

Washington Forest Protection Association

ANNUAL REPORT TO MEMBERS • NOVEMBER 9, 2006



Steve Tveit
President
Steve Tveit
Vaagen Brothers
Lumber Company

PRESIDENT'S REPORT Advancing Sustainable Forestry

After many years of effort, we have reached a time of milestones. Not only have we achieved the long-awaited federal assurances for our state's forest practices system, we have also seen many of our friends and industry leaders complete life-long careers. WFPA itself will usher in the next year under new executive director leadership. In the midst of all this change, the WFPA board, staff and members remain solid, continuing to promote responsible forest management throughout the state.

This year, the WFPA Board of Trustees held a retreat to reflect on the industry's accomplishments and look to the future. They adopted a vision for promoting responsible forest management as a preferred land use in the state of Washington and helping the public to embrace this understanding. They also reaffirmed and clarified WFPA's mission—to advance the understanding and practice of

sustainable forestry, as well as provide forest products and environmental benefits for the public. This will be accomplished by working for balanced forest policies that encourage investment in forest land and the protection of fish, water and wildlife.

Private forest landowners continue to receive high marks from the public, regulators, elected officials, conservation groups and allied industries for their stewardship and proactive approach to natural resource issues. As we pay attention to the changing marketplace for our products, we will also continue paying attention to the values that the public holds regarding our forests. This is plain good stewardship, and what Washington private forest landowners are all about. As my tenure at WFPA ends and I step down as President, I can say that it has been my great pleasure to work with all of you who have made these milestones possible.



Bill Wilkerson
Executive Director
Bill Wilkerson

EXECUTIVE DIRECTOR'S REPORT A Sustainable Future

I am proud to report that 2006 marks the culmination of several decades of effort by those of us who work within the natural resource arena on behalf of rural communities, sustainable forestry, clean water, and fish and wildlife habitat. With a 50-year conservation plan in place, the public gives forest product companies high marks. Forestry is being appreciated by stakeholders interested in the future of Washington's forests and the values they represent. The state has put into action a plan for maintaining and enhancing regulatory stability while protecting forest values and the natural resources we all care about. An adaptive management program has been instituted to strive for continual improvement and incorporate current scientific findings into forest practices. The result is a predictable and stable process for change that forest landowners, regulators and the public can prepare for and anticipate.

The path we used to get here began with leadership among natural resource stakeholders who chose to work together instead of against one another. We found a common vision of the future, in which our state would continue practicing sustainable forestry while protecting the environment, healthy fish runs, clean water and wildlife habitat. Forest practices rules were changed by consensus in 1987 through the Timber-Fish-Wildlife Agreement, then again in 1990 through the Sustainable Forestry Roundtable, and most recently in 1999 through the Forests & Fish Law. These were consensus processes that worked through negotiation guided by science instead of debate before a commission, regulatory board or court. It was the private forest landowners who stepped up to the challenge of the day, establishing the model for others to pursue. The late Stu Bledsoe, timber industry leader, was quoted in the mid-1980s

CONTINUED>

as saying “we will go where the truth takes us.” We follow his legacy today by using consensus processes and science to guide our actions.

It is the forest sector that maintains the economic base of many rural communities and preserves the environmental values and open space that enhances our quality of life and keeps Washington green. The public is recognizing that responsible forest management maintains the land base year after year, unlike other land uses. As I look back over the last decade of my career at WFPA, I see an industry that has

FORESTS & FISH HABITAT CONSERVATION PLAN

Ten years ago, in response to Endangered Species Act fish listings and the need for water quality improvements required under the Clean Water Act, private forest landowners began talking with people from all levels of government, scientific, tribal and conservation communities about how forestry could change its practices to protect endangered salmon and cool, clean water and stay in business. The group identified the habitat requirements for the biological needs of fish and water quality standards, developed a plan to change forest practices to meet those needs, and put a process in place to continually assess and improve those practices as science determined. Thousands of hours were spent over 18 months to develop what became known as the Forests & Fish Report (FFR)—forestry’s part of the governor’s Statewide Salmon Recovery Plan. This report was turned into law in 1999 with bipartisan support in the Legislature, and implemented through state forest practices rules in 2000. In 2006, our state’s forest practices laws received endorsement from the federal government. This came in the form of a 50-year

regained the confidence and trust of the public—one that is forward-looking and proactive. I see an industry that is willing to partner with other stakeholder groups and that sets the standard for how Washington manages natural resource issues. I am privileged to have worked with the land managers, policy makers, scientists, tribes, members and conservation groups who have dedicated their careers to making Washington a forest practices leader. I look forward to enjoying the results of our efforts as others continue to look to us as the model for a sustainable future.

Habitat Conservation Plan (HCP), which was signed on June 5, 2006 at a celebration hosted by family forest landowners Ken and Bonnie Miller. This is the final step to put a system of environmental protection into place that balances the needs of the forest industry with a scientific process for meeting environmental goals. It is a model for the future of sustainable forestry and shows that we can have both a healthy forest products industry and protect the environmental resources we all enjoy.



Gov. Gregoire joins the grandchildren of Ken & Bonnie Miller at their tree farm during the HCP signing event on June 5, 2006.

PUBLIC INFORMATION & COMMUNICATIONS

Practicing forestry in the 21st Century means that we are more than tree managers, we are resource managers. WFPA’s communications continue to demonstrate these stewardship efforts, support its policy goals and inform the public and opinion leaders of the efforts private-forest landowners are making to address



The wfpa.org website, which highlights forestry issues in Washington State, was launched in June 2006.

forestry issues. The program also conveys information about industry actions, practices and trends. Without an informed public, efforts to establish stable regulations and innovative practices can sometimes be misunderstood and easily undermined. As population growth continues to pressure a limited land base, efforts are being made through the Legislature, regulatory arenas and conservation organizations

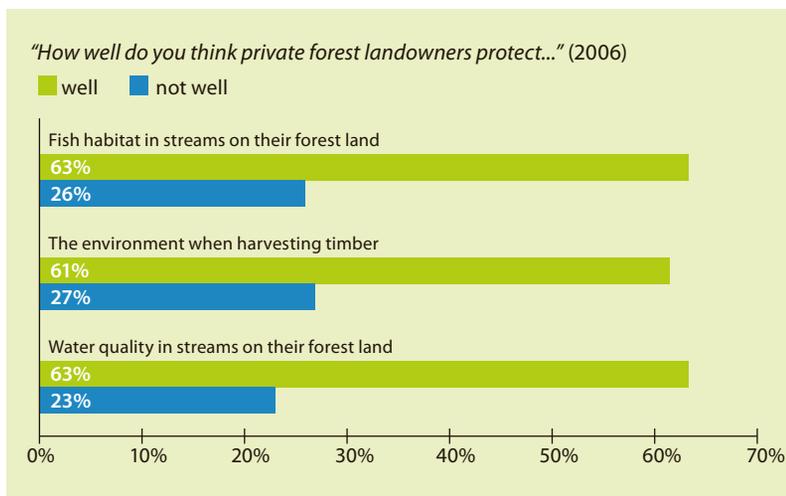
to better understand what it takes to maintain a healthy industry that delivers the environmental and economic benefits unique to forestry. In addition, WFPA is often invited to share its story with other states and nations, having participated this year in the governor’s trade mission to New Zealand and meetings with forestry officials from British Columbia. Washington has established the model for a sustainable forest sector by first setting the bar for environmental protection in law, obtaining a 50-year commitment from the federal government, keeping the public informed, and working in concert with other stakeholders to manage and resolve issues. This formula for success has the attention of our Legislature because it keeps our forest industry globally competitive and attracts new business to the state. Other results include high levels of public approval and awareness that landowners are protecting the environmental values we all care about.

FOREST POLICY AND LEGAL

The Forest Policy Committee addresses issues related to the regulatory aspect of owning and managing private forests. WFPA represents its members on issues before the Forest Practices Board, Forests & Fish Policy Committee that supports the Board and before the Fish and Wildlife Commission. We continue to demonstrate and deliver the message that more regulation is not the only way to address important environmental issues. WFPA also ensures that the public record adequately supports member positions if legal action becomes necessary. Since rule changes relating to aquatic resources are now made through the Adaptive Management process, efforts are focused on making the Cooperative Monitoring Evaluation and Research (CMER) program successful. The entire process is intended to be collaborative, and is governed by specific ground rules.

Industry also represents member's interests by participating in a variety of stakeholder forums, contributing to the view of forest landowners as broader partners in natural resource conservation. These include the Washington Biodiversity Council, Puget Sound Salmon Recovery Council, Washington Wildlife and Recreation Coalition, Western Forestry & Conservation Association, NCASI Wildlife, and DNR's Forest Health Strategy Work Group.

WFPA and the State of Washington won a major legal victory this year, when the Court of Appeals upheld two related state agency actions that had been challenged by environmental groups. The court confirmed that, consistent with legislative intent, Class I, II, and III forest practices are exempt from review under the State Environmental Policy Act (SEPA). In a consolidated decision, the court found that the Department of Ecology had correctly revised its SEPA regulations to exempt most forest practices from SEPA review, and also upheld the Forest Practices Board rejection of a petition for rulemaking that would have required SEPA-exempt forest practices applications to undergo cumulative effects reviews. In its holdings, the court settled several legal questions that have been debated for many years, all in favor of the state and WFPA.



CONTINUOUS IMPROVEMENT— THE ROLE OF ADAPTIVE MANAGEMENT

The Forests & Fish Law revolutionized our state forest practices regulation, affecting 9.3 million acres of forestland—all of the state's private and state-managed forestland. Since forest practices rules were changed in 2000, progress has been made on all fronts: On the ground, more than 8,400 road plans covering more than 58,000 miles of road have been completed, while 775 miles of stream habitat have been reopened by removing blockages to fish passage. In the regulatory environment, the Cultural Resource Protection and Management Plan was adopted by the WFPA board; the Forest Practices Board's Channel Migration Zone manual has been revised twice since FFR; a new road construction and maintenance manual was instituted; and collaboratively developed Adaptive Management board manual and CMER protocols and standards were approved, codifying a program that has evolved over the last six years. The Legislature adjusted road planning requirements and implemented several cost-sharing programs such as the Family Forest Fish Passage and Forest Riparian Easement Programs to aid small forest landowners. And in our communities, positive public support for forest practices is at the highest level in 20 years.





Gov. Gregoire signs Senate Bill 6874, also known as the B&O Tax reduction bill for the timber industry.

GOVERNMENTAL RELATIONS

The short legislative session of 2006 was one of the busiest and most productive in memory for the timber industry. Almost 2,600 bills were introduced. The centerpiece was Senate Bill 6874 from prime sponsor Senator Mark Doumit, which enacted tax fairness for forest manufacturers in urban and rural communities. SB 6874 was strongly supported by conservation groups, the forest industry, unions and 90% of the Legislature with bipartisan super-majorities in both houses. The B&O tax reduction was the largest tax reduction granted to any industry sector in 2006, equaling close to \$14 million annually. Governor Gregoire and the Legislature have signaled support for the industry and its economic importance in both rural and urban Washington. The governor also portrayed the bill as an investment in the future by securing funds for Forests & Fish implementation over the long term. The praise and acknowledgements were repeated two months later at the ceremonial signing of the statewide Forests & Fish HCP.

FOREST TAX

Last year, the WFPA Tax Committee (TAXCOM) continued its work with the Washington Department of Revenue on several issues. One issue was the semi-annual stumpage valuation tables and an acceptable change to the Washington Administrative Code (WAC) that clarifies the application of the Real Estate Excise Tax as it applies to standing timber. TAXCOM also worked with the Washington State Association of County Assessors on legislation to collapse the two current use programs into one, thereby streamlining the administration and increasing the attractiveness of the programs for smaller landowners. TAXCOM also lent assistance to the Governmental Relations Committee in its successful pursuit of legislation to reduce the B&O Tax, Senate Bill 6874.

The industry also fared very well in budget deliberations, receiving money for

- Forests & Fish tribal participation;
- A pilot project for small forest landowners' long-term management plans;
- One time funding for wildlife assessment on forest lands; and
- Money to study environmental education and forest health.

We were also successful with Senate Bill 6429, a bill that exempts certain Native American information from public disclosure and fulfills a promise to the tribes as part of the watershed analysis process of the Forests & Fish agreement.

In spite of the resounding success noted above, the industry could face some serious challenges in 2007, including reintroduction of a logging trucker bill. We are working actively to alleviate as many issues as possible before the session begins.

Members of TAXCOM will also be working with the Forest Policy Committee to provide oversight and review of five studies being conducted by the University of Washington's College of Forest Resources, "The Future of Washington's Forests and Forestry Industries." The results of the studies are to be reported to the Legislature in 2007.

TAXCOM members are also helping the Forest Policy Committee review the Small Business Economic Impact Statement and Cost Benefit Analysis with regard to the new proposed default basin size used to determine Perennial Initiation Points.

ENVIRONMENTAL EDUCATION

Project Learning Tree (PLT) and Teachers On Summer Assignment (TOSA) continue to be the core programs of WFPA's Environmental Education efforts.

PLT is the cornerstone of a new course. Beginning in the 2007–08 school year, high school students will be able to take a year-long vocational course—the first of its kind in Washington—requested by The New Market Skills Center and developed with advisory assistance from WFPA. Serving 12 school districts in the South Sound, the course is designed to prepare high school students for entry-level careers in natural resource management. This summer, the pilot course immersed 25 students in Forests & Fish Law issues, bear-management controversy and water-quality challenges. Students conducted plot studies, performed water-quality tests and became familiar with GIS technology.

Revised PLT guides and the newly developed “Exploring Environmental Issues in the Places We Live” course have teachers asking for another PLT workshop. Students learning to become teachers now count on PLT as an essential part of their environmental education. A new program funded in part by the American Forest Foundation brought PLT training to professors representing 16 colleges, helping ensure that graduates will bring PLT to their first teaching jobs. In fact, research from the Pacific Education Institute, in partnership with WFPA, demonstrates programs like PLT improve students' achievement.

This summer, 11 teachers worked with area timber companies for a six-week, hands-on work experience through the TOSA program. An industry mentor taught one teacher how to help build stream buffers and measure forest density. Based on their experiences, the teachers then developed instructional units and activities for their classrooms.

ANIMAL DAMAGE CONTROL PROGRAM

The Animal Damage Control Program (ADCP) works to protect forests from black bear and other animal damage. Non-lethal approaches to damage control are the preferred options of the ADCP. Since 1985, our members have concentrated their efforts on the supplemental feeding program during the spring months to minimize black bear damage to forests. In June 2006, the *Wildlife Society Bulletin* published Georg Ziegler's second paper on the Black Bear Feeding Program, “Cost-Effectiveness of the Black Bear Supplemental Feeding Program in Western Washington” (Volume 34, No. 2), which weighed the feeding program as a cost-effective expenditure for the ADCP. The ADCP also continues to work on garnering international research relationships in the analysis of its programs.

TREE FARM PROGRAM

A program of the American Forest Foundation, the Washington Tree Farm Program (WTFP) is committed to sustainable forestry, watershed and wildlife habitat through the power of private stewardship. It also promotes growing renewable forest resources on private lands while protecting environmental benefits and increasing public understanding of productive forestry. Annually, the programs recognize an outstanding tree farmer from each state. Bob Playfair, who owns forest land in Stevens County, was named the 2005–06 Washington State Outstanding Tree Farmer of the Year. The WTFP honored Playfair and his family during the Washington Farm Forestry Association's annual meeting in Colville, Washington.



Rolling Stones keyboardist and 1999 National Outstanding Tree Farmer, Chuck Leavell

The American Forest Foundation hosted a special benefit luncheon in Seattle to support conservation and education programs, featuring Rolling Stones keyboardist and National Outstanding Tree Farmer of 1999 Chuck Leavell. Leavell and his wife own a tree farm near Macon, Georgia.

At WFPA's 2005 annual meeting, Governor Gregoire presented National Tree Farm Program winners Tom and Sherry Fox with a proclamation, dedicating October 27th as Family Forest Landowner Day, encouraging all citizens to recognize the contributions made by tree farmers to a healthy environment and strong economy.

BOARD OF TRUSTEES

John Allen, *Bloedel Timberlands*
Kevin Boling, *Forest Capital Partners*
Jerry Brodie*, *Pacific West Timber*
Rick Dunning, *WFFA*
Kevin Godbout, *Weyerhaeuser*
Randy Johnson, *Green Crow*
Jeff Jones, *American Forest Resources*
Bill Marre, *Hancock Forest Management*
Bob Meier*, *Rayonier*
Myron Metcalf, *Menasha Forest Products*
Toby Murray*, *Murray Pacific Corp.*
Tom Nelson, *Sierra Pacific Industries*
Dave Nunes, *Olympic Resource Mgt.*
Dwight Opp, *Stimson Lumber Co.*
Bob Roth, *Longview Fibre*
Norm Schaaf*, *Merrill & Ring*
Court Stanley, *Port Blakely Tree Farms*
Jim Thiemens*, *Green Diamond Resource*
Steve Tveit*, *Vaagen Brothers Lumber*
John Warjone*, *Port Blakely Tree Farms*
Duane Weston, *Pacific Denkmann*
Maurice Williamson, *WFFA*
Steve Zika, *Hampton Resources*

*Member of WFFA Executive Committee

HONORARY TRUSTEES

Richard Best, *Puyallup*
Nels Hanson, *Olympia*
Jim Harberd, *Kettle Falls*
Edwin F. Heacox, *Gig Harbor*
Willard L. Lawson, *Federal Way*
John McMahon, *Seattle*
Ted Nelson, *Federal Way*
W. Lee Robinson, *Longview*
Max Schmidt, Jr., *Shelton*
Chester R. Thomas, *Yakima*
Jerry Wilson, *Everett*

WFFA COMMITTEES

Benefits
Bob Meier, *Rayonier*

Environmental Education
Norm Schaaf, *Merrill & Ring*

Forest Policy
Court Stanley, *Port Blakely Tree Farms*
Scott Swanson, *West Fork Timber Company*

Forest Tax & Economics
Jeff Morgan, *Port Blakely Tree Farms*

Governmental Relations
Bruce Beckett, *Weyerhaeuser*

Legal Affairs
Jan Pauw, *Weyerhaeuser*
Galen Schuler, *Green Diamond Resource*

Public Information
Jim Thiemens, *Green Diamond Resource*
Dave Nunes, *Olympic Resource Management*

WFFA STAFF

Bill Wilkerson, *Executive Director*

PROGRAM DIRECTORS

John Ehrenreich, *Forest Taxation & Economics*
Lynne Ferguson, *Co-Director of Environmental Education*
Bill Garvin, *Co-Director of Governmental Relations*
Peter Heide, *Director of Forest Management*
Cindy Mitchell, *Director of Strategic Communications*
Debora Munguia, *Co-Director of Governmental Relations*
Heather Rowton, *Director of External Operations*
Margaret Tudor, *Co-Director of Environmental Education*
Karen Vaughn, *Director of Business & Finance*
Josh Weiss, *Director of Environmental Policy*

Georg Ziegltrum, *Supervisor of Animal Damage Control & Tree Farm Program*
Sue Clark, *Executive Assistant*
Sue Honstain, *Information Systems Coordinator*
Goldin Ortiz, *Assistant Director of Communications*
Janet Pearce, *Environmental Education Program Manager*

WFFA MEMBERS

American Forest Resources, LLC	Miller Land & Timber
Appleton Ridge Tree Farm	Ken and Bonnie Miller
Bloedel Timberlands Development	Munro, LLC
Boise	Olympic Resource Management
Broughton Lumber Company	O'Neill Pine Company
Joseph Buhaly	Pacific Denkmann - Pilchuck Tree Farm
Al Cain	Pacific West Timber
Erehwon Tree Farm	David and Ginnie Pearsall
Forest Capital Partners	Penguin Forests
Forest Systems	Plas Newydd, LLC
GMO Renewable Resources	Port Blakely Tree Farms
Green Crow	Francis J. Powers Jr.
Green Diamond Resource Company	Rayonier
Hampton Affiliates	RD Merrill Co.
Hancock Forest Management	Ring Family Limited Partnership
Gary Hanson	Seefeld Corporation
Nels Hanson	Sierra Pacific Industries
Phil Hess	Stewart Tree Farms
JLCG, LLC	Stimson Lumber Company
Ray A. Kawamoto	Theoe Family Tree Farm
Longview Fibre Company	George Thomson
Menasha Forest Products Corporation	Vaagen Brothers Lumber
Elisabeth Miller Botanical Garden	Washington Timberland Management
Endowment Trust	West Fork Timber Company
Pendleton and Elisabeth Miller	Weyerhaeuser Company
Charitable Foundation	Maurice Williamson



Washington Forest Protection Association
We're managing private forests so they work for all of us.®

724 Columbia St. NW, Suite 250, Olympia, WA 98501 • phone 360-352-1500, fax 360-352-4621
email info@wfpa.org • website www.wfpa.org