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Title: Supervisor Nutting updating the Board on the Camino Division of Sierra Pacific Industries. (Refer 3/31/09, Item 19)

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Attachments: 1. A - Sierra Pacific, 2. B - Previous documentation for Sierra pacific, 3. 2A - SPI Resolution April 09, 4. 2B - SPI Issues, 5. 2C - Lumber Price Composite Average, 6. 2D - Reduction of Sawmills in CA 1990-2008, 7. 2E - What's Needed, 8. 2F - Daschle Quietly Advocates Logging, 9. 2G - Daschle double-dealing scorches Healthy Forests opponents, 10. 2H - AB 1066, 11. 2I - AB1066Support.pdf

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Supervisor Nutting updating the Board on the Camino Division of Sierra Pacific Industries. (Refer 3/31/09, Item 19)

On March 31, 2009, Sierra Pacific Industries representatives announced to the Board of Supervisors the pending closure of their Camino lumber mill, and the closures of two other mills in Sonora and Quincy. One hundred and sixty-four employees will be directly affected by the Camino closure and an additional 369 jobs through a calculated multiplier affect, for a total of 533 jobs lost in El Dorado County.

Several reasons are specifically cited as causes for the decision to close the mill:

- Lumber prices have fallen dramatically, and are at levels not seen since 1991 (see chart).
- Litigation of national forest timber sale projects in California has put nearly 400 million board feet of timber on hold - enough to run five average size sawmills for a year.
- The U.S. Forest Service's timber sale program achieved only 54% of its Fiscal Year 2008 target for sawtimber, fuelwood, and biomass. Sawlog sales totaled about 115 million board feet. The fall-off in awarded volume was primarily due to direct litigation, or sales withheld by the agency because of litigation.
- Costly and cumbersome permitting requirements (Timber Harvest Plans) in California have reduced the amount of private timber for sale. The average cost of a THP to landowners is \$40,000. The state spends an additional \$60,000 reviewing those plans.
- Imports of lumber into California still continue to take market share. The state imports about 75%-80% of the lumber used here. These imports are from other states and Canada.
- These factors have led to an overall reduction of milling capacity in California. Since 1990, nearly 70 percent of the state's sawmills have gone out of business (see chart). Timber

harvest on California's public forestlands is down 90 percent, and down 60 percent on private forestlands.

Also of concern are issues of future timber management in the national forest and consistency with the Multiple-Use Sustained Yields Act of 1960; managing for merchantable timber provides for economic sustainability of our forests; a decrease in forest fuels management contradicts the intent of the Healthy Forests Act; California and the federal government should be concerned about the disruption of timber harvesting that will negatively impact the production of alternative energies through bio-fuels and the closure of existing plants that provide infrastructure for sustainable, alternative energy products and generation; and, finally, the negative impacts that occur to both air and water quality when wildfires rage through untreated forests.

The Board of Supervisors of the County of El Dorado calls on the Obama Administration and the Congress of the United States to direct the U.S. Forest Service to manage the national forests of California in a manner that will enhance forest health, improve carbon sequestration, and produce sufficient raw materials for sawmills and biomass electric generation plants.

The Board also would urge the California State Legislature and Governor Schwarzenegger to approve legislation that will improve the permitting process for private timber harvests by increasing the length of Timber Harvesting Plans, encourage the state to give a purchase preference for California-grown wood products, and provide a mechanism for the state to approve comprehensive forest conservation plans.

Recommendation: Adopt Resolution of Support for Legislative Assistance for Sierra Pacific Industries Lumber Mill