Current Events in Federal Forest Management

Steve Brink
California Forestry Association
VP-Public Resources
steveb@calforests.org
916-208-2425
What I Will Cover

• March 23, 2018 Omnibus Spending Bill
• 2018 Farm Bill Highlights (both House & Senate Versions)
• 2019 Interior Appropriations for the Forest Service, House & Senate Marks
• Master Stewardship Agreements
• 2018 Region 5 Timber Target and 1st – 3rd Quarter Accomplishment
• U.S. Domestic Lumber Prices by Specie
• The Cap-And-Trade Funded FARMER PROGRAM
• Region 5 - Efficiencies & Technology Gains
**2018 Omnibus Spending Bill** (passed in April) (see Attachment #1 and #2 on handout)

**Wildfire Funding Fix**
- 2018 and 2019 – wildfire suppression appropriation = $1.394 Billion + $500 million in reserve if the appropriation is exceeded
- Years 2020-2027 -- $2.19 to $2.95 Billion (incremental increase)

**Forest Management Reforms**
- New 3,000 acre categorical exclusion for fuels reduction
- Fuelbreaks and Fire Breaks – under Healthy Forest Restoration Act, allows for Action/No Action alternatives only, and no Objection process
- 20 Year Stewardship Contracting Authority for USFS and BLM
- Adds authority within Good Neighbor Authority (GNA) - Permits GNA projects to include reconstruction, repair, or restoration of National Forest System Roads

**Payment in Lieu of Taxes** - $530 million (full funding; $65 million increase over 2017) (see Attachment #3 on handout for Payment by County in California)
**2018 Farm Bill**

**Highlights:**

**House Version (Section by Section Summary Attachment #4)**

- **Five 6,000 acre Categorical Exclusions (CEs)** – improve forest health, fire salvage, grazing, early seral and critical response
- **Four other CEs** (infrastructure, developed recreation, special uses, and administrative sites)
- Reauthorizes the Collaborative Forest Landscape Restoration Act (CFLR)
- **No consultation** if “not likely to adversely affect”; consultation completed within 90 days if consultation required
- **Adds Tribes to Good Neighbor Authority**
- Allows use of appropriated federal hazardous fuels dollars (NFHF) to do “**cross boundary** fuels reduction” work on private land
- Directs rulemaking declaring unprocessed pine timber from the National Forest System lands in California where pine species is surplus to domestic needs be exempt from **export** prohibitions

**Senate Version**

- **Adds Counties to Good Neighbor Authority**

**Conference Committee Soon** – expect final Bill becomes law by Sept. 30th
### 2019 Appropriations

Report language will direct Forest Service to have a 4 bbf target (3.4 bbf for 2018); which means Region 5 target will increase from 370 mmbf in 2018 to about 435 mmbf in 2019.

<table>
<thead>
<tr>
<th>Budget Line Item</th>
<th>2018 Enacted</th>
<th>2019 House</th>
<th>2019 Senate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Forest Products</td>
<td>$365,307,000</td>
<td>$380,000,000</td>
<td>$368,000,000</td>
</tr>
<tr>
<td>Hazardous Fuels</td>
<td>$387,352,000</td>
<td>$390,000,000</td>
<td>$435,000,000</td>
</tr>
<tr>
<td>Vegetation Mgt</td>
<td>$180,000,000</td>
<td>$180,000,000</td>
<td>$180,000,000</td>
</tr>
<tr>
<td>Wildlife and Fish</td>
<td>$136,430,000</td>
<td>$140,000,000</td>
<td>$137,000,000</td>
</tr>
</tbody>
</table>
Master Stewardship Agreements (MSAs)

- Tuolumne County signs on January 2018
- In second round of cap-and-trade grant proposal for $14 million
- Goal is to produce additional Integrated Resource Timber Contracts (IRTC) that produce net revenue (which stays on the Stanislaus Natl. Forest) which provides the opportunity for reimbursement. Hence, it can be a self-sustaining program. The MSA holder can do all the work for the Forest Service and be reimbursed from IRTC net receipts except for NEPA. If NEPA is performed by the MSA holder, the Forest can reimburse with appropriated dollars or some other grant mechanism.
- I believe the County MSA can lead to a 30% increase in the mechanical thinning program on the Stanislaus Natl. Forest.
- MSAs can have their own Contracts (do not have to follow timber sale or Stewardship contract clauses)
- The entity holding the MSA can do all the work for the Forest Service
- Success in Tuolumne County could lead to a substantial number of additional rural counties entering into MSAs
2018 Region 5 Timber Target 370 mmbf

- North Zone – 162 mmbf; Mendocino (6), Six Rivers (14.5), Klamath (40), Shasta-Trinity (36), Modoc (25), Lassen (50)
- Central Sierras Zone – 125 mmbf; Plumas (51), Tahoe (28), Eldorado (37.5), LTBMU (6)
- Southern Sierras Zone – 76 mmbf; Stanislaus (30), Sierra (35), Sequoia (11)
- Southern California Zone – 8 mmbf – San Bernardino, Cleveland, Los Padres, Angeles

First-Third Quarter Regionwide – sold 141 mmbf
Eldorado will sell 44 mmbf; Stanislaus about 35 mmbf; Tahoe 17 mmbf; Plumas 40 mmbf; LTBMU 0.3 mmbf

Important Because Meeting Vegetation Target is #1 Agency Priority
Domestic Lumber Market

Domestic Lumber Demand

<table>
<thead>
<tr>
<th></th>
<th>Ponderosa Pine</th>
<th>Sugar Pine</th>
<th>White Fir</th>
<th>Douglas Fir</th>
</tr>
</thead>
<tbody>
<tr>
<td>June 2016</td>
<td>$470/mbf</td>
<td>$502/mbf</td>
<td>$367/mbf</td>
<td>$381/mbf</td>
</tr>
<tr>
<td>June 2017</td>
<td>$581/mbf</td>
<td>$673/mbf</td>
<td>$413/mbf</td>
<td>$462/mbf</td>
</tr>
<tr>
<td>June 2018</td>
<td>$615/mbf</td>
<td>$690/mbf</td>
<td>$568/mbf</td>
<td>$591/mbf</td>
</tr>
</tbody>
</table>

Mbf – Thousand Board Feet

Some predict the continuing upward trend in domestic price and consumption will continue until year 2030.

Historically, Canada has exported to the U.S. 20% of U.S. lumber consumption; in the past year Canadian imports have dropped 20%
Cap & Trade Auction Revenue
Supporting the New FARMER PROGRAM

• **The FARMER Program**
• Provides $180 million *for replacement of off-road and on-road* agriculture and *forestry* equipment
• **80:20 match** (80% paid by the State)
• $5.6 million allocated to a pool of the small foothill air districts
• Can trade in and old piece of equipment for a new piece of equipment with up to 25% higher horsepower
• Appears to be a multi-year program
Region 5 moving forward with Efficiencies and Technology Gains

• Tablets in Feller/Bunchers

• Winch-Assist on steep slopes (25% of the productive forest land available for active management is on slopes greater than 35%)

• Designation by spacing, description or prescription in lieu of tree marking paint (up to $25/mbf savings to the USFS)
Eldorado National Forest

Pilliken Thin Project

Designation X Spacing (No tree marking paint)
Winch – Assist

Used on up to 80% sideslope

The equipment will never spin a track
Winch Unit that contains the cable and electronic tensioning mechanism (sits on the landing, a road, or above a road or skid trail)