

October 19, 2009

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RE: Reaction to the Mason-Lippke Report, a report prepared at the request of AFLC

Wayne,

Anna Nelson suggested I share the following comments in regards to the Mason-Lippke Report. Below are essentially the same thoughts that I shared with both her and Commissioner Jewell after the October 1st Teanaway sub-area.

I have a lot of respect for the University of Washington and the report itself is well written. But I do remember via personal experience being taught by U.W. Forestry School professors the merits of clear cutting while attending classes there some thirty years ago. I'm not a forester but certainly have the impression that this is now very old thinking... My point is that the best available science and viewpoints once thought to be sound practices do in fact change over time. This is particularly true in regards to forest economics and I think that any rush by AFLC to declare the Timber business in Kittitas County dead is very premature.

In fact, I read the report and saw opportunity, not just doom and gloom. Businesses evolve. Those that don't simply go away when faced with challenges in every direction. In particular, the Yakama Nation seems to have figured this out and has a thriving natural resources business in the midst of many of the same conditions that AFLC faces. From forest health to investing in their future with bio-mass, they are doing a lot right.

Wayne, I'm sensing that AFLC is pretty much stuck in a residential development mode as the answer to maximizing the profit potential from your land. (I'm suspending any thinking in regards to AFLC's ownership intention when Mr. Rudey last made a significant investment in the master limited partnership and trying to stay focused on a solution to the timber industry challenge. Others will be happy to point out the chronology of transactions and their implications on AFLC's intentions.) Please put the residential development roadmap aside for a few minutes and think through the following scenario.

The Mason-Lippke report specifically stated that we're going to need a creative approach to the Kittitas County timber problem. I think we can all agree on this!

The Yakama Nation has a viable forest products industry. They have both new large and small log mills. They are soon to have a bio-mass facility. They also are successfully attacking the forest health issues and at a cost unmatched by others. Basically they have what AFLC needs to "partially" succeed in the natural resources business. But currently

the Yakama Nation mills do not accept outside logs. And they also have scale, something that you don't have.

Now let's think through what AFLC has that could be of interest to the Yakama Nation. You have basic ownership control over a large part of the Teanaway ecosystem and the ability to forever protect this prime habitat. I've read several places that the Teanaway River offers one of the best habitat enhancement opportunities for the Yakima/Columbia Rivers and its many species of fish. In fact, the Yakama Nation has invested heavily in the area with the acclimation pond that's located on the North Fork at Jack Creek. Both fish habitat and clean water are of huge interest to the Yakama Nation. And Bonneville Power. And the Cascade Land Conservancy. And many, many others.

In the past, you have been offered money in exchange for conservation easements on the North Fork riparian areas. Let's expand on that idea and imagine it as a key part of a master plan that harnesses the resources of many:

1. Create a conservation easement on all of AFLC's forest lands. One that excludes residential development but encourages natural resource use while not only protecting the forests but actually enhancing them. By natural resources, I mean timber, bio-mass, carbon sequestration, and other related but not yet defined future uses. Maybe even kick in some sort of recreation hooks as Plum Creek and other natural resource companies have done when faced with similar circumstances.
2. The Yakima Nation in recognition for knowing that the area upstream from their Nation will be forever maintained and enhance their interests downstream will enter into an agreement with AFLC and/or their successor to mill their logs, work their bio-mass, etc. (Obviously a contract of this nature would be tricky to work through but I suspect that this is exactly the kind of thinking that Mason-Lippke had in mind when they wrote their report.)
3. The Bonneville Power Administration signs on to this idea and supports it with resources as part of their required water mitigation requirements. (I'm totally out of my knowledge area here but do recollect that they were one of the parties that had put forth funds for the failed conservation easement movement a few years back...)
4. The Cascade Land Conservancy, The Trust for Public Lands and other conservation groups organize and help nurture the effort. They also become responsible for educating the public on the dynamics of a working forest and how they can actually enhance their recreational pursuits. (The Mason-Lippke Report actually touches on the misconception that the public has in regards to working forests...) Pulling off a plan like this could be a huge win for everyone.
5. AFLC puts their land into the conservation easement; you get to keep logging as you now have a mill to process your logs; you get to take advantage of future opportunities including bio-mass, development right trades, carbon sequestration, and other economic opportunities as they arise. Maybe you receive some sort of debt-relief and/or payments

in exchange to participate in such an agreement. (One obvious problem is timber/wood prices and AFLC's current inventory of trees available to cut. That's why I mention debt-relief above vs outright purchase as I suspect that you need to buy time while the trees grow and get back into sustainable yield territory and the market prices return to a more normal area.)

6. The plan could address forest health which is not only AFLC's issue but a OWNF, DNR and county issue as well. The Yakama Nation accomplishes it at one third the cost available to others. (page 31) Just maybe AFLC initiates a similar program, run and staffed by the Yakama Nation and funded by some grant money. The OWNF, DNR, county and other folks should be interested in participation if funds can be obtained. If you can harness the power of all of these groups to a common cause, namely forest health and conservation, then I'm confident that they will leave no opportunity for funding unexplored.

7. The county has a win here in that its residents maintain the same recreation benefits they have today in AFLC's forest. In fact, maybe these opportunities get enhanced over time with enhanced trail systems and the like. (We can even resurrect the park district creation that was previously opposed by AFLC.) Excise tax revenue will return as the forests once again become harvestable. County infrastructure and ongoing maintenance costs won't be expanded. (I've read that the tax gains from parcel creation really don't outweigh the expenditures needed to maintain the new parcels in the long run in a rural setting.)

Wayne, I really mean it when I say that I want to see AFLC succeed in the forest products industry and continue being my Teanaway neighbor. And I strongly believe that there are a lot of people, organizations and resources available to make this happen if you turn us into your allies with a common set of goals and objectives. You're an accomplished deal-maker. Please suspend your talk of residential development and reach out to these many people and organizations and put forth an outline of a plan that we can all get behind. Together, I'm confident that the Teanaway Valley can continue being the special place it is today and a working forest & recreation area for generations to come.

Sincerely,

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Cc: teanawaysubarea@co.kittitas.wa.us; Anna Nelson; Commissioner Jewel; Kirk Holmes; Jeff Jones; John M. Rudey; Larry Mason; Bruce Lippke