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THE PACIFIC FOREST TRUST

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Mark Chupka
Office of Environmental Policy
The White House
Washington, D. C.

Nov. 6, 1993

Dear Mr. Chupka:

During a recent meeting with Alison Biggs concerning our *Forests Forever Fund* project, she suggested that you might be interested in learning about our work. We are a non-profit organization whose mission is to preserve productive private forestlands of the Pacific Northwest, working primarily with non-industrial private forestland owners (NIPF's) both as a land trust and as a source of information and advice to improve forest resources management through stewardship forestry.

Our *Private Lands - Public Trust* program works to protect and better manage public trust values found on private lands, such as native biodiversity, watersheds, endangered plant, fish and wildlife habitat, and climate stabilization (carbon sequestration, local weather and soil moisture). A key approach that we take is to help monetize these values for private landowners, providing at least partial compensation for their efforts and the foregone present income that is often entailed in the protection of these values. Most of these public trust values are associated with older-age, later seral stage forests. These older forests are the ones that market pays to cut rather than keep, as the merchantable age of this timber is now at 60 years or less.

The Pacific Northwest forests are the most productive in the world, and the most effective carbon sink. Of these forests, roughly 50% are privately held, and this portion is the most productive, with the higher site class, lower elevation, higher moisture forests. Carbon sequestration is just beginning to be maximized by the dominant tree species of the region at 60 years, and will continue to increase at high annual rates until the culmination of mean annual increment (CMAI) which will vary from 120 to 200 years or older (i.e. redwood). It is precisely to promote these older forests and their ecological values that so many of the goals of ecosystem forestry have been fashioned. There is a clear consonance of interests involved in forest ecosystem management, carbon sequestration and stewardship forestry practices. They each aim to achieve older age classes, forest habitat conditions that protect public trust resources and maximize carbon storage.

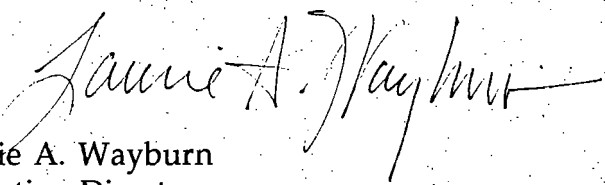
The Forests Forever Fund links these three elements to a practical approach for private lands. Our approach alleviates the most typical resistance of private landowners to participation in implementing these elements, by providing payment for the incremental cost of holding trees longer. The Fund was established to allow carbon producers, and other interested parties, to contribute towards our purchase of conservation easements on private lands that will ensure these lands remain as productive forests and that they are managed to maximize long-term carbon storage. In addition, the lands remain in private ownership and other public trust values are protected. Easement lands continue to produce timber and other forest products.

We target lands that are under threat of conversion to non-forest uses (an increasing problem throughout the PNW) and we stipulate the utilization of silvicultural and harvest methods that are based upon natural stand structure and composition, which we call stewardship forestry, which also maximizes carbon storage as compared to traditional forest management. Our approach is quite compatible with the option 43 identified in the Action Plan. We are working with Mark Harmon, Ph.D., who pioneered assessments of carbon storage in old growth versus 60 year plantations, to complete the modelling of the carbon stored under stewardship management as compared to conventional forest management.

We have talked with a number of utilities about the Forests Forever Fund, and are seriously discussing working with one. One aspect which particularly interests them is the capacity of this approach to also meet a number of their other domestic environmental and social goals.

We feel the Forests Forever Fund provides a significant tool to help achieve both ecosystem management and our national goals for the long-term reduction of atmospheric carbon by providing incentives for private landowner participation. I've attached a copy of the program description, and would be happy to answer any questions that you may have concerning it.

Sincerely yours,



Laurie A. Wayburn
Executive Director

NB: I have tried a number of times to obtain a full copy of the Action Plan, which is put of stock at the GPO -- (I do have copies of the pages directly relevant to forestry and forest management). Could you help us obtain one?

law:mc

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◆ **Private forestland comprises 70% of America's productive forests -- 242 million acres.** These are the working forests of our country, historically the sources of economic as well as biological wealth. These forests are facing major threats from unsustainable forest practices and conversion to non-forest uses.

◆ **Efforts to preserve and protect public forestland -- for biological diversity, for wildness, for the habitat of hundreds of species, for recreation, for stable timber supply, for their intrinsic value as *forests* -- will be seriously diminished without also reforming forest practices on private lands, which connect and buffer the islands of public lands.**

◆ **The choice typically put before us in the debate over forest practices is between supporting total protection of a forest or conventional forest management that emphasizes short term profits through intensive timber extraction.** The preservation approach takes forestland out of economic productivity and is very costly. Therefore, it is most suited to rare and intact forest ecosystems, like old growth forests. Even widely supported efforts to preserve the last of the ancient redwoods on private lands in California have failed due to lack of funds for acquisition. Preservation is not a practical approach for the majority of our private forests.

The industrial approach to forestry has typically had severe impacts on the ecological health of the forest -- and therefore the economic health of forest-dependent communities. **There is as well an increasing threat of loss of forestland altogether.** In many cases industrial practices have lead to conversion of biologically rich forests to monocultural tree farms that lack the multiple values of true forest land -- or to conversion to dry chapparral and rocky soils -- or to significantly less productive forest types. Frequently, industrial landowners cash out after completing the cut, sometimes converting large forest holdings into residential subdivisions. **Once fragmented in this way, it is virtually impossible to restore a fully functional forest ecosystem.**

◆ **Neither of these choices -- parks or industrial tree farms -- provides for a consistent long-term stream of economic value derived from the diversity of forest uses possible, while ensuring the restoration and maintenance of the biological integrity of the forest ecosystem.**

◆ **There is a third way. We call it "stewardship forestry":** the system of ecologically sound forest practices that restore and enhance the natural forest ecosystem while providing for economically productive uses, such as selective timber harvesting, cultivation of mushrooms and other botanicals, recreation and other compatible uses. Stewardship forestry recognizes the full range of values of the forest and is based on natural forest systems, providing for a diversity of tree ages (including old growth), a natural mix of native species, natural regeneration, retention of standing and down dead trees for habitat and soil enrichment, and protection of vital watershed functions.

◆ **The Pacific Forest Trust is a catalytic, entrepreneurial organization, committed to reforming the management of private forestlands through the practical on-the-ground application of stewardship forestry.** We have chosen to focus on the conifer forests of the Pacific region, including the douglas fir, redwood and ponderosa pine forests stretching from northern California to Washington. These are the most productive in the country, capable of growing the greatest biomass per acre of any forest type -- in fact, significantly more productive than tropical rainforests. Our mission is to provide for the restoration, preservation and enhancement of productive forestland by:

- **providing landowners with management tools and information** to help them evaluate **the economic and ecologic costs and benefits** of stewardship forestry options; and to assist them in the design and implementation of ecologically-sensitive long-term forest management plans;

- **designing and acquiring conservation easements** that permanently protect the biodiversity and sensitive natural features of a particular forest tract, while providing for sustainable economic use;

- **researching and developing non-timber forest products** that can be produced in an ecologically sustainable fashion and which will enhance the economic diversity of local forest region communities;

- **demonstrating that sustainable forest practices** encompassing the maintenance and enhancement of the whole forest ecosystem -- including both timber and non-timber values -- **are compatible with earning competitive rates of economic return** for private landowners over the long-term.

◆ **We are working cooperatively to supply landowners, residents of forest dependent communities, resource specialists and public policy-makers with accessible and practical resources to facilitate real changes on the ground as well as the formulation of more effective incentive-based and regulatory approaches to the forest management crisis on private lands.**

◆ **The most persuasive form of advocacy is proving your point through doing it.** Only through implementing the practices of stewardship forestry on private forestland, and quantifying both the economic and ecological returns, can the advantages of this method be most compelling demonstrated.

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THE FORESTS FOREVER FUND

*Acquiring conservation easements for carbon sinks
in the productive forests of the Pacific Northwest*

The Forests Forever Fund provides carbon producers with an effective, low-cost, permanent and easily monitored instrument for maximum long-term carbon storage as part of an integrated program for the reduction of atmospheric carbon levels. This Fund supports the purchase of conservation easements on productive private forestland in the Pacific Northwest.

Goals of the Forests Forever Fund:

- To maximize long-term carbon sequestration.
- To achieve the permanent protection of privately-owned productive forestlands and support forest-based community economies.
- To protect public trust values on private lands.

How The Forests Forever Fund Works:

Tax-deductible donations to the **Forests Forever Fund** can be made by carbon producers, as well as other charitable donors. The Fund utilizes this money to acquire perpetual conservation easements from owners of highly productive forestland in the Pacific Northwest. These conservation easements are carefully designed to allow for the creation of *permanent* carbon sinks and maximum carbon storage while still keeping the land in private ownership and assuring continued economic use of the forest. The Pacific Forest Trust (PFT) holds the conservation easements with the responsibility to enforce their terms through time, including monitoring of compliance and effectiveness.

The Benefits of Utilizing the Forests Forever Fund:

By working with the **Forests Forever Fund**, you or your organization can help achieve maximal carbon offsets using a technique that is credible, reliable, measurable and cost-effective.

Further, the **Forests Forever Fund** is distinguished by:

- Our stewardship forest management, which maximizes carbon storage while ensuring economic utilization of the land.

- Our network of landowners interested in working towards mutual goals of forest stewardship and carbon storage.
- Our expertise in the design and negotiation of conservation easements as a cost effective tool.
- Our expertise as a land trust in long-term monitoring and enforcement of easements.
- Our ability to meet other environmental and social goals that carbon producers, such as utilities, may have.
- Our long-term commitment and single focus on this region, which is the most effective carbon sink in the U.S.
- The tax deductibility of contributions to the Fund

Why Develop Carbon Sinks in the U.S. Pacific Northwest?

Carbon sequestration projects have focussed primarily on forests outside the United States. The **Forests Forever Fund** focuses on the Pacific Northwest for the following reasons:

- The forest types found in this temperate forest region -- such as douglas fir and redwood -- are the most productive in North America.
- These temperate forest types are 7.5 times as productive as tropical forests.
- The credibility of the scientific data relating to carbon storage in these Northwestern U.S. forest types versus the many uncertainties relating to tropical species.
- The reliability of conservation easements, a well-established legal instrument used in the U.S.
- The political stability of the region.
- The additional environmental gains of watershed, wildlife and fisheries habitat protection that can be gained simultaneously.
- The desire of forest-based communities in the region to maintain their private forests in productivity as a basis for stable local economies.

Stewardship Forestry Maximizes Carbon Storage:

The method of forest management utilized by the Pacific Forest Trust with cooperating landowners is known as *stewardship forestry*. Certain characteristics of this approach to forestry make it the most appropriate to the creation of efficient carbon sinks, providing up to twice the carbon stored as in short-rotation forest plantations. These characteristics include:

- Growing forest stands to maturity (as measured by the culmination of mean annual increment or CMAI).
- Ensuring the permanent distribution of older age classes, which maintain significant carbon stocks, throughout the landscape.
- Utilizing silvicultural and harvest methods which maintain soil productivity, increase soil carbon and prevent soil erosion
- Buffering stream zones and maintaining native species mix, such as certain nitrogen-fixing hardwoods, that increase forest productivity.

The Benefits of Utilizing Conservation Easements to Create Carbon Sinks:

Legally established, permanent tool: Conservation easements are a well accepted, non-regulatory and voluntary means of permanently protecting public trust values -- such as biodiversity, watershed or climate stabilization -- on private lands. Conservation easements and their public benefits are established in state and federal statute and have been in use since the 1930's.

Monitoring and enforcement: Land trusts such as the Pacific Forest Trust are already in the business of monitoring as this is required annually to maintain their easements. The PFT uses its monitoring obligation and skills to gain a double benefit for carbon producers and regulators seeking to verify and quantify carbon sequestration.

Cost effectiveness: Conservation easements gain permanent rights to maintain carbon sink function without requiring fee title purchase of the land.

Provides tax benefits, not penalties, for cooperating forest landowners: Trees are an asset which significantly increases in value over time. Long-term carbon sink contracts with private non-corporate landowners can generate a very significant estate tax liability, as there is a high probability that this contract will become an intergenerational obligation. Conservation easements, in contrast, can reduce a landowner's estate and estate taxes by permanently restricting title to the property in favor of the maintenance of carbon sinks.

Regulatory acceptance: A key concern for regulators of a potential carbon sink policy is that a project clearly identifies an approach to forest management for carbon sequestration that would not otherwise be undertaken. In this case, the PFT works with landowners who would otherwise be following the consistent market trend of harvesting trees at younger and younger ages, and who may also have lands that are in areas where conversion of prime forestland to non-forest uses is a demonstrated threat. Further, as described above, the PFT provides management, monitoring, reporting and enforcement support for these easements, making quantification and verification of carbon storage readily available.

Additional environmental and public benefits: The acquisition of conservation easements on prime forestland can also provide for a range of public benefits, including: fish and wildlife habitat protection found in the later seral stages of forests; watershed protection through stewardship forest management; and maintenance of private property in productive use for community economic development.

Utility Environment Report

Covering environmental issues exclusively for the utility and independent power industries

October 15, 1993

CALIF. GROUP TARGETS PACIFIC NORTHWEST CONSERVATION EASEMENTS FOR CARBON SINKS

A California organization has developed a tax-deductible vehicle for acquiring conservation easements in the Pacific Northwest for utilities to use as carbon sinks to voluntarily mitigate the effects of global warming. The Pacific Forest Trust, based in Boonville, Calif., has created the "Forests Forever Fund," whereby a carbon-producing utility or independent power producer—as well as other charitable donors—can make a tax-deductible contribution to the Fund, which uses the capital to purchase perpetual conservation easements from owners of productive forestland in the Pacific Northwest.

"These conservation easements are carefully designed to allow for the creation of permanent carbon sinks and maximum carbon storage while keeping the land in private ownership and assuring continued economic use of the forest," according to PFT executive director Laurie Wayburn.

Utilities and independent power producers examining carbon sequestration through tree-planting include PacifiCorp, the New England Electric System, Bonneville Power Administration, the American Public Power Assn., AES Corp., and Tenaska Power Partners (UER, 30 April, 10; 19 March, 1).

While most carbon sequestration projects to date have focused primarily on forests outside the U.S., Wayburn explained that Pacific Northwest temperate forest types, such as douglas fir and redwood, are 7.5 times as productive as tropical forests and scientific data relating to carbon storage in Northwestern forest types has less uncertainties than tropical species.

Wayburn also notes that conservation easements are a well-established legal instrument in the U.S., providing a non-regulatory, voluntary means of permanently protecting public trust values on private land. She also said that conservation easements gain permanent rights to maintaining the carbon sink function without requiring fee title purchase of the land.

Further, through providing management, monitoring, reporting and enforcement support for the easements, PFT makes "quantification and verification of carbon storage readily available."

For more information, contact the Pacific Forest Trust, P.O. Box 858, Boonville, Calif., 95415; (707) 895-2166.