



4FRI Stakeholder Group Meeting minutes

Wednesday, August 27th, 2014, 9am-4:30pm

Frontier Room, Navajo County Complex Health (with morning field trip to San Juan fire)

550 N 9th Place, Show Low, AZ

Teleconference line: (712) 432-1500, code: 292353#

Attendance: Pam Baltimore, Pascal Berlioux, David Dorum, Dick Fleischman, Steve Gatewood, Bill Greenwood, Steve Horner, Joe Miller, Buck Swaney, Diane Vosick, Amy Waltz, Mike Williams, Russ Winn, Travis Woolley, Jim Zornes, Bob Vahle, Ron Klawitter, Karis Nelson, Marta Call, Annette Fredette, Tom Poscharsky, Greg Smith, Mark McGee, Bill Masters, Chris Stephan, JP Roccaforte, Bob Seidler, Mitch Roberts, Tom Holl, Rickie Walker, Stephen Reidhead, Gary Moore

On the phone: Lori Martinek, Ethan Aumack, Jason Rosamond

2:05 Approve minutes from 7.23 SHG meeting

Minutes approved.

2:10 Review action items from July 23rd SHG meeting—Eli

Action Item	Lead	Status
1. Finalize 4FRI facilitation contract by next SHG meeting in Aug	Dick	completed
2. SC co-chairs draft a letter to Cal outlining the request for Aug meeting participation and clarification on the objection timeliness and process	Steve and Pascal	completed
3. Revise the FEIS policy timeline, to account for current state of progress	Eli	completed
4. Revise the Fire Suppression Funding resolution and post to BASECAMP by the 24 th for approval by the 25 th of July, approved by the 29 th , then send to Staff.	Paul & Pascal	completed
5. CWG standardize reporting structure, USFS CG and GEPAZ to guide their monthly updates. Leads to more focused dialogue b/n SHG and the contractors.	CWG	In progress

Regarding action item #2 (above), the question was asked “why was the letter question to Cal Joyner delayed 3 weeks when we agreed it should go forward a week after the last SHG meeting?” Response from Pascal: editing was delayed in order to incorporate some differences of opinion; the FEIS timeline was revised by USFS while the letter was being drafted to Cal and the co-chairs were slow to provide final edits and approval once the letter was drafted.

On a related note, Diane spoke with Rosamount Mine independent NEPA consultants (SWCA) and that process was the only local example of the new CFR 36 218 rules...objectors meetings occurred via teleconference.

2:20 Call to the Public

none

2:25 Campbell Global update—Steve Horner

1. *Does CG foresee any activity on the western side of the Coconino NF any time soon?*
 - Yes, we are making plans for that. E. Clear Creek work will mostly be chipping, and that chipping will then move west. Majority of material coming off E. Clear Creek will be slash and will likely go to Novo Power.
2. *Are there plans for additional sides to accompany the chipping as it moves west?*
 - We are preparing to add additional sides, but that will happen gradually, as GEPAZ utilization ramps up.
3. *Is the GEPAZ projected utilization rate of 33,750 acres/year by the end of 2014 still likely, given that they have not hit the 22,500 acres/year rate at the end of July, which they also projected in June, 2014?*
 - Campbell is not responsible for achieving those rates, but we have been preparing to deliver that volume of material.
4. *How many acres were treated in the last month and how many sides were active?*
 - CG doesn't know off hand what the exact number of acres treated in August was.
5. *With existing and ready markets on the east and west side, after eleven months of research into existing markets why is GEPAZ searching for additional markets and not delivering to those existing markets?*
 - Will let GEPAZ answer for themselves, but it's worth stating that just because a market exists doesn't mean it is viable: volume of material, market value of product, labor costs and transportation are all variables that need to get worked through.
6. It was agreed that the number of acres treated in the last month would be part of the 4FRI monthly contractors reporting template.

2:25 GEPAZ updates—Jason Rosamond

The GEPAZ newsletter updates can be found at www.az.goodearthpower.com

- Lumberjack Mill/E. Side: over last month GEPAZ has integrated Sierra Madre pole operation into GEPAZ—and operate jointly. Sierra Madre has moved from Apache site to lumberjack. Most equipment for second side is arriving tomorrow at Lumberjack, will facilitate with initiating E. Clear Creek. Closed sales to set up second side. This means a doubling of processing capacity. California forestry companies will be the primary operators.
- Williams/ west side: ~ 1 day away from finalizing a deal with a “large customer” (soil amendment product) who only takes product a few months of the year (but will take all year to supply). Will require very rapid ramp up. Saw logs and slash can be utilized. This will be the primary market for the west side material. Stakeholders should be able to come visit that site soon.

- Status on Biofuels: first facility in the United States will open in Sep and tours to begin Oct/Nov in Georgia. They shipped a dismantled plant from India and integrated it to create the first set of biofuels. Fuels already developed in Georgia and currently in lab testing. Chip samples from Arizona are undergoing testing in VA and NY laboratories to ensure that the Arizona material can produce the desired biofuel product. 5 tons/hr. module in NY would likely be the model for the Arizona facility. Checking to ensure that there is sufficient water at future locations. 1.4 MW plant (Concord Blue) going in at Eager may/may not be another GEPAZ site in the future. Considering whether to build on a fuel component to that plan.

Questions:

1. *Between now and the end of the year how will rates of implementation progress?*
 - Goal is to get at least one side operational on the west side (now have two on the east side) and hopefully another, depending on how long it takes to acquire equipment. Each side handles 2,500 acres/year but are only operational 10 months/year...so maybe four sides yields 1,000 acres/month.
2. *Is GEPAZ considering hiring AZ contractors to operate these additional sides?*
 - Absolutely, but some task orders may not be so desirable to local contractors so GEPAZ is preparing to operate some of those themselves; E. Clear Creek for example.



**USDA Forest Service
Southwestern Region
4FRI Stakeholder Update**

July 21, 2014

Four Forest Restoration Initiative - Status Update

Implementation continues across the four forests. So far, restoration treatments have occurred on over 200,000 acres of the project area. This includes over 17,000 acres of reforestation, 50,000 acres of watershed improvement, 14,000 acres of noxious weed control, 200,000 acres of wildlife habitat improvement, 60 miles of road decommissioned, and over 200,000 acres of fuels treatments.

The project includes a large restoration contract (4FRI Phase 1 Stewardship), the White Mountain Stewardship Contract (which terminates this year), timber sales and stewardship contracts, numerous small restoration contracts, prescribed and managed fire, weed treatments, road decommissioning and other efforts.

Restoration Work

For the 4FRI phase one contract, Notices to Proceed have been issued on all FY 13 Task Orders, with harvest activities on Alder Task Order continuing and road maintenance occurring on the remaining FY 13 Task Orders. To date, six FY 14 Task Order has been issued for approximately 11,000 acres (Community Tank-Kaibab; East Clear Creek, 89 Mesa, Orion, Jacks-Buck-Coconino; West Fork- A-S) and the balance of the FY 14 task orders totaling 9,900 acres are awaiting the final roads review and will be issued by the end of the fiscal year.

In addition, all four Forests have timber sales or stewardship contracts planned for the remainder of this fiscal year and the first quarter of FY 15, including 9,000 acres on the Apache-Sitgreaves (including about 3,000 acres of pinyon/juniper), 2,000 acres on the Coconino (of which 1,100 acres were sold on July 1), 800 acres on the Kaibab, and 500 acres on the Tonto.

The Forests continue to prepare FY 15 and FY 16 task orders for the Phase 1 contract and timber sale and stewardship contracts. Silviculture prescriptions and marking are occurring on Hart Prairie, Clints SW, Stoneman (all Coconino), Cougar (formerly called City-Kaibab), Rimtop, Bear (both A-S) and Leogrove (Tonto) 4FRI phase 1 task orders; the marking crew from the Apache Zone of the A-S are working on two sales on the Gila National Forest that will be available restoration acres for Eastside industries, and the Sitgreaves zone is wrapping up prepping three sales that provide restoration acres for east side industry—Sinkhole (advertise this month), Fulton (advertise next month) and Panorama (advertise in the fall). Saginaw resale (Coconino) was offered and purchased by Southwest Forest products on July 1. Multiple sales are active across the 4FRI landscape harvesting restoration acres. Landline survey and posting continues in Hart Prairie and Cougar task orders. Weeds are being pre-treated in the Stoneman Task Order with weed treatments occurring across the 4FRI landscape independent of task orders as well. Threatened and Endangered species survey work is wrapping up for the summer ahead of task orders across the 4FRI landscape. Forest Service road maintenance is continuing across all four Forests as well. There are nine fires being managed for resource benefits within the 4FRI landscape. No prescribed fires are planned at this time.

NEPA

For the first analysis (approximately 1,000,000 acres across the Kaibab and Coconino) the final Environmental Impact Statement and draft Record of Decision are expected in late summer 2014. All specialist reports are complete and team specialists are contacting Regional Office specialist for

review of their respective specialist reports. Chapters 1 and 2 are in for Regional Office review, with the rest of the FEIS being constructed in anticipation of the draft and subsequent final BO from USFWS. The decision will be signed following the objection period (this winter).

The forests are also working on various other analyses. The Coconino NF has the Draft EIS for the Flagstaff Watershed Protection Project out for review, with the comment period closing in August, with a draft ROD expected in early 2015. Decisions for the Mahan-Landmark (42,000 ac) and Turkey Butte/Barney Pasture (17,000 ac) analyses are expected in 2015. The Kaibab is working on the Bill Williams Mountain Project with a decision expected in summer 2015. On the Apache-Sitgreaves, decisions on the Larsen project is expected in fall of 2014 and the Upper Rocky Arroyo project in summer 2015 (30,000 acres each).

Personnel

Annette Fredette from the Sequoia National Forest has been selected as the Team Leader the 4FRI team. Patty Ringle has been selected as the silviculturist on the Payson/Pleasant Valley Ranger Districts of the Tonto National Forest. Multiple positions are being advertised or are in the process of being selected to support 4FRI implementation, including timber sale administration positions, timber resource assistants, Forestry Technicians (layout/marketing contract administration). The facilitation contract for next year is in the review process for extension.

Additional remarks—Dick Fleishman

- A Regional USFS rep will be at the Sep SHG meeting to cover the 4FRI objection process questions and the letter to Cal.
- The USFS received the draft BO and MSO monitoring plan (Appendix E) from USFWS and will finalize soon (possibly next Tuesday)
- FEIS timeline: Dick's original estimate of late Aug for publishing is being pushed back to October and the details of that decision will be discussed at the September SHG meeting.

Questions/comments:

1. *We saw lots trees/pellets on Forest Energy's lot today on the field trip today—what is the current state of E. Side supply?*
 - Industry updates will cover that
2. *Did the Slide or San Juan fires impact 4FRI supply and treatment planning?*
 - No for SJ fire, but in 5 years the Slide fire will be re-evaluated with regard to treatment appropriateness.
3. *Will the draft MSO monitoring plan be available to the MPMB?*
 - Not in draft form, due to NEPA stipulations.
4. *The goal for the September SHG meeting is to go visit the Sitgreaves-Complex managed fire.*

3:00 Industry updates— Gary Moore (NAWPA)...and open mic for other contractors

A questionnaire was sent to most NAWPA members, asking about current status...mostly E. Side industries responded:

- APC pallets: 2-3 months' supply...supply pallets to Forest Energy (4,000/month). If mill in Eager shuts down, they will shut down.
- Novo Power: 8-9 days of inventory. 40 truckloads/day needed. Processing through BCAP program deadline Sept 26th.

- Round Valley Mill: completely out of material (6 trucks/day needed)
- Nutrioso: 2-3 weeks on site (5-6 trucks/day needed)
- AZ Log & timber: 30 days' supply (most from Reservation)
- Forest Energy: 2 months of supply—primarily due to recent WMSC final harvest (22 loads/day, 5 days/week). However, they are preparing to see rates slow down now.
- Vaagen/4 Corner Mill: shut down yesterday. ~20 loads/day for one shift is what they require...but 2 shifts is really needed to be profitable.
- WMATCO-recently run out of wood
- (Tri Star) Steve Reidhead (supposedly the most busy of local loggers, as contractor working on task orders) has had to start restructuring, cutting down to two sides, after recently purchasing a \$100K piece of machinery.

Question to Steve Horner and discussion:

- *What needs to be done to start utilizing existing industry? The Problem is really with the transportation costs to get it to industry—E. Side industry is just too far for the W. Side task orders.*
- Jim Zornes: We are in real dire straits with industry. But, “if we lose industry the restoration business is over”. 8-10 MBF under contract with another 5 upcoming that is too far away to be profitable. A_S can only put material up for sale; they cannot guarantee it will be cut or used. All upcoming sales are going to markets over 100 miles away. A great deal of pressure is being put on local senators to address the situation.
- The A_S currently has 8-10 million board feet under contract at the present time. Another 5 million board feet will be bid starting tomorrow through September; most are over 100 miles from the Vagaan mill. Additional sales are also being put up on the Gila, within the “operating radius” of the Vagaan mill. One of the above sales was recently won by a firewood contractor, who out-bid the Vagaan mill. Today’s biomass market is tough: apparently firewood contractors can outbid small diameter mills (perhaps even biomass facilities) because of haul distances.
- Pascal: ECO has been working with Governor’s office to increase weight limit on logging trucks and find other ways of maximizing contractor profitability. Potential increases are: (1) increase from 80,000-86,000 lbs.—the New Mexico limit; or (2) analyze 90K and 105K lb. limits—as is the standard in Oregon. ADOT said they would respond by October. This is not a silver bullet, but will help. At 90K lb. the cost of delivery would be reduced ~ 13.5%
- New Pac Fiber: one of 3 active industries in Williams receiving water permits. 9 employment offers made to date—first will start work tomorrow. Dismantling existing mill and have all parts to get up and running. Working with Perkins and other partners. Grading begun. Existing zoning allows operations to begin immediately when the facility is re-built. Currently 20 loads/ day from Flagstaff (3 person) decking logs. Scale (weight) can be up and running in <1 week. Location is close to many of the upcoming W. Side acres. Some wood under contract and aggressively pursuing additional timber sale contracts. Until additional wood supply is guaranteed they cannot take the risk of

acquiring additional infrastructure. Run rate in the next 60 days will be 1-3 loads/day...Jan a larger mill will be put in place.

Summarizing the above industry needs:

- The above industry needs roughly 100+ truckloads/acres/day.
- 4FRI will likely yield roughly 1+ truckload/acre, but that yield will be comprised of ~ 2 times more logs (26 tons/acre) than chips (10 tons/acre).

Novo is currently grinding whole logs to get enough chips.

PEOPLE HAVE BEEN LAID OFF ALREADY. Biggest problem is location of sales to E. Side industry.

Is there anything the SHG can do to help the E. Side industry situation?

- More NEPA shelf stock needed!
- Ongoing support, and thank you for your support up to this point!
- There really isn't a whole lot the SHG can do at this point.

3:20 Working Group updates

- **Communication Working Group—Eli**

The CWG is working on the following:

- Industry update press release on GEPAZ soil amendment deal...coming soon, hopefully.
- MNA event in October to target the FEIS release
- Updates to 4fri.org website
- Updated talking points for press releases, given guidance on time-constraints in new charter

- **Utilization & Industry Working Group—Steve**

Steve is still working to convene the first meeting for the working group.

3:40 MPMB: recommendations on task order pretreatment monitoring in 2015—Dan & Eli

MPMB working hard to develop recommendations on implementing monitoring plan. This presentation is on basecamp for review now. Tier 1 indicators compared against 2014/2015 TOs; Identified where there was overlap between the TOs and the indicators. Also looked at budgetary and logistical constraints and made a list of top priority monitoring actions. Review process disclosures: Focus was on finding projects with 4FRI's expressed desired conditions – not looking for a perfect match, but instead

for the best matches. Second, each TO is a subset of a larger project. The TOs aren't always as large as the NEPA document they come from. Third, language is so different across NEPA documents that uniform comparison is difficult. Even so, 5 projects were identified for recommended pre-treatment monitoring (Wing Mountain, Hart Prairie, Rim Lakes /Rimtop are the best; McCraken and Clint's Well South are second best).

- Next steps are to do the budget overlay and further prioritize based on cost feasibility; Coordinate with USFS to form prescription confirmation, methods and timeline for pre-treatment monitoring, and final prioritization that fits monitoring questions; confirm that TOs are in areas where the prescriptions being implemented match the DCs of 4FRI.

Questions:

1. *Is the NEPA fairly current on the 5 task orders that the MPMB has recommended, or are there antiquated prescriptions (like shelterwood cuts) associated with these?*
 - Being "shelf stock", most of the NEPA projects are older, but we have selected those with more progressive prescriptions; for example those that incorporate some of the LTRS guidance. McCraken does have some shelterwood cuts in its prescription, but that is the exception.
2. *Is there any chance the TNC technology will be available for monitoring?*
 - Haven't had the chance to implement or test it yet. Hard to know what it would tell us at this point other than general spatial information.

4:10 Stakeholder Disclosures and Accountability – all

Eli: The Museum of Northern Arizona has invited 4FRI to be featured in another seminar in October. Contact there is Jaina Moan. Goal is to time event with the release of the FEIS.

Chris: SRP has an upcoming program – some of the stakeholders have been invited to participate. SRP is working on a 5-year action plan to accelerate restoration activity at CC Cragin Reservoir.

Diane: SRP is providing ERI with a \$200K contribution through an NFL organization; the funds are paired with a watershed study to understand water responses to 4FRI treatments.

4:20 Action Items and adjourn

Action item	Lead	Status
1. Finalize reporting structure	Pascal, Dick, Steve Horner and Lori Martinek	
2. Sitgreaves Fire Field trip details/planning for September-FLG	Diane, Dick/Mike Williams, Amy	
3. Confirm USFS Regional Office participation at the Sep meeting	Dick	

Process for approving minutes:

1. Note-taker sends draft minutes to Co-Chairs and facilitator < 48 hrs. following meeting
2. Co-Chairs and facilitator respond with edits (if needed) < 48 hrs. of receiving minutes
3. Note-taker incorporates edits & posts draft minutes to BASECAMP < 48 hrs. of receiving edited minutes
4. Draft minutes are approved (with additional edits as necessary) at next SC/SHG meeting
5. Note-taker posts Final Minutes to BASECAMP as PDF