

## **NISQUALLY COMMUNITY FOREST ADVISORY COMMITTEE MEETING**

Meeting Notes

Thursday, March 1, 2012

12:30 to 2:30 p.m.

Nisqually Wildlife Refuge Visitor Center

### **Attendees:**

Bryan Bowden – Mount Rainier National Park

Paula Swedeon – Pacific Forest Trust

Pam Painter – Mount Rainier Visitors Association

Diane Marcus Jones – Pierce County Planning and Land Services

Nicole Hill – Nisqually Land Trust

Jean Shaffer – Nisqually River Council, Forester

Kirk Hanson – Northwest Natural Resource Group

Justin Hall – Nisqually River Foundation/Nisqually River Council

George Walter – Nisqually Tribe

Joe Kane – Nisqually Land Trust

Charly Kearns – Nisqually Land Trust

Fred Michelson

Owen Fairbank – Jefferson Land Trust

Jack Thorne – Gifford Pinchot National Forest

### **Welcome/Introductions/Review Agenda**

Joe Kane welcomed everyone and facilitated introductions. Bryan Bowden reviewed the agenda. Joe also mentioned that grant funding had been awarded to the project from the Department of Ecology and the Department of Commerce. This has helped to further develop the timeline for the project by laying out the following framework:

2012 – Develop conceptual plan for the Community Forest: convene stakeholders; define mission, goals, values, geography, management authority, and benefits, products and services.

2013 – Develop a business plan and a management plan for the Community Forest and initiate outreach to potential financing partners and property sellers.

2014 – Fund, negotiate and complete first property purchase for Community Forest.

It was also mentioned that the Nisqually Community Forest has a website that will soon be up and running. This website will be a location for posting all documents and information for the Advisory Committee to access and make comments.

### **Presentation/Discussion – Draft ‘Opportunities for Income’ document – Bryan Bowden and Kirk Hanson**

1) **Timber Sales:** Timber sales offer the greatest opportunities for significant revenue.

However, estimating possible revenue is difficult and based on many factors:

- Age of acquired forest – unlikely to acquire mature forest

- Soil type/productivity
- Harvest intensity – cutting below growth to improve environmental benefits vs. heavy cutting to maximize revenue.
- Amount to which timber revenue will be used to pay back acquisition debt.
- Young stands – could be used for biomass markets

Principal of Resource Reinvestment: What is the best way to maximize community benefits of the forest? Currently, the highest value is placed on exporting logs to overseas markets. Focusing on markets abroad will likely lead to the highest revenue and therefore create an opportunity to invest more money into the local community. Alternatively, timber sales could stay local. This would lead to lower revenue, but perhaps support more local jobs and other community benefits. A balance will likely need to be made.

- 2) **Specialty forest products:** Also wood products. This market is another potentially lucrative one, but requires additional investments in skilled workers.
  - Requires trained forest managers, mill operators, and niche markets (i.e. hardwoods for furniture, musical instruments, and flooring, cedar for fences, decks, and utility poles)
  - Diversifies portfolio – not just dependent on Douglas fir for revenue.
- 3) **Floral Greens:** Long term contracts are better than year-long. Pickers can be a good way to get more eyes on the ground.
- 4) **Manufacturing:** The community forest could venture into manufacturing wood products for sale. This could include certified and/or locally branded wood products from the Nisqually watershed, as well as other products such as rough sawn board and batten, fence posts and boards, oversize boards and beams, paneling, flooring, and trim. This could be gradually implemented in four stages:

*Phase One:* Hire existing small-scale sawmill operators to mill logs into sellable product

*Phase Two:* Construct a small sawmill and drying shed (kiln) and mill logs at a fixed site

*Phase Three:* Add additional equipment such as an edger and molder to produce products such as paneling, trim and flooring

*Phase Four:* Continue to grow operation to a larger scale

Other issues:

- Mill should be located close to timber supply – lower long-haul costs
- Portable sawmill operation can produce 100,000 board feet of lumber per year – this would be a small amount (~7%) of total potential for a 20,000 acre community forest.
- \$150,000-\$200,000 investment for infrastructure needed to construct small sawmill

**5) Other opportunities for revenue:**

- Christmas tree farm – maybe too far from any towns to have a Cut-Your-Own farm, but could sell to distributors
- Recreation – Access Permit? Question of whether this diminishes community benefits. Perhaps have entrance fee stations or fees for developed campgrounds, picnic areas. Could also have an annual membership fee.
  - Mountain biking – could be a huge tourism pull for area. Retired baby-boomers come to Eatonville for staging. Approach bike manufacturers for support. Also sell maps of bike trails.
- Gravel Pit – uncertain if this fits within community forest, but kept as placeholder.
- Firewood permits, cell phone towers

**Presentation/Discussion – Forest Carbon Offsets – Paula Swedeon**

Paula discussed the emerging carbon market in California, and how working Washington forests are in a unique position to take advantage of this. The market is based on a cap and trade system in which companies have a set limit to their emissions, and in order to continue operation, they must offset these emissions by purchasing carbon credits.

Who buys carbon credits?

- 1) Corporations trying to improve sustainability/improve image
- 2) Those who believe that Cap and Trade will soon become the law
- 3) Those in CA, where there is already a law in place.

By harvesting less than growth, forests are carbon sinks. The extra carbon that stays on the landscape is eligible to be sold as a credit. Washington forests are eligible to sell into the California market.

It is expected that due to increased demand, the price of carbon credits will continue to rise for some time. Current rates are between \$10 - \$20 per ton, but some forecasts estimate as much as \$70 per ton by the year 2020.

The California Air Resources Board (CARB) administers the cap and trade system, and sets stringent regulations for what is allowed as an offset project. There are three different allowable projects:

- Reforestation Projects
- Improved Forest Management Projects – FSC fulfills requirements
- Avoided Conversion Projects – must prove that land is threatened by conversion

There are many requirements set by CARB in order to be eligible:

- 100 year commitment period for project – including monitoring
- Very intensive inventory at onset of project ( $\pm 5\%$  accuracy)
- Standards for setting baseline and addditionality – must produce GHG reductions above and beyond compliance from any federal, state, or local laws.

- 3<sup>rd</sup> party review

In a hypothetical example of a 5,000 acre forest managed for timber production, Paula showed a possible cost/revenue forecast for selling into the carbon credit market. There are initial costs to get the project started, such as inventories and other administrative costs. There are also required re-inventories every ten years, which increases the cost. However, based on current market value, a 5,000 acre forest, harvesting 50% of growth, could have these administrative costs paid off by the third year, and start generating revenue in the 4<sup>th</sup> year.

It is also likely that inventory costs will be reduced as LIDAR technology becomes cheaper and more readily available. This will reduce the number of hours spent on the ground conducting inventories.

Other important notes:

- Government-owned forest land is not eligible for carbon credit projects – Tribal forests, and those owned by non-profits are eligible.
- CA market will soon be merging with Quebec. This will increase the market size as well as demand.

Note: Paula's presentation will be posted on the Nisqually Community Forest website once it is up and running. Notification will be sent to the advisory committee members when it is posted and available. You can also request a copy via email by contacting Joe Kane.

### **Presentation/Discussion – Existing Community Forest Models: Community Forests in Downeast Maine – Charly Kearns**

#### Downeast Forestry Partnership

- Downeast Lakes Land Trust – Property owner, purchased in fee 33,708 acre Farm Cove Community Forest.
- New England Forestry Foundation – Provided consulting to DLLT, helped raise capital, easement holder on 312,000 acre Sunrise Easement – Owned by Wagner Forestry.
- Orion Forest Management – Drafted management plan for Farm Cove Community Forest, completed necessary road maintenance, subcontracts to timber harvesting company.

This project is a prime example of partnerships working out for all concerned parties. Many stakeholders were identified and brought into the discussion.

Novel financing strategies for acquisition:

- Interim ownership by Timberland Investment Management Organization – allows for more time during capital campaign, as well as maintaining sustainable management objectives.

- Bridge financing – NEFF mortgaged some of its property in order to bridge funding gap.
- Number one national priority for Forest Legacy Funding for FY 2011 (obligated \$6.675 million)
- New Market Tax Credits – Tax credit for entities that invest in projects that include low-income and economic development aspects.
- “Acres for America” Wal-Mart funded, administered by the Conservation Fund.

**Management Goals:**

- Manage for wildlife, while maintaining working forest
- Includes a 3,500 acre ecological reserve, which is not harvested, and a 3,700 acre late-successional management area, which is harvested, as a buffer to the reserve.
- Management goals are based on a focus-species approach, using indicator species to determine successful management.

**Timber Harvests:**

- NEFF holds a “Working Forest Easement” on 23,530 acres of the community forest.
- Manage the lands to produce a sustainable supply of high quality, high value timber
- Maintain and improve the stocking, quality and species composition of regenerated stands;
- Use appropriate harvesting techniques, equipment, silvicultural practices and environmental protections to ensure the long-term capacity of forest stands to contribute to forest growth and protect the productivity of forest soils.

**Next Steps/Adjourn**

- Justin Hall is completing the website development.
- Planning Team and Advisory Committee meetings will continue to occur every 4-5 weeks.
- Next meeting – Outline of management operations and costs and a presentation on ‘New Market Tax Credits’
- On schedule for a public meeting in August or September