

**DRAFT Minutes**  
**SE Region Timber Industry Task Force**  
**Governor's Office**  
**Juneau**  
**October 3, 1996**

The Task Force Chairman, Wrangell Mayor Doug Roberts moved to **Agenda Item I** and called the meeting to order at 1:00 pm. All **Task Force members** were present except Metlakatla Mayor Jack Booth and Ralph Lewis of KPC. Ketchikan Mayor Alaire Stanton and Ketchikan Borough Mayor Jim Carlton were connected by telephone from Ketchikan.

U.S. Forest Service Region 10 Director Phil Janik was present and serving as **Advisor**.

Jim Ayers, Marilyn Heiman and Johnny Ceffalio of the Governor's office; Kathleen Morse of the Department of Commerce and Economic Development; Randy Coleman of U.S. Forest Service; and, Ruth Tadda of the Department of Natural Resources were present and serving as **Staff**.

**Present at large** were Mike McConnell and Mim McConnell of Port Alexander, Mark Kirchhoff of Port Alexander, Jack Phelps of Ketchikan, LeRoy Wilder of Portland, Victor Wellington of Metlakatla, Buck Lindekugl of SEACC, Walt Sheridan of Juneau, Dick Buhler, S.B.L., of Cube Cove, Jack Shay of Ketchikan, and Department of Community & Regional Affairs Commissioner Mike Irwin.

The meeting moved to **Agenda Item II, Adoption of the Agenda**. There were no objections, additions, or changes, so the agenda was adopted and the meeting moved on to **Agenda Item IV, the Chairman's Opening Statements**. (There was no Item III on the agenda).

Chairman Roberts pledged to achieve the goals of the Task Force and the Governor. He said although he may be the least knowledgeable about the timber industry, he is honored to sit with some of the best minds in the business. Their diligence and single-mindedness can achieve positive results for the future of Southeast Alaska's timber industry.

The Chairman said he would not send any letters until every member had communicated and approved of the draft copy. Critical correspondence shall be marked *confidential* and handled accordingly. Task Force business on hand will be conducted first and foremost. He will then ask for comments from the audience.

The Chairman reminded the volunteers to do the best job they can. There is much consistency between the concerns of the Governor, the timber industry, and the environmental community. He welcomed everyone to the 2nd Task Force meeting.

He wrapped it up by saying everyone is responsible in this partnership of federal, state, and municipal government working with the timber industry - as elected officials, CEO's, or attorneys - to commit with open minds to finding common ground that everyone can live with, to try to develop a plan that is consistent with their concerns, and to outline key elements in SE Alaska's timber resource, and the future of the resource development.

The meeting moved on to **Agenda Item V, the Governor's Mission Statement**. The Chair asked if anyone would like to add any comments to it.

Governor Tony Knowles and Sitka Mayor Pete Hallgren checked in by teleconference from Girdwood where they were attending the Education Summit.

It was decided to add "**providing counsel of the Governor regarding wood products processing proposals**" into the Revised Mission Statement. It was also decided to add the words "**environmentally sound**" to Part A of the Mission Statement after the words "economically viable". (Attached)

Jim Ayers announced an update from Washington D.C. The meeting then moved ahead to **Agenda Item IX.1**, to receive the **Update on the Congressional Situation**. He said that the Governor and Senator Murkowski had both been discussing the Prescidio bill with the White House all week. A letter would be coming from the White House that same day.

Governor Knowles was happy to hear it and confirmed the letter would be copied to Task Force members. He appreciated everyone getting together to come to Alaskan terms. He said it is difficult when all the talk and some of the decisions are made outside, but we will work our way and come out stronger and better with a good plan. He looks forward to working through the various proposals of how an economic plan can be put together. He said we can do that, then deal with the decision's that have been made in D.C. on how we can keep the industry moving.

Phil Janik said he had brought the signed letter of commitment by the Forest Service (to be covered under Agenda Item IX.3).

Governor Knowles thanked Phil for his positive attitude and approach to get things done and move things forward, and for his help in getting the Secretary to work with the Task force which will make a huge difference. He said there is not a doubt in his mind of what can come out of this in a very positive way and he appreciates it. Then he signed off to return to the Education Summit.

Chair Roberts returned the meeting to **Agenda Item VI, Common Thoughts**. Kathleen Morse gave an overview of the letters submitted by committee members providing direction, including her findings (Attached).

Group discussion included the following points of agreement:

- Timing is critical - need to get operations running and people employed.
- TLMP completion - needs to be legally defensible - *or it will end up in litigation with further delays. On this item, Chairman Roberts reminded the group there is a draft letter to Secretary Glickman for the members to review under Agenda Item IX.2. He reiterated that he will not sign or send anything out that the group does not review and agree to approve.*
- New ways of doing business, i.e., stewardship contracts, sortyards, etc. *This may also fit under 14.*
- Examine agreement between the USFS and SBA to see if we can strengthen or improve upon it.
- Where do log exports fit in - especially from federal lands - in a broad sense that's wood with very low jobs per unit.
- Create a team to address economic/social impacts of potential/actual mill closures, disruption in the timber industry, etc. *Refers to Paragraph D in the Mission Statement.*
- Sources of capital - private and governmental - which may lead to legislative options.
- 8. Realistic Markets.

The meeting moved on to **Agenda Item VII** and Kathleen Morse presented her suggestions for **Elements of a Business Plan** (Attached).

In keeping with the Governor's goals, Chairman Roberts asked for comments back on the business plan and moved the meeting to **Agenda Item VIII, Opinions of the Group**.

The Chairman noted the group is in agreement that the **#1 issue is fiber supply**.

At his request, Steve Seley was appointed head a subcommittee **of SBA manufacturers** and was asked to provide a report back to the group on the SBA perspective as an element to the business plan. There was also a suggestion to support a **sort yard concept** as part of TLMP in the SBA proposal.

The Chairman asked Governor's office staff for help in getting guest speakers to **outline available sources of timber from Mental Health Trust, State, and University lands**. He also asked Phil Janik for a report back on **US Forest Service outlook** and **interruptions** in supply and at minimizing litigation.

To help industry qualify for various funding sources, Kirk Dahlstrom suggested adding “**contractual agreement**” to the **fiber supply** priority.

Randy Coleman noted the **\$110 million Economic Assistance Fund** as a potential opportunity for consideration as **investment** funding.

Chairman Roberts reiterated what he said at the last meeting: his community in Wrangell realizes its responsibility to make provisions for the unemployed timber worker and to diversify their economy. Wrangell has set aside a portion calling for economic development. To date, Wrangell has to receive proposals for use of the fund that would directly impact the community and the region. Wrangell's planning committee decided if needed, to set aside more funds for utilization in a program that would truly bring jobs and new investment back into the community. He said anyone could call the City Clerk, for a copy of the grant application and criteria for utilization of those dollars. The phone number is 874-2381 and the fax number is 874-3952. He clarified the City's position on grants potentially as a revolving loan fund or a loan guarantee program. He envisioned others who had shared in the fund will also be promoting similar programs.

John Sturgeon suggested the importance of doing a market examination in order to make good decisions and to guide the Governor. We have to understand the changing market. What is realistic for SE Alaska? How big of an industry do we currently have? What does it need? What do we want it to look like? What about secondary processing? He said he would provide a **market report** for the Task Force **vision**. He also suggested working to **change public opinion**. The business plan should deal with how we got here, what are the problems, and which of those problems are factual and which are not, or which ones we can change.

The Chairman agreed and added that his community had studied Medium Density Fiberboard (MDF) plants which he would ask them to contribute to the market report. He also welcomed the group to gather current studies, for example, the Alaska Forest Association (AFA) and the Southeast Conference may have studies available.

Bob Loescher said he had spoke to the State Chamber of Commerce about TLMP and getting the Record of Decision done and distributed a copy of his comments to the Task Force. He spoke at length to the group bringing up many important issues and questions.

**Phil Janik welcomed a letter from the Task Force itemizing the issues.** He said the focus of his team has been to produce a legally defensible plan which will also address a lot of the questions Bob Loescher asked. He said the input may be helpful. He said there are a number of questions that are not possible to answer today. As to the character of the industry in Southeast, he thinks that it is the charge of this task force to identify possibilities and what the future can be. He said to see what kind of commitments come from the various members. The USFS can be helpful, but it will be this task force that develops the solutions and overall direction.

Before recessing for break, the Chair said he has a draft letter to Secretary Glickman from the Task Force. He asked the members to proof and add their notes to it and return it to him. Kathleen Morse would summarize the priorities recommended during discussions up to this point and distribute them during the break.

During break, staff distributed letters that had been issued from the White House, the Department of Agriculture, as well as the draft priorities for the Task Force Business Plan.

The Chairman brought the meeting back to order to **Agenda Item IX.2** and asked for comments on the draft letter to Secretary Glickman.

One suggestion was on the first page, the last paragraph “on behalf of several communities....” to say “all communities” instead. The other suggestion was additional wording after the third line where it ends “1996 “ to insert “In addition, we ask that the Record of Decision be finalized in terms that will minimize the risk of litigation.”

There were no other suggestions or comments on the letter so the Chairman said he would go

ahead and sign the letter and send it out. (Attached)

The Chair said the Task Force now have their draft priorities. The business plan will be the focus of the next meeting. He asked for any other additions, deletions or comments for the draft business plan. The group agreed that these are the priorities they would like to focus on:

#1 **Timber Supply to Mills**

- SBA Subcommittee (Steve Seley, Chair)
- Timber Supply from Other Ownerships - DNR, Mental Health Trust, University (include maps of land designations in Southeast)
- Interruptions in Forest Service Timber Sale Delivery
- Potential Contractual Agreements
- Inventory of Timber Supply and Strengths

#2 **Examination of Markets and Trends** (John Sturgeon)

#3 **New Ways of Doing Business with the Forest Service** (Phil Janik et al)

- Sort Yards
- Stewardship Contracts
- Other

#4 **Vision for Timber Industry in Southeast** (Where are We Going?)

The Chair decided the group will go forward with this *draft*. Things can be moved around and will continue to improve as meetings progress.

Then the meeting moved on to **Agenda Item IX.3, USFS Letter**. Phil Janik said he had the signed letter of commitment by the Forest Service and Department of Agriculture regarding the Task Force. He said people have been briefed on the Governor's effort to put the Task Force together. For example, representatives from the Wisconsin Forest Products Lab had visited Southeast and are ready to assist as the Task Force emerges with their considerations. He said others had responded similarly.

The next **Agenda Item was IX.4, Press Release** from Frank Murkowski and Mark Suwyn, President of Louisiana Pacific. Marilyn Heiman briefed the group on the letters about the Prescidio bill which was now on President's desk.

Chair moved on to **Agenda Item X, Scheduling of next Meeting**. He suggested allowing sufficient time for Task Force members to accomplish work that has been assigned in time for the next meeting.

Marilyn Heiman asked that Task Force members please call Johnny Ceffalio in the Governor's Office if planning to attend via teleconference. His number is 465-3939.

The **next meeting was scheduled for the 29th of October at 8:00** in the morning in the Governor's Office Conference Room in Juneau. The meeting after that is planned to be held in Wrangell.

The meeting adjourned at 3:45 pm.