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September 24, 2018

Carey Case, Project Leader
Petersburg Ranger District
P.O. Box 1328
Petersburg, Alaska 99833
Via e-mail to: comments-alaska-tongass-petersburg@fs.fed.us

Attn: Central Tongass Project

Dear Ms. Case:

These are comments regarding the Central Tongass Project submitted by The Boat Company and UnCruise Adventures (UnCruise). The Boat Company and UnCruise are small cruise vessel tour operators who provide thousands of visitors with hiking, beach combing, wildlife viewing and other high quality recreation experiences throughout southeast Alaska, including the Petersburg and Wrangell Ranger Districts. The Boat Company also offers guided freshwater fishing opportunities in the project area. Our businesses are part of the largest private sector growth industry in the region. The most important Forest Service resources for our businesses are remote areas that provide protected anchorages, scenic opportunities and some special feature – whether trail access, kayaking or wildlife viewing.

We have concerns about the Central Tongass Project as described in the August 9, 2018 Notice of Intent and supporting documents (the August 2018 Central Tongass Project Scoping Report and Draft Activity Cards). The Forest Service identified four areas of need for the project: (1) Watershed Restoration and Improvement; (2) Vegetation Management; (3) Access Management and (4) Sustainable Recreation Management. The stated purpose for the project is to “improve forest ecosystem health, support community resiliency, and provide economic development opportunities on the Petersburg and Wrangell Ranger Districts.”

But instead of supporting local communities, maintaining healthy ecosystems and providing for market-based economic opportunities, the Central Tongass Project takes a huge step backward with the Vegetation Management component of the proposed action, which would implement a large timber sale program throughout the project area. The Forest Service proposes to remove 230 million board feet (mmbf) of old and second growth timber from 13,500 acres in ten areas on Mitkof, Kupreanof, Kuiu, Wrangell, Zarembo and Etolin Islands, and on Thomas Bay on the Alaska mainland. Construction or reconstruction of 175 miles of road would be necessary to access the timber sales. The Forest Service also proposes to weaken scenic values along our cruise routes in scenic waterways such as Wrangell Narrows and Frederick Sound to improve economics for timber sale purchasers.

The Central Tongass Project NEPA analysis would also consider improvements to recreation infrastructure – but unlike the timber sale component these activities lack funding. Even if partner funding became available, staff capacity for permitting and implementation has historically been insufficient and is currently decreasing. We request that the DEIS consider the disparity between support for the timber sale program and support for the visitor products industry a significant issue. The visitor products industry contributes to local economies and the large timber sale program operates at a taxpayer loss and has a marginal role in central southeast Alaska community economic development. The Forest Service should develop and analyze a “Sustainable Recreation Alternative” that

reallocates all project timber sale funds to hiking trails, wildlife viewing platforms, culvert replacements to help fish, and other similar economically sensible investments.

We also request that the DEIS analyze potential harms to the visitor products industry that may accrue from displacement by timber operations, loss of scenic values, and harm to fish and wildlife. As explained in the Visitor Products Cluster's May 2017 letter to you and other Forest Service leaders, our "wild infrastructure" of public lands and waterways that provide scenery, fishing and wildlife resources brings in over a million visitors annually, driving a billion dollar economy that is the largest source of private sector employment in southeast Alaska.¹ This wild infrastructure includes places such as north Kuiu Island, Mitkof Island, Kupreanof Island and the mainland that are recovering from timber extraction operations decades ago and now support a healthy, low-impact visitor products industry.

The DEIS needs to develop a funded and staffed recreation alternative

The project scoping report identified a need to provide economic development opportunities within Southeast Alaska communities, including recreation opportunities for local visitors and the tourism industry. The Notice of Intent suggests that the project could add construction of day use areas, platforms for interpretive use or wildlife viewing, and up to 300 miles of non-motorized trail construction or improvements. The challenge, however, is that recreation projects depend on the availability of internal or external funding and staff resources as needed for permitting and implementation and maintenance. None of the scoping materials show any agency commitment to providing these resources.

The DEIS for this project should thus clarify the availability of resources to implement the "Sustainable Recreation Management" component of this project. The analysis should include a review of the recreation budget and history of recreation project implementation and costs. The Forest Service's most recent annual monitoring reports that are available online (2012-2014) show little funding for recreation, particularly in comparison to funding for forest products, road construction, and management of habitat damaged by timber sale purchasers.² The Forest Service allocated \$79.4 million in funds for timber sales, timber sale road construction, and post-timber sale vegetation management projects from 2012 through 2014.³ Allocated funds for recreation, heritage and wilderness resources combined amounted to \$10.8 million for the same time period.⁴ If recreation must share limited funding with other resources, there is very little recreation funding for the entire Tongass National Forest, let alone for a number of projects in just two ranger districts. The annual trail maintenance and construction budget slightly exceeds \$100,000 per ranger district.⁵

The annual monitoring reports identified a loss of capacity and decline in outputs across many program areas, an increased dependence on non-appropriated funds, and anticipated the removal and or decommissioning of recreation facilities and trails over time due to concerns about deferred maintenance.⁶ This decline is consistent with the stated intent of Alaska Region Forest Service leaders to continue cutting the recreation budget despite increased demand for recreation resources.⁷ The Boat Company and Uncruise would

¹ http://www.jedc.org/sites/default/files/Policy_letter%20sign%20on_5_25_2017.pdf .

² See <https://www.fs.usda.gov/detail/tongass/landmanagement/planning/?cid=stelprdb5368225> .

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ *Id.*

⁷ See https://headwaterseconomics.org/wp-content/uploads/Tongass_Report.pdf.

appreciate the opportunity to suggest specific projects that would enable our companies to promote the Tongass National Forest's wild infrastructure to the guided public. But the DEIS needs to show a funded and staffed path forward given the Forest Service's past and present prioritization of the timber sale program in its budget requests and allocations.

Recreation investments best meet the stated project economic development and community resiliency purposes

Broadly, current economic data show that the visitor products industry is southeast Alaska's strongest and growing economic sector, with consistent annual increases in industry employment and earnings.⁸ The Southeast Conference's 2017 annual economic report identifies the visitor products industry as the region's top private sector industry in terms of both jobs and wages. The report notes that "tourism is booming" and identified 2017 as a record year for cruise and air passengers, along with jobs and spending.⁹

The boom reflects the growing popularity of Alaska and particularly southeast Alaska which hosts two-thirds of all state visitors, making it the most visited region of the state.¹⁰ Forest Service data identify the outfitter/guide industry as a significant part of this growth trend. The total number of guided clients on the Tongass National Forest is increasing at a high rate - from 533,388 clients during the recession in 2011 to 624,667 clients in 2015 - a 15 percent increase.¹¹ The primary activities sought by the guided public are remote outdoor hiking and wildlife viewing opportunities such as the experiences provided by our companies.

Our companies are part of the small cruise vessel fleet - a diverse group of overnight commercial passenger vessels including yachts and smaller motor vessels that carry between 6 and 250 passengers. Passenger capacity in southeast Alaska alone increased to over 16,200 passengers in 2015, up from a statewide passenger capacity of 8,800 passengers in 2011.¹² Twenty-four small cruise vessels carrying more than 20 passengers each operated in southeast Alaska in 2015.¹³ Since then, three companies have added four more vessels and considerable additional passenger capacity to the southeast Alaska fleet.¹⁴ Almost all of these vessels operate along central southeast Alaska marine travel routes.¹⁵ Many of the small cruise companies have Forest Service special use permits and provide visitors with unique wildlife viewing, hiking and other recreational opportunities.

Small cruise vessel companies increase the number of multi-day visitors to the region and to bring visitors to wider range of communities, such as project area communities like

⁸ Raincoast Data 2017 at 3. Available at <http://raincoastdata.com/portfolio>.

⁹ *Id.* at 1.

¹⁰ *Id.* at 1, 5.

¹¹ Shoreline II FEIS at 3-12, Table 3-5.

¹² See Alaska Division of Economic Development. 2016. Trends and opportunities in Alaska's small cruise vessel market (hereinafter Alaska 2016 Small Cruise Market). Available at: https://www.fs.usda.gov/Internet/FSE_DOCUMENTS/fseprd530432.pdf.

¹³ *Id.*

¹⁴ See <http://uncruise-alaska.com/ships/s-s-legacy/>; <https://www.expeditions.com/why-us/our-fleet/national-geographic-quest/overview/>; <https://www.alaskandreamcruises.com/fleet/chichagof-dream>.

¹⁵ Alaska 2016 Small Cruise Market; see also <https://www.uncruise.com/destinations/alaska-cruises/alaska-experience-guide> (showing representative cruise routes and destinations).

Kake, Petersburg and Wrangell. In 2015, 10 small cruise operators offered 28 itineraries that visit central southeast Alaska communities, resulting in multiple weekly port calls.¹⁶ The three communities have developed targeted marketing strategies accompanied by additional infrastructure and new local economies, including small business development.¹⁷ For example, Kake and other partners are investing in reconstruction of the historic cannery so that it will provide space for artisans, vendors and other activities.¹⁸ These local investments in the visitor products economy reflect market demand trends for rural Alaska community experiences and an economic development model proven to be successful over the past decade in terms of increasing local jobs, municipal revenues and visitor spending.¹⁹

The small cruise vessel economy provides significant returns on these private and municipal investments in tourism businesses and infrastructure. Conservative estimates show that one small cruise vessel operating from May to September with a seasonal total of 700 passengers can generate \$1.3 million in combined company spending on fuel, moorage, supplies, services and taxes and client spending on shopping, lodging, meals, transportation and activities.²⁰ The \$1,857 value per passenger estimate is conservative; actual spending data for small cruise passengers is not available so the estimate reflects data based on per person spending from all Alaska cruise passengers and is likely lower than per visitor spending by small cruise vessel clientele.²¹

In sum, a robust new market-based economic sector has replaced a heavily subsidized, declining and mostly absent timber economy in central southeast Alaska communities. The growth in small cruise vessel passenger capacity and corresponding increase in guided public use of the project area warrants a recreation priority because it provides substantial economic benefits for project area communities such as Kake, Petersburg and Wrangell. These economic impacts extend to larger communities such as Sitka and Juneau which function as home ports for the small cruise vessels that depend on Petersburg and Wrangell Ranger District beaches, uplands, old-growth forests and recovering second-growth forests. The DEIS needs to analyze whether a shift in Forest Service budget and staffing resources toward recreation management and away from the timber sale program would better meet socio-economic needs in project area communities.

The timber sale component of the Central Tongass Project will not support the Forest Service's community resiliency and economic development purposes

The Central Tongass Project scoping report suggests a need to provide forest products to support southeast Alaska communities, local employment, increase revenue returns and maintain flexibility and stability in the timber sale program. The report insists that the

¹⁶ Alaska 2016 Small Cruise Market.

¹⁷ Goodrich, B. 2015. Rebuilding Alaska: Breathing new life into Kake's historic cannery, Reconstruction Project to incubate business and stimulate rural Alaska economy. In: Alaska Business Monthly, December 10, 2015. See also http://www.wrangell.com/sites/default/files/fileattachments/economic_development/page/3360/2016_profile.pdf ; <http://kakatribalcorporation.com/tourism.html>; [https://www.petersburgak.org/vertical/sites/%7B4767CF81-336B-467E-95E0-0AA7DA2030AC%7D/uploads/small_cruise\(1\).pdf](https://www.petersburgak.org/vertical/sites/%7B4767CF81-336B-467E-95E0-0AA7DA2030AC%7D/uploads/small_cruise(1).pdf) .

¹⁸ Goodrich, B. 2015.

¹⁹ D'Oro, R. 2011. Alaska natives gain foothold in tourism. Available at: http://www.nbcnews.com/id/42414829/ns/travel-destination_travel/t/alaska-natives-gain-foothold-tourism/#.Wq6ilpch3IV

²⁰ Alaska 2016 Small Cruise Market.

²¹ *Id.*

proposed action would supply “a variety of wood products to regional mills and local communities.” Our experience in 21st century central southeast Alaska communities is that there are no local businesses involved in the large timber sale program. The DEIS should update assumptions about timber operators in the project area and the Forest Service should reconsider whether there is a need for large timber sales. The Forest Service’s own 2016 Tongass Land Management Plan FEIS shows that large timber sale purchasers have no role in the majority of southeast Alaska communities such as Kake, Petersburg, Sitka, Juneau and other communities that serve as ports of call for the small cruise vessel fleet. Only two of the 24 smaller rural communities in southeast Alaska have any timber activity at all, while the rest depend primarily on fishing and tourism.²²

For example, the Forest Service’s 2016 survey of mill production showed that nearly 98% of the 2016 log processing in Southeast Alaska – 17,912 MBF - occurred on Prince of Wales Island.²³ Reported production from mills in Petersburg, Ketchikan and Wrangell was 38 MBF, or .002% of the total production.²⁴ The 2013 total mill production in Ketchikan, Petersburg and Wrangell was 80 MBF out of a total regional sawmill production of 17,593 MBF.²⁵ Further, according to the Southeast Conference, the remaining regional timber workforce is declining and there is little or no new workforce interest in logging jobs: “[l]ogging has become a socially unacceptably business to be in.”²⁶ It appears that large timber sales would supply non-local companies and employ non-resident workers.

Finally, it is hard to see how the timber sales would meet the identified need to provide public revenue returns. At an average taxpayer cost of \$771,000 per million board feet, public losses accruing from the timber sales fully implemented by this project will likely exceed \$150 million.²⁷ The Forest Service spends in excess of \$20 million per year administering the timber sale program yet revenue returns average less than \$2 million.²⁸ In contrast, recreation fee receipts average over \$3 million annually – or three quarters of the total allocated budget for recreation, heritage and wilderness resources.²⁹

Central Tongass Project timber sales will have adverse impacts on small cruise vessel tours and local economies

The DEIS needs to analyze the adverse impacts of the timber sales on the recreation industry. The State of Alaska’s small cruise report explains that:

[t]he number one challenge that operators indicated was lack of sufficient access to public land. These operators require increased and more flexible access to landing sites, including new and maintained trails to provide sufficient space between clients traveling on different vessels. The branding that is associated with [small cruise tours] is one of uncrowded experiences away from masses of people and the companies that depend heavily on access

²² U.S. Forest Service. 2016. Tongass Land and Resource Management Plan Final Environmental Impact Statement at 3-547-3-689. R10-MB-769e (hereinafter 2016 TLMP FEIS).

²³ https://www.fs.usda.gov/detail/r10/landmanagement/resourcemanagement/?cid=fsbdev2_038785

²⁴ *Id.*

²⁵ *Id.*

²⁶ <http://raincoastdata.com/portfolio/southeast-alaska-2020-economic-plan>

²⁷ See https://headwaterseconomics.org/wp-content/uploads/Tongass_Report.pdf

²⁸ *Id.*

²⁹ *Id.*

to U.S. Forest Service land along the cruise routes, any action that limits access ... threatens business stability and reduces opportunities for growth.³⁰

Central Tongass Project timber sales will function as the equivalent of an agency regulatory action that reduces allocated guided public access by displacing recreational users. Small cruise vessel companies depend on the ability to market and provide unique recreation experiences.³¹ This effort requires guided public access not just to lands in general but rather to areas that offer higher quality recreation experiences in environments that free from industrial activities.³² For various reasons, many cruise operators already face access limitations that allow for guided public use in just a handful of permitted access points along their routes.³³ The resurrection of intensive timber sale activities will displace successful businesses from the limited available areas that provide features such as relatively sheltered waterways, protected anchorages, unique scenic views such as fjords and glaciers, trails, wildlife viewing opportunities and large bays.

Conclusion

For the above reasons, we request that you modify the proposed action so as to prioritize recreation over the proposed timber sale program. The Forest Service in particular should cease planning timber sales in areas now utilized primarily by the guided public. The DEIS should provide an analysis that compares the respective economic contributions – and costs – of recreation and timber sale program management. Also, we request that you cease planning on the proposal to weaken scenery standards. The additional logging area would yield little revenue or economic benefit but would significantly diminish important scenic values in Wrangell Narrows and Frederick Sound.

Finally, as a tour operator that provides guided sport fishing opportunities, The Boat Company notes that salmon returns for several species throughout southeast Alaska and particularly in Frederick Sound and Chatham Strait were exceptionally poor in 2018. The DEIS needs to review historical harvest data, provide a detailed description of current stock status in project area watersheds, and disclose the cumulative impacts of additional clearcutting and road construction on this important southeast Alaska resource.

Sincerely, 

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³⁰ Alaska 2016 Small Cruise Market.

³¹ See 2016 TLMP FEIS at 3-357.

³² Juneau Economic Development Council. 2011. Southeast Alaska Visitor Products. Available at: <http://www.jedc.org/forms/5.%20Visitor%20Products%20Cluster%20Initiatives.pdf>

³³ *Id.* at 4.