forest – Forest land not capable of producing commercial wood on a sustained yield basis

Productive Forest, Not suitable, Physical Attributes – Forest land unsuitable for timber due to physical attributes (steep slopes, soils, etc.) and/or inadequate information to ensure restocking of trees within five years of final harvest.

Productive Forest, Not Suitable, Non-development LUD – Productive forest lands where timber production is not allowed due to Forest Plan land use designation, e.g. Semi-Remote Recreation, Old-growth Habitat, etc.

Productive Forest, Suitable and Available, Scheduled – Forest land that meets all the criteria for timber production suitability and is available and is scheduled by the Forest Plan over the planning horizon

Productive Forest Suitable and Available Unscheduled – Forest land that meets all the criteria for timber production suitability, is available for harvest, however was not scheduled in the Forest Plan model for harvest.

District –level Planning

The Tongass National Forest is divided into ten ranger districts. For planning and scheduling purposes, the Allowable Sale Quantity (ASQ) has been allocated to the ranger districts based on the Forest Plan modeling (FORPLAN) results of suitable and available

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acreage. The average annual distribution of the full Forest Plan ASQ by ranger districts is displayed in Table A-4 (all volumes are identified as sawlog plus utility).

Table A-4 Annual Distribution of Forest Plan Allowable Sale Quantity (mmbf) by District

Ranger District	Non-Interchangeable Component (NIC) ¹	
	NIC I	NIC II
Ketchikan/Misty Fiords	32	7
Thorne Bay	42	9
Craig	33	7
Wrangell	28	6
Petersburg	50	9
Sitka	17	4
Hoonah	7	2
Juneau	7	2
Yakutat	4	1
Admiralty National Monument	0	0
NIC Totals	220	47
ASQ Total(mmbf)	267	

¹NIC I component – lands that can be harvested with normal logging systems including helicopter logging with less than ¾ mile yarding distance.

NIC II component – includes land that has higher logging costs due to isolation or special equipment requirements.

The Forest Supervisor for the Tongass National Forest is responsible for the overall management of the Forest’s timber sale program. Included within these responsibilities is making the determination on the amount of timber volume to be made available to industry. Whether or not sufficient funding is appropriated to attain the program is the responsibility of the Congress and the President.

The District Rangers to develop a timber sale plan of the potential timber harvest projects. This plan aims to attain the prescribed offer level for the current year based on the estimated annual market demand and to develop a timber program for several years of the planning cycle. The offer level for the current year in this plan is based, to the extent possible, on the forecasted annual market demand. Demand may fluctuate from year to year but recent years have shown little change in the annual demand projection. Offerings may vary from year to year but recently they have been in the low market scenario range, as determined by the projected annual demand.

The District Ranger is responsible for identifying and recommending the project areas for the 5-Year Timber Sale Plan. The Ranger’s role is to develop and recommend to the Forest

Reasons for Scheduling the Environmental Analysis Appendix A

Supervisor timber harvest projects that meet Forest Plan goals and objectives. Districts work on various timber sale projects simultaneously, resulting in continual movement of projects through the stages of the timber program pipeline. This schedule allows the necessary time to complete preliminary analysis, resource inventories, environmental documentation, field layout preparations and permit acquisition, appraisal of timber resource values, advertisement of sale characteristics for potential bidders, bid opening, and physical award of the timber sale. Project delays through the completion of Gate 2 attributable to legal injunctions and litigation have affected the offer level in recent years. Once all of the Rangers' recommendations are made and compiled into a consolidated schedule, the Forest Supervisor is responsible for the review and approval of the final timber sale plan.

Considerations the District Ranger takes into account for each project, such as the Iyouktug Timber Sales, include:

- The Iyouktug project area contains a sufficient number of suitable timber production acres allocated to development Land Use Designations. Available information indicates that the timber volume being considered for harvest can be achieved while meeting Forest Plan goals, objectives, and standards and guidelines.
- Other resource use and potential future uses of the Iyouktug area and of adjacent areas and of non-National Forest Service lands.
- Areas where the investment necessary for project infrastructure (roads, bridges, etc.) is achievable with the estimated value of timber in the project area. Where infrastructure already exists, the project would allow any maintenance and upgrade of the facilities necessary for removal of timber volume.
- Areas where investments for the project coincide with long-term management based on Forest Plan Direction.

The implementation of the sales on the timber sale plan depends in part on the final budget appropriation to the agency. In the event insufficient budget is allocated, or resolution of pending litigation or other factors delay planned sales, timber sale projects are selected and implemented on a priority basis. Generally, the higher-priority projects include sales where investments such as road networks, camps or log transfer facilities have already been established or where land management status is not under dispute. The distribution of sales across the Tongass is also taken into account to distribute the effects of sales and to provide sales in proximity to timber processing facilities. Timber sale projects scheduled for the current year that are not implemented, or the remaining volume of sales that are only partially implemented, are shifted to future years in the plan. The sale plan becomes very dynamic in nature due to the number of influences on each district.

This project meets all laws and regulations governing the removal of timber from National Forest System lands, including Forest Service policies as described in Forest Service manuals and handbooks and the 1997 Forest Plan and Record of Decision. Based on current year and anticipated future timber volume demand and the timber supply provisions of the Tongass Timber Reform Act, the analysis of the Iyouktug project is prudent at this time to meet timber sale needs as included on the approved multiple-year timber sale plan. The anticipated budget allocations and the availability of resources are sufficient to prepare and offer this project for sale as scheduled.

Appendix A Reasons for Scheduling the Environmental Analysis

How Does This Project Fit into the Tongass Timber Program?

This project is currently in Gate 2, Project Analysis. The amount of volume considered for harvest under the action alternatives ranges from 17 MMBF to 60 MMBF, which would contribute to the Tongass timber sale program. A no-action alternative is also analyzed in this EIS. If an action alternative is selected in the decision for this project, this volume will be added to the volume available for sale.

As described in the Pools of Timber section of this appendix, the volume of timber needed to maintain Pool 1 is 4.5 times the amount of the projected harvest to account for projects at varying stages of analysis for that year. As displayed in Table A-2, the goal for volume under analysis is 589 MMBF. Currently, the forest-wide volume under analysis (Pool 1) is about 490 MMBF and includes the volume for this project. This project contributes to timber sale program planning objectives to meet the goal of providing an orderly flow of timber from the Tongass on a sustained yield basis to meet timber supply requirements. It is reasonable to be conducting the environmental analysis for this project at this time. The timber volume from this project is currently proposed for offer starting in Fiscal Year 2008.

Why is this Project Occurring in This Location?

As explained above, timber harvest project areas are selected for environmental analysis for a variety of reasons. The reasons this project is being considered in this area include:

- The Iyouktug Timber Sales Project Area contains sufficient acres of suitable and available forest land to make this timber harvest proposal reasonable. Areas with available timber need to be considered for harvest in order to seek to provide a supply of timber from the Tongass National Forest which (1) meets the annual market demand from such forest, and (2) meets the market demand from such forest for each planning cycle, pursuant to Section 101 of the Tongass Timber Reform Act (TTRA).
- This project is close to an existing small mill in Hoonah and other smaller mills in the local area that are in need of forest products to maintain or stabilize production levels. Forest products made available from this sale will provide employment to local loggers, truckers, mill workers and other associated services over a long-term period.
- The Iyouktug Timber Sales will utilize many existing roads and, if needed, an existing Marine Access Facility (MAF) at Long Island, near Hoonah. A road system and MAF are already in place to provide access to many proposed timber harvest units, and to transport the harvested logs. Timber sales within roaded areas are particularly important to meet market demand at this time.
- Effects on subsistence resources from timber harvest are projected to have few differences based on the sequence in which areas are harvested. Harvesting other areas with available timber on the Tongass National Forest is expected to have similar potential effects on resources, including subsistence resources, because of widespread distribution of subsistence use and other factors. Harvest within other areas is foreseeable under the Forest Plan.

Conclusion

There is a long legislative recognition that timber harvest is one of the appropriate activities on national forests, starting with the founding legislation for national forests in 1897. The National Forest Organic Act provides that national forests may be established “*to improve and protect the forest within the boundaries of, or for the purposes of securing favorable conditions of water flows and to furnish a continuous supply of timber for the use and necessities of the citizens of the United States.*”

Congress’s policy for national forests, as stated in the Multiple-Use Sustained Yield Act of 1960, is “the national forests are established and shall be administered for outdoor recreation, range, timber, watershed, and wildlife and fish purposes.” Accordingly, Congress has authorized the Secretary of Agriculture to sell trees and forest products from the national forests “at no less than appraised value.” The National Forest Management Act directs that forest plans shall “provide for multiple use and sustained yield, and in particular, include coordination of outdoor recreation, range, timber, watershed, wildlife, fish and wilderness.”

In addition to nationwide statutes, Section 101 of the Tongass Timber Reform Act directs the Forest Service to seek to meet market demand for timber from the Tongass, subject to certain qualifications. It is the goal of the Tongass National Forest to provide an even-flow of timber on a sustained-yield basis and in an economically efficient manner. The amount of timber offered for sale each year is based on the objective of offering enough volume for sale to meet the projected annual demand. That annual demand projection starts with installed mill capacity, and then looks to industry rate of capacity utilization under different market scenarios, the volume under contract, and a number of other factors, including anticipated harvest and the range of expected timber purchases.

As described by Morse (April 2000), in terms of short-term economic consequences, oversupplying the market is less damaging than undersupplying it. If more timber is offered than purchased in a given year, the unsold volume is still available for re-offer in future years. The unsold volume would have no environmental effects because it would not be harvested. Conversely, a short fall in the supply of timber can be financially devastating to the industry. This project could supply from 17 MMBF to 60 MMBF of volume for sale, with harvest potentially beginning in 2008.

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