

**Sierra Nevada Forest and Community Initiative (SNFCI)
Regional Coordinating Council Meeting Minutes
January 25, 2012
The Ridge
2020 Golf Course Road
Auburn, CA 95602**

Present:

SNFCI Regional Coordinating Council Members:

Bill Nunes (Co-Chair) – Sierra County Supervisor
Warren Alford – Sierra Forest Legacy
Steve Brink – California Forestry Association
Mike Chapel – U.S. Forest Service
Terry Davis – The Sierra Club, Mother Lode Chapter
Mike DeBonis – Forest Guild
Steve Frisch – Sierra Business Council
Bill Haigh – Bureau of Land Management
Cyndi Hillery – Regional Council of Rural Counties
Eric Holst – Environmental Defense Fund
Bob Kirkwood – Sierra Nevada Conservancy Governing Board Liaison
Valerie Klinefelter – California Association of Resource Conservation and Development Districts
Jonathan Kusel – Sierra Institute for Community and Environment
Frank Stewart – California Fire Safe Council
Craig Thomas – Sierra Forest Legacy
Bill Wickman – Sustainable Forest Action Coalition
Jim Branham – Sierra Nevada Conservancy
Kim Carr – Sierra Nevada Conservancy

Facilitator:

Gina Bartlett – Center for Collaborative Policy

Sierra Nevada Conservancy Staff and Consultants:

Tristyn Armstrong
Pete Dufour
Nic Enstice
Mark Stanley

Not Present:

SNFCI Regional Coordinating Council Members:

Steve Wilensky (Co-Chair) – Calaveras County Supervisor
Jay Francis – The Collins Companies
Dave Graber – National Park Service
Mark Rentz – Association of California Water Agencies
Susan Skalski – U.S. Forest Service

I. Update on Outcomes of January Ad-hoc Biomass Group Meeting

In 2011, the Biomass Working Group was formed to address concrete benefits such as increased biomass utilization, healthier forests, and improved habitats. The group is represented by individuals with a broad range of backgrounds and interests who are focused on the most efficient use of biomass, as close to the source as possible. Much of the work has focused on policy in order to close the gap on costs through the PUC Feed-In Tariff, Public Good Charge, and funding for research and technology. In the past, these resources have been distributed only to other renewable energy sources, but this group is working to get biomass on a level playing field. Without the subsidies that the other renewable resources, such as wind and solar, rely upon to be competitive, biomass will not succeed. On the project side, the group is focused on creating biomass-to-energy pilot projects with the California Public Utilities Commission (PUC) and utility companies. Restarts of existing biomass-to-energy facilities as well as new facilities are under consideration for pilot projects.

Critical elements to focus on are ecosystem services, which are the multiple benefits that come from healthy forests, and to consider them from the standpoint of an avoided cost analysis. If forest health management techniques reduce utility company maintenance costs by decreasing the sediment load in the waterways, it could make business sense for the utilities to invest in forest health programs; in the long term it would benefit rate payers. It would also benefit the counties to invest in upper watershed forest health programs to increase water storage and reduce fire risk. Given the fire risk around many communities, it may be important to better understand if there is a difference between the time it takes to implement fire reduction practices and forest health improvements.

The pilot projects will not only focus on biomass utilization, but also on promoting healthy forests and how biomass is connected to the landscape and to social needs, which is the Triple Bottom Line (TBL).

Using criteria that have been vetted by the Biomass Working Group, Working Group members will prioritize facility sites for PUC pilot projects that will demonstrate the viability of community scale biomass energy, including the economic and social benefits. The Working Group will communicate and educate PUC Commissioners and staff on the importance of including Wild Fire Location Adders for Biomass energy in high fire risk areas. A request is being made to apply this location adder to up to 50Mw of power generation statewide from multiple 1-5Mw facilities over the next 5-10 years.

II. Update on Key Policy Issues and Activities

a. Secure Rural Schools Reauthorization Status

A letter was sent from the Council to congressional representatives expressing general support for this program.

b. CPUC Feed-in Tariff, Wildfire Location Adder and Public Goods Charge Update (discussed above in Section I).

- c. Status of Collaborative Forest Landscape Restoration (CFLR) Funding
\$20 million in funding has been appropriated for the 10 projects that were selected the first year, amounting to about \$25 million including U.S. Forest Service (USFS) overhead. Through a line-item in the USFS budget, the omnibus bill that passed increased the total to \$40 million in the potential pool. Rather than send out a new Request for Proposals (RFPs), the USFS will likely select from the 26 projects submitted previously that were not funded. There are concerns that the projects already selected for funding were not provided enough funding to meet their goals. For instance, they do not factor in the necessary monitoring costs, which accounts for approximately 8% of the total budget. However, it is estimated that an additional 5 or 6 projects will be selected for funding.

While the CFLR program will not likely be reopened, it may signal a new way of doing business: working through collaboratives. This will reward areas where people are working together over large landscapes and as such it will reduce conflicts as more people become involved in the process. Several CFLR proposals include stewardship contracts and agreements to support project implementation and to maximize flexibility when awarding contracts. However, now that this process is closed, how do we continue to reward those groups who have come together but did not submit proposals and/or did not receive funding?

Action: Jonathon Kusel will draft a letter for the Council's review and signature that reaffirms the value and benefits that come from collaborative efforts.

- d. SNC Grant Program
The postmarked closing date for applications recently passed and the SNC is receiving the last few applications, all of which will go through the intake process over the coming weeks. The applications will be brought to the SNC Board at the June meeting for recommendation.

Because the SNC is not able to act as a lead agency through the competitive grant process, the California Environmental Quality Act (CEQA) was a real challenge in this grant cycle, especially for projects that did not have a categorical exemption. The SNC is in the process of finding a solution for this problem. CALFIRE is attempting to develop a programmatic Environmental Impact Report (EIR) that will benefit the Fire Safe Councils. The Department of Water Resources (DWR) could be a potential partner. Another issue is that CEQA requires different documentation than the National Environmental Policy Act (NEPA), so even proposals that are NEPA ready may have to be declined. There is a Federal bill currently being considered that attempts to address this issue by making it so that CEQA approval fulfills the NEPA requirement.

III. Local Collaborative Report Out

The Amador Calaveras Consensus Group (ACCG) has completed the first phase of the Lily Gap healthy forest project (450 acres) on BLM lands located in the Wild-Urban Interface (WUI). The woody materials were hauled to the animal shavings plant in Jamestown, the new biomass energy plant in Lone, and the small amount of timber that was removed went to the Sonora mill. The revenue generated from the sale of materials covered about 1/3 of the project costs. ACCG's contractor cooperative was able to get a grant to purchase a horizontal grinder for this project. Most significantly, BLM was able to award the contracts for the work to local groups, including a Native American crew. This provided the local crews the opportunity to gain experience and to show they are competitive with outside bidders. The project met the Triple Bottom Line by benefitting the environment, local economy, and social well-being. This project will be wrapping up in the next few months.

The Dinkey Creek project is moving forward and the first areas have been treated. This work is being performed within the habitat of the Pacific Fisher and the collaborative is working to integrate and continually improve Pacific Fisher tracking systems into the area. Unfortunately, unlike the ACCG the Dinkey Creek project does not have facilities nearby to send most of the biomass removed from the forest, so much of the material will be piled and burned. But as the collaborative moves forward with this process, they are doing the research and homework needed to give managers the tools they will need to make the best decisions possible for the health of the ecosystem. The collaborative requested Sierra Institute to submit ideas on how to integrate socio-economic principles into the projects.

The Biomass Economic Recovery Group of Northern Sierra has done a GIS analysis of biomass availability in the northern Sierras and southern Cascades. The analysis allows them to calculate the cost of transporting biomass to the 11 existing processing facilities within a 50 mile radius. Where supply circles overlap, the plants can work together to ensure that the biomass is transported the least amount of distance to save money on transportation costs. A biomass exchange is being developed to reduce miles traveled to deliver biomass; it will soon be in the pilot stage. A draft value chain has been completed and is out for review.

The Quincy Library Group (QLG) recently submitted a report to Congress and is available for review. The bill HR3685 was introduced and would extend the term of the QLG until the forest plan revisions are adopted. Also, it would potentially allow the Secretary to expand the QLG area from 2 and 1/3 forests to all of the Southern Cascades and across the Sierra Nevada.

IV. Implementation of the Leadership Intent

- a. Update on USFS draft of the Implementation Plan
Chris Nota from USFS Region 5 provided an update on the status of the Leadership Intent for the Ecological Restoration Implementation Plan. Internally, the USFS

recently made great progress on the implementation plan. Members of the Strategic Landscape Management Board of Directors (SLMBOD), which is comprised of USFS directors and several forest supervisors, are actively drafting chapters for the plan. The purpose of the implementation plan is to provide assistance to the Forest Service staff on how to incorporate the LI into on-the-ground work. Because each forest will provide annual updates, it will give the regional office and USFS partners a better idea of the individual forest's annual projects and goals. The LI will be considered a living document intended to be re-written each winter in order to continually improve processes and to address any unforeseen issues. The planning process will incorporate both internal and external goals, such as creating partnerships with the East Bay Municipal Utility District in the Mokelumne watershed. It will also look to address biomass issues as the USFS intends to increase the pace and scale of forest health treatments and there is a need to find outlets for the material removed from the forest.

To date, the SNFCI Council has already contributed to the plan; some of the strategies that are in the LI, such as concerns over NEPA and the need for demonstration projects, were developed from feedback received from the SNFCI Coordinating Council.

There are two primary concerns about yearly LI revisions that reflect opposite sides of the spectrum. First, there is the concern that some forest supervisors may not make yearly updates to their plans. Secondly, yearly changes may make it difficult for outside groups to plan long-term projects with the USFS if they feel the process will lack stability. To address the first concern, it may help to call each version of the LI by the year to show that it is meant to only be applicable for that year. Also, imposing consequences such as resource allocations and demonstrations for forests that follow the LI guidelines could help its adoption Region-wide.

Recommendations by SLMBOD Working Groups on the content of each chapter of the Implementation Plan will go to the full SLMBOD on February 22nd. The SLMBOD will discuss the Implementation Plan and make any appropriate adjustments. Shortly thereafter, the SNFCI Council Working Group, some SLMBOD members, and others will meet to discuss the SLMBOD recommendations that came out of the February 22nd meeting. SLMBOD will take their recommendations to the Regional Leadership Team in late March. The USFS hopes to have direction out to forests by April, with Forests and Directors writing their chapters in April and May.

- b. Council's discussion of recommendations on LI implementation plan developed by the SNFCI Working Group

A primary concern is the ability to accurately measure Triple Bottom Line (TBL) results. With regards to ecological sustainability, it will be important to know beforehand what metrics will be used to define success and failure. However, for the social-economic goals, metrics may not exist that allow for the measurement of success or failure. There is no legislative requirement that Federal agencies support communities and therefore there are no guidelines as to how to measure progress.

The CFLR act required social-economic monitoring and to achieve this, the Dinkey Creek Collaborative brought in the Sierra Institute to help define what needed to be measured as well as to develop the metrics for measurement. It may not be possible or appropriate to develop a set of metrics to monitor TBL changes across broad landscapes. Instead, it may be project-specific, requiring constant learning and adapting. Conditions could be defined at the regional level while the measures and indicators would be developed at the local level to address any unique needs. Social equity means creating jobs locally and across all economic levels and it should be an important factor in both project design and implementation. Lastly, addressing ecosystem services should occur in 2012 rather than in 2013.

V. Council Prioritizing and Selecting Sites for Demonstration Projects

The goal is to identify demonstration project selection criteria so that in April the Council can begin to select demonstration projects. The goals of today's meeting are to begin to identify key issues that demonstration projects should address, to identify existing projects and collaboratives to build from, to define the role of the SNFCI Council in supporting these, and to define the criteria that will be used to select the demonstration projects.

The Eldorado National Forest has a number of small stewardship contracts for restoration work and Placer County has a stewardship agreement with the Lake Tahoe Basin Management Unit to support the biomass energy facility they are establishing. Several collaboratives are integrating adaptive management and monitoring into their projects. A number of local forest collaborative groups have completed feasibility studies to identify the best use of biomass and these studies include biomass feedstock/supply analyses.

Supply analysis for biomass projects is critical because each biomass project should be designed at the appropriate scale for what the forest can sustainably support. Biomass utilization should respond to the needs of the surrounding forests, not the other way around. Demonstration projects should be located near existing wood product industries and should have some existing infrastructure, although the process of implementing a demonstration project can help generate external funding for new infrastructure. However, it should be a goal for the demonstration projects to at least break even so that it is not demonstrating a failed model. Funding for these projects should be considered from all angles in order to find new funding streams, which would make them as robust as possible. The old economic stand-by of timber sales is not desired. A potentially viable option is ecosystem services. For example, water agencies across California rely upon healthy watersheds but the maintenance of those watersheds is not reflected in their water bills.

Another demonstration project criterion to consider is applicability to other areas within the Sierra, including the potential for NEPA approval. Strategic placement and a holistic approach are important to comprehensively address as many problems as possible in order to get the biggest bang for the buck. For example, integrating meadow restoration, road closure/maintenance, reducing sedimentation, and reducing fire risk

could be the multiple goals of one specific project. At least one of the demonstration projects should be located near a major transportation corridor to make it more accessible for elected officials and potential funders to tour. Additionally, at least one should be located in the foothills where there is a high fire risk within the wildlife-urban interface (WUI). On the other hand, an area where fire can be reintroduced post-project should also be favored, such as areas that are bordered by low fire risks.

Beyond those already listed in the SNC list of community-based forest collaborative groups, other collaboratives to consider for demonstration projects include the Inimin Forest Group of Nevada County and the Modoc County Sage Steppe Project Group (juniper removal).

Action: The Working Group will take these ideas under consideration and begin to identify potential locations and groups to work with. The Working Group will bring back recommendations to the SNFCI Coordinating Council in April for review, feedback, and approval.