

Invoices reveal how federal grant was used on Roadless Rule work

By: Elwood Brehmer (/authors/elwood-brehmer),

Alaska Journal of Commerce

Post date: Wed, 01/15/2020 - 9:29am



A pair of Democrat U.S. representatives want the Department of Agriculture Inspector General to look into how the state spent a federal wildfire management grant on efforts related to the proposed repeal of the "Roadless Rule" in the Tongass National Forest. The state cited staff shortfalls and the qualifications of outside experts for contracting the work to the Alaska Forest Association. (Photo/Courtesy/US Forest Service)

The money was primarily spent on consultants and former State of Alaska foresters to study the opportunity for more old-growth timber harvests following the pending repeal of the oft-debated Roadless Rule in the Tongass, but thousands of dollars was also spent on travel, outfitting the hired help with computers and software, and a 12.5 percent administrative fee charged by the Alaska Forest Association, or AFA, according to invoices (https://www.alaskajournal.com/sites/alaskajournal.com/files/afa_invoices_redacted.pdf) obtained through a public records request.

On March 14, 2019, Alaska Division of Forestry officials approved a sole-source contract (<https://www.alaskajournal.com/sites/alaskajournal.com/files/dnr-afa-tongass-agreement.pdf>) with AFA President Bert Burkhardt for up to \$250,000 funded through a repurposed federal wildfire assistance grant to analyze the volumes of economic old-growth harvests that would be made available under varying proposals for a Tongass-specific Roadless Rule.

State officials said in interviews that they hired the industry trade group in part because years of state budget cuts and a severe 2019 Alaska fire season hampered their ability to do the work themselves. They also emphasized the work resulted in an economic resource evaluation and not policy recommendations.

USDA officials on Oct. 15 announced the department's preference to fully exempt the Tongass from the 2001 rule that prioritized conservation in the nation's forests, a few days before the other options for an Alaska-specific Roadless Rule were released.

In 2018, former Gov. Bill Walker requested the USDA and its Forest Service agency work with the state on exempting the Tongass from the rule — which largely prohibited new road building in undeveloped national forest lands — after numerous unsuccessful attempts through the courts to get the state exempted or the rule repealed entirely.

Advertisement

A full exemption would open more of the 9.2 million acres currently classified as roadless in the nearly 17 million-acre Tongass to development activities, such as mining, logging, and energy development, all of which are made more economic with road access.

The Roadless Rule exemption would only apply to the Tongass; the Chugach National Forest in Southcentral Alaska historically has not been used for large-scale timber harvests.

Local and national conservation groups as well as several Southeast Tribal organizations have said the land-use policy reversal ignores the economic transformation that has occurred in Southeast Alaska over the nearly 20 years since the Roadless Rule was put in place. They contend fishing and tourism — industries boosted by intact wild lands — have largely filled the void left by the region's dwindling timber industry.

The money for the state's contract with the AFA came via the Forest Service; it was part of a modified overall \$5 million U.S. Forest Service grant to the State of Alaska.

According to grant records, state Department of Natural Resources officials in August 2018 asked for \$2 million to work on the Alaska-specific Roadless Rule in addition to \$3 million requested earlier under a state fire assistance grant.

Following congressional hearings on Tongass management and the Roadless Rule, Democrats Rep. Raúl Grijalva of Arizona and Sen. Debbie Stabenow of Michigan urged USDA Inspector General Phyllis Fong to investigate "the potential misuse" of the \$2 million in a Nov. 18 letter to Fong

(https://www.alaskajournal.com/sites/alaskajournal.com/files/19.11.18_stabenow_grijalva_letter_on_tongass_0.pdf).

Grijalva chairs the House Natural Resources Committee and Stabenow is the ranking Democrat on the Senate Agriculture, Nutrition and Forestry Committee.

Among other issues, the Grijalva and Stabenow question whether the state's awarding of federal grant funds to the AFA, which supports a full repeal of the Roadless Rule, was appropriate given other Tongass stakeholders allegedly did not receive similar funding.

They specifically asked the Inspector General's Office to investigate whether using the \$2 million on the Roadless Rule was appropriate for fire assistance grant program funding; whether any funding was available to other Tongass stakeholders; and if it is permissible for the a state to use Forest Service funds to help convince the USDA, of which the Forest Service is a subagency, to make a regulatory change requested by the state.

The letter references a Sept. 24 Alaska Public Media news report that indicated at least some of the grant was used to offer input on the Forest Service's work to develop an Alaska-specific Roadless Rule and not on fire suppression efforts.

Gov. Mike Dunleavy issued a sharp rebuke to the federal lawmakers, arguing that "extreme environmentalists" distorted the facts of the situation to Congress in a Nov. 20 statement from his office.

"The grant was appropriate and legal, all of the information anyone needs to reach the same conclusion is readily available to the public. I respectfully suggest Congressman Grijalva and Sen. Stabenow do their homework before asking a federal agency to conduct a costly, time-consuming and ultimately pointless investigation into a grant that will provide essential information about lifting the Roadless Rule," Dunleavy said, adding that the potential repeal would help boost the region's economy.

Grijalva spokesman Adam Sarvana wrote in an email that the letter to Inspector General Fong came after USDA and Forest Service officials did not substantively reply to questions about the grant funding. Grijalva and Stabenow had not received a response to their investigation request as of Jan. 13, according to Sarvana.

Contract costs

Invoices from the AFA to the state Division of Forestry for the Roadless Rule analysis contract show Forestry Program Manager Jim Eleazer approved a request by AFA President Burkhart to wire a \$100,000 advance to the industry trade group last March 28.

Eleazer negotiated the contract with the AFA, according to DNR officials, and subsequently approved the related expenses on behalf of the state.

Forestry Director Chris Maisch said in an interview the advance was meant to help the AFA jumpstart its work as the Forest Service was expected to publish draft Tongass Roadless Rule environmental impact statement, or EIS, July 1 when it was approved. As a cooperating agency on the Roadless Rule environmental review, the State of Alaska was privy to certain information prior to publication of the draft EIS.

Maisch said it ended up being beneficial for his team that the draft Roadless Rule EIS wasn't published until mid-October because state Forestry officials spent their summer consumed by dealing with Alaska's severe wildfire season and did not have time to work on the state's role in amending or repealing the Roadless Rule.

The contract expires June 30, 2021.

An invoice dated April 30 charged the state \$41,990, of which \$9,750 was billed for 78 hours of work by former Alaska state forester Jeffrey Hermanns at a rate of \$125 per hour, according to the invoice. Another \$1,898 was billed for Hermanns' airfare, hotel and food expenses incurred while working under the AFA

contract last March.

The state was also charged a total of \$1,800 for Hermanns' travel time in March at a rate of \$75 per hour, according to a bill from Hermanns to the AFA.

According to the invoice and associated receipts, Hermanns also spent \$8,456 on computer equipment and software, including two laptop computers, three iPads, a 32-inch computer monitor, two external hard drives and Microsoft Office, GIS and antivirus programs. Much of it was purchased at the Billings, Mont., Best Buy store, while other items were purchased online and shipped to the AFA office in Ketchikan.

Hermanns is listed as a Billings-area forester in the State of Montana employee directory. He was formerly a forester with the State of Alaska in Tok from 2006 to 2016, according to a LinkedIn account, at which point he began work with the State of Montana.

The state was charged \$45,187 for Hermanns' work time from March through July in addition to the equipment and travel expenses, according to the contract records. Overall, the state paid the AFA \$143,110 during the period.

DNR spokesman Dan Saddler wrote in response to emailed questions that approximately \$150,000 has been billed to the AFA contract in total.

Maisch said he doesn't expect many additional charges, but more work could come up if the Forest Service makes significant changes to the final version of the Roadless Rule EIS.

The overall bill also included \$24,781 for work done by Southeast Alaska Resources in Ketchikan. While state business records do not list a firm incorporated under that name, business license records for individuals show an active business license for Clarence Clark of Ketchikan under the name Southeast Alaska Resources.

Alaska's employee directory does not list Clark as an active employee of the state, but numerous prior Alaska Department of Natural Resources publications reference Clark as a former manager of the state's Southeast timber sale program.

A bill from Hermanns to the AFA — passed on to the state — contains a "Forest Solutions" header, but Montana and Alaska business records do not show Hermanns as owning a business or holding an active business license in either state.

According to online records, Hermanns most recently held an Alaska business license for Forest Solutions, a consulting business, that expired in December 2018. That license lists a Billings, Mont., address that matches the address on the materials Hermanns submitted to the AFA.

Clark did not respond to requests for comment and Hermanns left a voicemail when returning a call from the Journal but did not return subsequent calls seeking comment about the work.

AFA President Burkhart referred questions for a prior story on this issue to state DNR officials and did not respond to emailed questions.

AFA Executive Director Owen Graham also declined to comment. The Roadless Rule contract records do not indicate he directly participated in the execution of the contract; Burkhart signed the original contract and is the association's contact on related materials.

Another \$26,146 was billed for the combined work of three Pacific Northwest forestry consulting firms: Terra Verde Inc., Estes Timber LLC, and Cascade Appraisal Services Inc. A Terra Verde representative said he could not comment on the company's work without prior consent from a client when contacted for a prior story.

Burkhart's employer, Local Manufacturing of Aberdeen Wash., also billed \$6,723 to the April 30 invoice for "travel time and travel expenses." Burkhart additionally charged \$3,312 over several months for his time on the project.

Finally, the Alaska Forest Association charged a 12.5 percent administration fee on all of the expenses incurred under the contract, regardless of their nature. The administrative fees totaled \$15,903 through July, according to the invoices.

A source with direct knowledge of the situation said that money was put into the nonprofit association's general fund.

The source also said Hermanns was made a temporary employee of the AFA for his work. Records accompanying the invoices for Hermanns show he electronically signed AFA time sheets on an "employee signature" line and Burkhart approved the logs.

As for the computer equipment and software that Hermanns purchased and was reimbursed for, DNR's Saddler wrote that the AFA retains ownership of it.

He acknowledged that the appropriateness of spending public funds — ultimately federal money that passed through the state — on equipment that a state contractor would keep was something Forestry officials initially questioned, but the situation was approved after consultation with DNR procurement staff.

Research results

The analysis produced by the AFA and its consultants is dated Dec. 13 and was included in DNR's comments (<https://www.alaskajournal.com/legal-notice/2020-01-14/alaskaroadlessrule-deis-soa-comments-12-16-19-final-enclosures-0>) on the draft EIS submitted to the Forest Service on Dec. 16. The AFA product is comprised of 10 pages of high-level written analysis and more than 50 pages of accompanying data tables and charts.

The written analysis concludes that, "No matter the alternative selected in the Record of Decision for the 'Rulemaking for Alaska Roadless Areas' at least 82 out of every 100 acres of suitable old-growth forest within the Tongass National Forest will not be available to maintain the existing timber industry through transition (to completely young-growth harvests)."

Forestry Service Director Maisch and timber advocates have frequently noted that even a full exemption from the Roadless Rule means only about 165,000 acres of additional old-growth timber stands will be available for harvest under the 2016 Tongass Land and Resource Management Plan, which must also be considered when drafting timber sales and aims to transition the industry to young-growth harvests from the forest over the coming years.

That translates to an additional 149 million board feet of harvest volume with a full exemption — a 28 percent increase from current Roadless Rule management — over the next 15 years, according to the AFA.

"It's not this big timber play that I keep hearing about," Maisch said, referencing claims by some opponents to the current process that vast areas of old-growth stands could be subject to logging by repealing the Roadless Rule. "It's really not even 200,000 additional acres that get added in from a timber point of view; it's really been the state's position that this is about flexibility for communities in Southeast for a whole host of other reasons besides timber."

He added that there are "many, many steps that have to be gone through" likely over several years to also amend the Tongass Management Plan to allow for more logging.

Staff shortages

When asked why the Division of Forestry did not simply conduct the timber sale analysis itself and at least avoid the administrative and equipment expenses, director Maisch said cuts to the state budget back in fiscal year 2016 halved his full-time Southeast Forestry staff from eight to four and three of those individuals promptly left, anticipating further cuts.

That meant many combined years of experience in Southeast forest management disappeared in addition to having less staff able to work on the Roadless Rule issue, according to Maisch.

"We really had to rely on other resources to help us keep the Roadless project on track," he said.

Statewide, the Division of Forestry has turned to temporary employees and contracted with private groups to get its work done in recent years given its reduced in-house capacity, according to Maisch.

"We use a lot of different ways to try to still keep the cars on the tracks, if you will, and that's what we did with AFA. They were very knowledgeable about the (Tongass) forest plan, had been involved with this topic for many years and they had staff that had been involved with this topic," he said, adding that Tongass management is a unique issue and related work is very difficult for people without specific experience with the forest to conduct efficiently.

University of Alaska Fairbanks Emeritus Professor of Forest Ecology Glenn Juday largely concurred with Maisch when asked about the state's ability to conduct the analysis itself. With less timber activity in the Tongass than in decades prior, Juday said the Forest Service and a small group of private contractors are likely the only entities with the background knowledge to effectively conduct the research done by the AFA through its contractors.

"If you wanted an answer to the question: What would be the timber volume impacts of Option A, B, C and D on a landscape basis if you had these boundaries in it, if you had those boundaries in it — probably the most cost-effective route to go is to hire the expertise," Juday said.

Maisch also noted that by utilizing the AFA to administer the contract, at least some of the money would stay in Alaska, which is a regular goal for state officials when faced with these types of situations.

He also said that state officials were cognizant of the "look" of awarding a no-bid contract to an industry trade group that strongly supports opening the Tongass to much more logging, but stressed that the analysis was strictly "presenting data."

"Appearances are always important but we also felt they were a nonprofit trade organization — admittedly a trade organization — but we had worked with many other groups in the process," Maisch said, noting the state under Walker in 2018 put together a Roadless Rule advisory group that included stakeholders with the full range of forest management views.

"We cast a pretty wide net to work with a wide variety of interests. In this case, I do get it, we were hiring these interests to do some work on our behalf but it was very specific work focused on the economic analysis. It was not providing us policy recommendations."

Elwood Brehmer can be reached at elwood.brehmer@alaskajournal.com (mailto:elwood.brehmer@alaskajournal.com).

Updated: 01/15/2020 - 9:35am

Alaska Journal of Commerce

300 W. 31st Avenue

Anchorage, AK 99503

Phone: 907-257-4200

Outside Anchorage, toll-free: 800-478-4200

Copyright © Binkley Co. All rights reserved.

Contact Us (/contact)