

## **Tongass Futures Roundtable Report on the Federal Economic Stimulus Legislation**

*Southeast Alaska and the Tongass National Forest can serve as a model for how a National Forest, in cooperation with the region in which it is located, can be the foundation of a sustainable economic future.*

At its meeting in Ketchikan in December 2008, the Tongass Futures Roundtable formed an ad hoc work group to research pending economic stimulus legislation, inform the Roundtable members, and draft a position on the stimulus legislation. The work group forwarded several drafts to the full Roundtable and Roundtable members provided specific feedback and recommendations. This paper provides a description of areas of recommended investment that are important to the future of the residents and communities of Southeast Alaska.

The Roundtable acknowledges that there are areas of disagreement in regard to important Tongass National Forest management matters and these have not been included in the recommendations found below. The Roundtable understands that selection of projects will be undertaken by the agencies once the legislation is enacted and signed by the President. At that point, the Roundtable might choose to engage in the process by providing its considered advice on the investments that will meet best the goals of the stimulus legislation and the needs of Southeast Alaska.

The current economic recession and limited economic opportunity pose particularly difficult challenges for communities located within the confines of the Tongass Forest. The regional population is declining due to out-migration from smaller communities to the larger cities in the region and from the region to other cities in Alaska and to the Lower 48 states. Rural economies are particularly hard hit as they are less diverse, less resilient, and require a longer stimulus time line to achieve stability and sustainability.

This economic situation is not solely a result of the recent national economic downturn, but has been building over the last eighteen years. For example, the timber industry has seen significant declines in logging activity on private and federal lands, and the historically robust tourism industry anticipates declines in the face of economic recession. Just last year the U.S. Forest Service completed an amendment to the forest plan for the Tongass National Forest, yet implementation of the plan has not met expectations in part because of sequential cuts to the agency budget, diversion of Tongass National Forest funds to fight fires in the contiguous 48 states, and by the current recession.

The federal economic stimulus plan provides a robust opportunity to address these economic conditions, create jobs, and improve the quality of life in Southeast Alaska. This will be possible by:

- Building the infrastructure for a sustainable wood energy industry, tapping the region's hydroelectric potential, and pioneering an affordable and sustainable all-renewable energy electrical grid will contribute to the President's goals for a national green collar energy economy and investing in highly-skilled green jobs.
- Investing in forest stewardship and infrastructure will enhance prime habitat for valuable Pacific salmon, with economic benefits both within and outside of Southeast Alaska.

The Tongass Futures Roundtable<sup>1</sup> recommends that economic stimulus investments be fully consistent with the Roundtable's purpose, guiding principles, and statement on biomass energy, which are appended to this report. Consistency with state and federal laws relating to environmental review and public process is critical for all such investments.<sup>2</sup> The Roundtable recognizes that the stimulus package will likely fund federal agencies and direct them toward stimulus opportunities that are: (a) ready-to-go; (b) create jobs; and (c) contribute to longer term sustainable economic development or job growth.

The stimulus investments recommended by the Roundtable fit into the following five categories:

- Forest Stewardship and Restoration,
- Renewable Energy Transition,
- Infrastructure for Sustainability,
- Science, Educational, and Cultural Resources, and
- Carbon and Ecosystem Services Research and Development.

### **ECONOMIC STIMULUS RECOMMENDATIONS<sup>3</sup>**

**Forest Stewardship and Restoration.** During the last quarter of the 20<sup>th</sup> Century, the Tongass National Forest as well as State of Alaska, Alaska Native Corporation, and private forest lands in Southeast Alaska saw intensive logging and timber development activity. Forest stewardship and restoration of streams and old growth characteristics is an investment in the nation's natural resources that can be made now to provide jobs and enhance ecological functions and the future value of previously harvested forest lands through the following activities:

- 1 thinning of second growth timber stands to improve wildlife and fish habitat and timber stand conditions;
- 2 repairing roads where stream crossings block salmon migration; restoration of stream and river channels to enhance salmon productivity; maintaining or improving water quality and watershed function; preventing, remediating or controlling invasions of exotic species;
- 3 maintaining, and rehabilitating roads and trails<sup>4</sup>; and
- 4 restoring and developing outdoor recreation facilities.

Forest stewardship and restoration activity can generate substantial economic activity for the region's communities and businesses. These recommendations employ large field crews, approximately 200-250 direct full time equivalent jobs, which can be employed immediately as

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<sup>1</sup> The Tongass Futures Roundtable <http://www.tongassfutures.net/> brings together a diverse group of stakeholders long involved in the Tongass National Forest, encompassing most of Southeast Alaska, to discuss how to incorporate our economic, cultural, and ecological values in public policy issues throughout the region.

<sup>2</sup> Many members of the Roundtable share a concern that stimulus activities, including new young growth timber or wood energy programs, should not promote logging or road construction in natural areas important for their ecological values and services or in inventoried roadless areas. Others believe that the existing timber industry cannot survive without entering into roadless areas. Some members believe that the best and most certain economic stimulus would come from increasing the Forest Service's budget to allow preparation of enough timber sales so that existing mills in the region could operate at about 200 million board feet annually, but there is no consensus on this point.

<sup>3</sup> This statement should not be read to mean that the Roundtable or any member necessarily objects to any government or private project not mentioned in this letter.

<sup>4</sup> Some members would add road decommissioning to this list but others would not.

many workers are already well-trained in forest work. One cautionary note, these jobs will not be created unless the US Forest Service has the capacity for administering the programs, making grants, and contracting the services. Further, some of the impediments to making the funds available quickly need to be removed – such as matching fund requirements. The Roundtable wishes to be clear that applicable environmental assessment and public process must be adhered to fully.

**Renewable Energy Transition.** Transitioning from imported and expensive fossil fuels to clean, locally-manufactured energy sources is essential to the sustainability of the region as well as a national priority. It directly addresses the President’s goal of investing in our nation’s schools’ infrastructure. Other than electricity from hydro power and traditional firewood burning, the existing infrastructure for space heat depends upon importing fossil fuels by barge from the Lower 48 states<sup>5</sup>. Petroleum fuel prices in remote Alaskan villages, and even larger island communities, are many times more expensive than in the contiguous 48 states, with resultant diesel electric generating costs well over 50 cents per kilowatt hour. With high transportation costs, little competition, and small markets, the price for these fuels is crippling local economies and forcing families to move from small communities to larger cities or outside the region.

Transitioning to locally-available wood energy from the forest to provide space heating and electric co-generation in these remote Alaska communities<sup>6</sup> means developing a new industry, requiring new infrastructure, retooling sawmills, new energy transmission networks, and conversion of facilities and residences to renewable energy.<sup>7</sup> Once in place, the region will have a long term supply of locally-produced energy available at a reasonable cost ensuring the sustainability of the communities, and a new “green-collar” industry generating approximately 200-250 direct and sustainable full-time equivalent jobs.<sup>8</sup>

**Infrastructure for Sustainability.** Southeast Alaska is fortunate to have an abundance of hydroelectric potential in places without significant resource conflict. Some of the region has hydroelectric power, yet a significant number of communities do not due to the distances from existing projects. However, for these communities to survive, they need reliable sources of electricity to create and sustain an economy. The Roundtable recommends hydroelectric generating projects and transmission line interties that address the highest needs and are “ready-to-go.”<sup>9</sup>

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<sup>5</sup> Even in communities with hydroelectric capacity, diesel generation is currently employed for supplemental power and emergency backup power. For example, in 2008 a snow avalanche interrupted power to Alaska’s capital city, Juneau, shifting 35,000 people from hydro to diesel at an additional generating cost of millions of dollars per week pending repairs. In 2009 a similar avalanche again disrupted that transmission line. Currently hydroelectric utilities are seeking alternatives to diesel power supplementation, and are encouraging renewable sources, such as wood energy.

<sup>6</sup> In addition to simple burning of cordwood in family wood stoves and institutional wood furnaces, wood and woody material can be manufactured into chips, briquettes, and pellets suitable for combustion in a variety of heating and cogeneration facilities currently in use and readily available in North America and Europe.

<sup>7</sup> The Tongass Futures Roundtable adopted a statement on biomass energy, which is appended to these recommendations. All the wood biomass energy recommendations herein are conditioned by consistency with that statement.

<sup>8</sup> Some members would like to have a level of timber supply that would allow the existing mills to operate substantially greater capacity and eventually have additional facilities constructed in order to restore full manufacturing integration to the region. They also believe that for a biomass industry to be viable over the long term cut levels could have to rise. Other members would not support such increases. There is, however, consensus on utilizing at least the level of sawmill residue and other wood waste currently produced, along with thinning by-products for the wood energy production described here.

<sup>9</sup> The Tongass Futures Roundtable participates in and facilitates green and alternative energy existing naturally in

**Science, Educational, and Cultural Resources.** Scientific research can put people to work immediately while building the information base for future economic development. The Federal/Tribal government-to-government relationship offers new opportunities to create jobs, document and celebrate Native Alaskan heritage and culture, and empower residents of rural communities that are particularly hard-hit by the economic downturn. Tribes and other Native entities are increasingly capable and active leaders in forest management, environmental science, and cultural research and education. The Roundtable recommends support for development of Tribal cultural resources, archaeological research, Native cultural programs, young growth forest inventory and analysis, collaborative subsistence fishery research, and inventory of non-timber forest resources and uses.<sup>10</sup> All of these recommendations can employ people immediately with existing scientific entities and through contracting with appropriate research, public service, and educational institutions.

**Carbon and Ecosystem Services Research and Development.** Positioning Southeast Alaska to sustain itself economically into the future also includes exploration of emerging market applications. Researching carbon and ecosystem services markets will establish more opportunities for the region in terms of future economic development. Investment now in research and development is essential in order to capture the value of the forest's ecosystem services, and carbon storage and sequestration capacity, in ways that could both benefit the environment – regionally and globally – and contribute to local and regional economic sustainability.

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Southeast Alaska and surrounding environs for the benefit of Southeast Alaskans and the Nation.

<sup>10</sup> This includes resources and uses with commercial, recreational and cultural value: Native artifacts, cultural and sacred sites, wild foods and medicines, teas, berries, roots for weaving, bark for weaving, recreational uses, hunting, etc.