



**4FRI Stakeholder Group Meeting
MINUTES**

Wednesday, April, 25th, 2018 9am-12:20pm
Coconino National Forest Supervisor's Office
1824 South Thompson Street
Flagstaff, AZ 86001

Teleconference line: (712) 775-7031, code: 439290611#

Attendance: Pascal Berlioux, Art Babbott, Annette Fredette, Tom Mackin, Ken Cox, Greg Smith, Henry Provencio, Dick Fleishman, Chad Mason, Amy Waltz, Diane Vosick, Sue Sitko, Steve Horner, Jim Parks, Steve Flanagan, John Souther, Brienne Petit, Justin Schofer, Laura Jo West, Steve Rosenstock, Travis Bruner, Brad Worsley, Jim Beck, Jay Smith, Wade Ward, Michele Ralston, Patrick Rappold, Arron Green, Rob Nelson, Patrick Moore, Travis Woolley, Matt Millar, Chip Davis, Dorothy Holasek, Adam Cooley, Randy Fuller

9:00 Introductions

9:05 Approve minutes from the March 28th SHG meeting — Berlioux – Approved with edits

9:10 Review action items from the March 28th SHG meeting — Berlioux

Action Item	Lead	Status
1. Krigbaum is to email fliers/ documents to Allison who will post them on BaseCamp	Krigbaum / Allison	Complete
2. Schedule EDR Field Trip	PWG	Complete – May 17 th / Interface WS on May 18 th
3. Brekhus to ask Congressman O'Halleran to send a letter to the secretary of agriculture inquiring how implementation of the Omnibus bill can be done more efficiently and in a more-timely manner.	Brekhus	Pending
4. Send comments / feedback on the Forest Products Modernization presentation to Fleishman	SHG	Complete
5. When the FS receives interpretation language from Dep. of Agriculture on the Omnibus Bill they will then report the interpretations to the SHG on what the new language enables them to do	Fleishman	Pending
6. Review of PWG field trip. PWG to provide photographs of the field trip to the SHG as visuals	PWG/ Sitko	Pending

9:15 Call to the Public

Mason (TSS CONSULTANTS) – TSS Consultants were invited by Vosick to attend and brief the group on the feasibility study they're involved in at Camp Navajo looking at the possibility of a commercial scale wood-to-energy facility. They've been retained by the state Department of Emergency and Military Affairs to conduct the study. They anticipate having the findings ready for presentation this fall. The commercial scale they've identified as their sweet spot is 15-25 megawatts of energy which translates to 30-50 truckloads of biomass per day. Their target feedstock would be from restoration activities, fuels treatments, and sawmill residuals.

Provencio – Regarding the timing of the feasibility study, if APS is soliciting for proposals for biomass utilization by the end of May, how does TSS plan to reconcile this?

Ward – Confirms that an RFP went out from APS in mid-April.

Mason – TSS was unaware of the release of an RFP from APS and will be looking into it.

Holasek – How do they plan to fund this commercial-scale facility and is TSS planning to transition from using biomass to a certain diameter of tree? Holasek read in her local newspaper that energy costs may increase \$5.00 per household which would calculate to approximately \$162 million per year. She would like to know if this increased income will go to one biomass plant.

Beck – The first critical part of the funding is a Power Purchase Agreement, which will likely be through APS. Biomass doesn't typically represent a large portion of an energy portfolio so the increase to energy consumers will be fairly small.

Mason – Commissioner Tobin with the ACC has taken the lead with the modernization plant and Mason recommends that Holasek visit the ACC website to follow the policy discussion there. To try and forecast what the impact will be to the consumer is impossible at this point. Regarding Holasek's question on the feed stock for these plants, they will be best suited to take waste-wood (any products that do not hold value on the forest products market). This may at times include small-diameter trees.

Berlioux – Is there currently an investor lined up to fund this facility if the analyses results in positive feasibility?

Mason – This feasibility study will be a due diligence grade study that their clients could use to float an RFP to the private sector that could develop the facility at Camp Navajo.

Worsley – Stated that the feasibility study is behind the curve regarding the position of the state at this time.

9:20 Stakeholder Disclosures – All

Vosick – Dr. Steven Dewhurst, known for his voiced opposition to the first EIS and his comments on the purpose and need has passed away.

Vosick – Vosick is aware that there is a Governor's group discussing items that relate to 4FRI. One of the 4FRI SHG operating roles is to disclose activities that relate to outcomes that 4FRI hopes to achieve. Vosick requested a presentation from the Governor's group in order to understand how what they are doing relates to 4FRI. . The strength in a collaborative is for

people to bring issues to the table that can be addressed collectively and Vosick believes it's important to maintain this approach for the collaborative effort to be a success.

Berlioux - clarifies that the Governor's Office chooses to convene meetings with people whom they choose and on subjects of their choosing. Berlioux suggests these types of questions be directed to Hunter Moore with the Governor's Office. Pascal will request from Hunter Moore a presentation with the intent to brief the SHG on these meetings.

Babbott – Coconino County has hired Jay Smith as its first Director of Forest Restoration. This demonstrates that the Coconino County is accepting their share of responsibility for forest restoration, industry innovation and economic development.

Babbott - In collaboration with the ERI, Babbott has been moving forward an Economic Development Agency (EDA) grant proposal for a mobile biomass utilization project. Babbott is going to present it to NACOG and is having great discussions with the EDA about opportunities around coal-affected community funding and economic development pieces. They're working to better coordinate the forested counties of AZ to speak in a unified voice around key legislative priorities.

Sitko – As of the end of June, Sitko will be retiring. Her last SHG meeting will be in June. The Communication Working Group will work on who might take over leadership with that group.

Mackin – End of Meeting – Call for Volunteers

Holasek – Will 4FRI FS be represented at the WUI Summit? Yes, Forest Service representatives from the Apache-Sitgreaves National Forest will be there.

9:30 WO CFLRP Discussion – John Crockett, FS Washington Office

- **What happens once the CFLR expires in 2019?**

The legislation for the CFLR projects was put in place in 2009 and expires in 2019. There are 23 projects across the US and 4FRI is the largest. The CFLR was set up to leverage federal appropriated dollar with the partner dollars to accomplish restoration on the ground. The economic downturn at the beginning of the project saw partner-leveraged funds diminish. The agency was forced to put more appropriated dollars into the projects to help ensure their success. At this time more partners are able to leverage funding. Congress fully funded the program in the amount of \$40 million for the next year. Last year's President's Budget zeroed out the program which made many people uncomfortable. The CFLR Coalition worked with Congress to oppose the President's budget and was successful.

There is decent support for funding this type of work. The agency has been treating it as a learning experience regarding the way they act when collaborating with partners and how they can put a set of focused resources towards a landscape for specific results. Whether Congress reauthorizes it after 2019 or not, it will remain a learning experience.

Waltz – When this was passed the CFLR Coalition consisted of many partners. What is the status of that Coalition?

Crockett - The coalition still exists and was strongly involved in getting the funding reauthorized for 2019 after the President's budget zeroed it out. The agency engages with them at least every other month. Dylan Cruz currently leads that group.

- **Strategy Moving Forward**

The agency is currently working on an internal check of their work and determining where they want to be as an agency, as well as developing their talking points related to the CFLR projects. CFLR has been an agency priority since its inception and an evaluation is now necessary to determine if prioritization of the CFLR project is still the direction they would like to take. They're working to get a sense of what they would like projects similar to CFLR to look like in the future, following this learning experience. The agency's messaging has to be in line with the President and the President's budget. There's currently a tension around the development of their own talking points and their alignment with the President's budget. The agency is optimistic about the ability to have something that looks similar to a CFLR following 2019 even if it has a different name. It is up to Congress to determine if the program and funding will be extended.

The agency has been working to develop future scenarios as a result of the CFLR site visits. This has been shared with each of the CFLR coordinators.

Berlioux - Is it appropriate for 4FRI to draft and send a letter to the Congressional Delegation to thank them for their work in obtaining funding for this project, and to remind them of the reasons continued funding is needed?

Crockett – Confirms that the 4FRI stakeholder group has a right to express their financial need and that a letter would be appropriate. Crockett suggests the SHG connect with Dylan Cruz of the CFLR Coalition to collaborate on the process of writing this letter.

Sitko – Sitko agrees that a thank you letter for past support and acknowledging the need for further funding would be beneficial. It's important to be proactive and to remind our representatives of the importance surrounding these sources of funding. Sitko agrees to assemble a task group with the intention of getting this letter prepared that will then be presented to and approved by the stakeholder group before being presented to the Agency and the Coalition.

Vosick – The group should be prepared and positioned for rapid response on this letter.

Rosenstock – Is it possible for the agency to share the future potential funding scenarios with the SHG?

Crockett - Confirms that it is possible to share those scenarios and will do so. Crockett will send those to Fleishman who will then share them with the group either via SHG presentation or BASECAMP.

With the passing of the Omnibus Bill, we now have a Fire Funding Fix that goes into effect in 2020. Also, the agency previously had authority to do stewardship contracts for a maximum of ten years but the Omnibus bill raised the maximum to 20 years. These extended contracts are

intended for areas that are in fire regimes 1, 2, and 3 and are attached to areas that might spur innovations. They're not limiting it to only Cross Laminated Timber areas but are taking a broad approach concerning innovation. For the agency, a 20 year contract has a lot of risk associated with it. When setting up a long term contract, the agency wants to be sure they've done a lot of work on the front end to ensure its success. As they're coming out with these new contracts, they want to be sure they're choosing the right locations and that they will accomplish vertical alignment with the district ranger to the chief so that all involved understand the goal and processes. They expect only a few 20 year contracts at first and for more to occur once a level of comfort and confidence in them has been reached.

Berlioux – Could any current 10-year contracts be extended to 20-years? Who has the authority to sign those contracts? Counties and current industries aren't necessarily in support of extending existing 10-year contracts to 20-years.

Crockett - At this time, they doubt they would extend existing ten year contracts because of the structure that was in place at the time of the ten-year contract's inception. The agency might want to discuss options for a transition process if needed. The Agency is currently in the process of putting together a Q&A providing interpretations of the Omnibus bill.

Berlioux – 4FRI has had three critical contracting issues: Duration, appropriate due diligence in the selection of contractors, and contractor accountability. Accountability mechanisms must be included in the contracting from the beginning. Are there discussions occurring regarding accountability mechanisms and how the agency will handle failing contracts and contracted entities that are unable to meet their contractual obligations? Is there a desire for collaborative input regarding lessons learned in contracting processes? How can the SHG provide input?

Crockett – The Agency is studying their history of ten-year contacts and creating a “lessons-learned” document to determine what has been successful and what has resulted in contract failure. If the SHG would like to provide input, the agency can make a Washington contact available if needed.

Fleishman – When will we have information on when we can begin to issue 20-year contracts because there's interest in pursuing one for their upcoming RFP? Do we have to wait two years to use the 20-year authority?

Crockett – The agency is close to releasing information about the implementation of the provisions in the bill. The Fire Funding Fix is the only provision in the Omnibus Bill that isn't implemented until 2020. The other provisions are dependent on when they're finalized as implementable and the agency is hoping to have the 20-year stewardship provisions ready for implementation in 2018. With the 20-year authority, units will have the authority to issue contracts.

Vosick – Which mechanisms exist to change long-term contracts in the event of a catastrophic fire?

Crockett – This scenario would be addressed by the Cancellation Ceiling authority and the fact that the government cannot enter into a long-term commitment, without having the additional resources available to make the contract whole in the event contractually

spoken-for land burns. The government is obligated to have the funding available in the case of a catastrophic wildfire.

Holasek – Has the agency been looking at log export laws? Crockett states that log export laws are something they've been looking at for a few years.

Crockett - This is a process that requires a legislative fix if we want to look to exporting for removing some of this material. The surplus of this material may be regional and not national, so just because one region has a surplus of material, another region of the nation may have a need for the material. There are people that are in support of exporting this material but there are also people who are not because they feel we have domestic need for this material.

Provencio – When can we have more information on the Cancellation Ceiling and where that funding will be stored?

Crockett – This information will be available in the Q&A information the WO is currently developing. They're trying to put together a peer-to-peer conversation regarding the 20-year agreements to be able to develop and address the questions surrounding it.

Babbott – Encourages Crockett to include the reality that there are areas like the Coconino that will have to rebuild innovative industry to make restoration successful and this is a responsibility we all have to take on to reach restoration goals. The 20-year agreements allow us to increase profit margins out of very low-value material to get returns on investments. There does need to be performance mechanisms in place to ensure we're moving towards objectives and not stagnating. We must put resources in those areas that are rebuilding our industry. Crockett confirmed that the WO is considering this and is focused on implementing these contracts in areas that will reap the most benefit and success.

Berlioux – It is critical that the implementation of these new 20 year agreements do not become cumbersome for the FS if contractors. The IWG (Berlioux, Worsley, Horner, and Cooley) will develop feedback for Crockett on what is important to 4FRI industry regarding the implementation of the 20-year contracting agreements, and to post this on BASECAMP for a stakeholder group review.

10:30 USFS Update - 4FRI Coordinators

- 4FRI Chief Executive Position – Torres/Haskins

Tom Torres is the acting chief executive through early June at least. The FS is engaging in temporary recruitment to fill that position and is working on filling a few other positions as well: Justin Schofer is detailed into the wildlife biology position; Mary Lata has taken a job on the Tonto so they need to fill the fire position and Dan Kipervaser is taking a detail as the Deputy District Ranger position on the Flagstaff Ranger district. He will be retaining some of his 4FRI responsibilities but the FS hopes to cover some of those responsibilities as well.

RFP Update – The FS has a meeting on May 8th with a potential consultant to look at what level of raw forest product characterization information is available to inform investment levels. They're starting to develop a project plan that will include a timeline and a framework related to

the RFP. They're working with the Office of General Council and actively engaging with partners on what roles each partner can play legally in the development of an RFP. The 20-year contracting authority will help inform the process on the RFP. They want to move as quickly as possible but intelligently.

Operations update – The update was posted on BaseCamp. Fleishman was unable to provide information on the specific acres treated for which sales but will be updating Basecamp with this information. There will be some wrap-up burning occurring this week but then Rx burning will cease for the fire season. Smoke should be clearing up this week. They sold one sale on the Apache-Sitgreaves but had a no-bid on the Ryan Stewardship and they're trying to determine why this was.

The FS is looking at lifting current harvest restrictions in May.

Mackin – What impact will fire restrictions have on harvest operations?

Fleishman - Within all contracts the FS has an Industrial Fire Provision that says that when they go into stage one fire restrictions they reference Industrial Fire Plan B which requires a fire guard on site 3-hours after operations. When stage two fire restrictions go into effect the FS implements Industrial Fire Plan C (hoot-owl operations) which says they can harvest from 8pm to 9am, skid and harvest until noon, and load logs until 2pm. Stage 3 fire restrictions shut down operations.

Petit – Regional Forester Cal Joyner met with the staffers from the Arizona congressional delegation to update them on some key things happening in the state. There was a large focus on RFP and questions there. Folks were interested the national changes to NEPA.

Planning Update – Fredette distributed a timeline for Rim Country. The FS is expecting to have the draft EIS out for comment in October or November. The interdisciplinary team is working through the final details of the data runs and models of the action alternatives and they're starting to analyze potential effects from different restoration activities within the alternatives. They are responding to folks with questions on the EDR and the FTA.

Horner – Is the Federal Timber Purchaser meeting open or closed?

Provencio - It's a registration-based meeting and is closed.

10:50 Break

11:00 APS Forestry and Mitigation Presentation - Ward

Ward has been with APS for 3 years as a Fire Mitigation Specialist and his background is in fuels management and fire. Ward is responsible for the fire mitigations transmission and distribution for the state of AZ and the service territory of APS which includes Farmington, NM through San Diego, CA.

The service territory for APS in AZ is 34,000 square miles and 22,000 acres. They have the most right-of-ways on agency land. APS is concerned with the health and resiliency of the forests. APS transcends the entire ecosystem throughout Arizona.

APS is one of seven utilities members of the Right of Way Stewardship program and its vision is to be a leader in responsible vegetation management along American right-of-ways.

APS has a Forestry and Special Programs department where all of the scientists that work for APS are housed.

Since 2000 there have been 37 large fires that have been suppressed, anchored or flanked due to APS right-of-ways which benefit vegetation management. APS has implemented many technologies over the years that have gone into effect as fire mitigation tools.

Defensible Space around Poles (DSaP) is a management practice implemented which states that a 10ft. distance will be cleared around poles within the Wildland Urban Interface with the intent of preventing any sparks from utility poles causing landscape fires.

Ward presents a system wide risk assessment developed by APS showing areas of the state at higher and lower risk of wildfire.

The shared values between 4FRI and APS are a need for cohesive messaging, forest stewardship, fire ecosystem management and safety and reliability.

Smoke can impact a line during a wildfire event by decreasing firefighter and customer safety. Over time smoke and carbonization builds up on electrical equipment and can inhibit electricity going from phase to phase. The more smoke impact received, the shorter the life span of the electric equipment.

Holasek – Does smoke and fire interfere with HAM radio frequencies? Does carbonization of this equipment result in less efficient delivery of electricity?

Ward – No, Ward does not believe smoke interferes with HAM radio frequencies and no, he does not believe carbonization affects electricity efficiency.

11:30 Industry Update – Attending Industry Members

Worsley – NOVO Power continues to work on insurance issues from their mill explosion. They're actively preparing to bid on any potential RFPs from the Forest Service.

Horner – TNC is actively operating on two of the SPAs (Clover and Chimney Springs). They continue to move material that was cut last November. They're doing their best to find markets which is not easy as there is currently a lot of wood on the market. At the moment they have no schedule for resuming cutting; they're focusing on clean-up.

Smith – New Life/GEP continues to clean up wood harvested last fall. They are trying to increase their trucking capacity and would like to start cutting again in May.

Cox – NAPCo continues to remove material and are anxiously awaiting clearance to continue cutting.

11:45 Working Group Updates

- Planning WG (5 min) – Berlioux

The PWG has planned their field trip for May 17th and a Workshop on May 18th.

Waltz – Is surprised that the field trip is occurring first as she has not seen the notes from the PWG meeting and recalls that the PWG discussed the idea that field trips are not relevant unless the issues being addressed are discussed by the group and are clear. She states that holding the workshop first would benefit the development of these questions. Waltz does not believe the issues have been clearly developed and recorded at this time. Waltz and other members of the PWG would like the workshop to occur first and the field trip second.

Berlioux – Was under the impression folks wanted to hold the field trip first and that the workshop would be used to codify the outcomes from discussions had during the field trip. Fredette thought the field trip would come first also.

Bruner – Remembers that the PWG wanted to have the field trip first to inform the workshop and allow folks to see what these treatments would look like on the ground and is hopeful that this is the way it will go.

Woolley – Remembers both sides of the discussion occurring. Doesn't believe the field is the place to answer the incoming questions to the IWG.

Berlioux - There were approximately 25 questions lined up for address by the PWG and the last PWG meeting only addressed two of the questions. It was his impression that they decided the rest were questions to address in the field. Berlioux didn't rush on production of the minutes because he perceived a sense of consensus from the group on how this event would go. Berlioux invites Amy to send him items that she feels should be captured in the minutes for the recent PWG meeting.

Waltz – Emphasizes the importance of capturing these meeting notes and getting them out in a timely manner. Amy is happy to provide language on conclusions she identified at the last PWG meeting. She states that as a stakeholder group, we may need to revisit the charter on the roles and responsibilities of working groups, because there are Stakeholders that do not feel their comments and ideas are accurately represented in WG meeting minutes to the SHG. Waltz specifically does not feel that her comments are captured in WG meeting minutes.

Woolley – States that the two hours of conversation that occurred at the last PWG meeting, whether there was a resolution reached or not, is important to codify in notes. If members of the PWG were to be tasked with sending in items/language for the minutes they should have been notified ahead of time.

- Industry WG (5 min) – Worsley

The FS and the IWG produced notes from the Industry Round Table meeting and Berlioux currently needs to merge what he received from Fleishman and to deliver them to the co-chairs. Once he has agreement between the FS and the co-chairs on those minutes, he will publish the minutes for SHG viewing.

- Communications WG (5 min) – Sitko

The latest newsletter is finished. It will be posted on BC this week.

The public brochure is now available for folks who want them. There are twelve boxes of brochures, totaling 15,000 copies. These brochures should go toward entities that interface with the public, for example the FS should bring some to their district offices and harvesters should take some into the woods.

The CWG is still working on revamping the 4FRI.org website. They hope to present the website to the SHG in June. It will have a section presenting monitoring updates.

- MPMB WG (5 min) – Woolley

The MPMB is in the process of finalizing agreements for this next year. The WG will be giving a SHG presentation update at the SHG meeting in May.

- Comprehensive Implementation WG (5 min) – Mackin

The CIWG has been working on planning and various activities. During the first Friday in April, volunteers from the Friends of Norther Arizona Forests and Kit McDonald completed projects at East Elk Spring and middle elk spring to follow up on work started last year by some Hopi youth groups working with the FS. With GCT, the CIWG tentatively planned to do the work at Rosilda Spring in May but is postponed to July 19-22. T-Six Spring restoration is completed and starting this Friday they will be installing approx. 100 10-foot T-posts and over 4000ft. of new field fence to keep ungulates out of the rechanneled area. There was a tentative field trip to visit these sites planned for May 17th but it will now be rescheduled. Work on the Mogollon Rim district at Bill McClintock draw is scheduled for June 19-23rd.

- Fiesta Working Group (5 min) – Vosick – No Update

12:15 Review Action Items

Action Item	Lead	Status
7. Email Chip Davis / Keith Brekhus regarding letter to the Secretary of Agriculture from Congressman O'Halleran on efficient implementation of provisions in the Omnibus Bill	Berlioux	
8. Post update on Omnibus interpretations on BC when received from the CFLR Washington Office	Fleishman	
9. Assemble a group of folks to draft a 'Thank you'/review letter to our	Sitko	

Congressional representatives (DRAFT by June SHG meeting)		
10. Determine when the MPMB will give an update presentation	Jourden	Complete
11. Crockett to send WO developed potential funding scenarios to Fleishman who will then present them to the SHG	Crockett / Fleishman	
12. IWG to develop a 1-page industry statement on what is important to 4FRI Industry regarding the implementation of provisions in the 20 Year Stewardship Contracts. Will circulate on BC for a 48-hour review by stakeholders.	Berlioux, Worsley, Smith, Horner, Cooley	
13. Berlioux will ask Hunter Moore that he attend an upcoming SHG meeting to report on current meetings happening in the Governor's Office involving 4FRI	Berlioux	
14. Ward to send Jourden APS presentation of post on BC	Ward/Jourden	Complete

12:20 Adjourn

05/23/18 SHG meeting information:

Wednesday, May 23rd, 2018, 9am-TBD
 Arizona Game & Fish Region 1 Office (Pinetop)
 2878 E. White Mountain Blvd., Pinetop, AZ 85935
 Teleconference line: (712) 775-7031, code: 439290611#

Future Meetings

- MPMB Season Review