The meeting was called to order by Mr. James Dahlen, Chair, at 10:02 a.m.

1. Call to Order and Opening Comments – Mr. James Dahlen

   Mr. James Dahlen, Chair of the committee, called the meeting to order at 10:02 a.m. and welcomed everyone with some brief opening comments.

2. Roll Call

   Mr. Dahlen called the roll, and all committee members were present except for Mr. Karl Weiland. Having a quorum, the meeting was allowed to proceed.

3. Review and Approval of Meeting Agenda

   Mr. Dahlen opened the floor to suggestions for changes or additions to the agenda. Hearing none, the meeting moved on to agenda Item 4.

4. Discussion and Approval of the Minutes from the May 12, 2022, Meeting

   Mr. Dahlan opened the floor to discussion of the minutes from the May 12, 2022, meeting. There were no comments or corrections offered by any of the committee members. Ms. Leslie Morgan made a motion to approve the May 12, 2022, meeting minutes, Mr. Dan Stapleton seconded the motion. The motion passed unanimously.
5. Opening Comments and General marketing trends – Mr. Mike Doyich

Mr. Dahlen passed the floor to Senior Forest Property Appraiser, Mr. Mike Doyich, for opening comments and a discussion of general marketing trends in the state. Mr. Doyich began by mentioning how lucky California was in 2022 with only 362,436 acres burned, as compared to the previous year where nearly 2,600,000 acres burned. He also compared the current year total to the 5-year average of 2,159,685 acres. The low number of acres burned this year was attributed to faster response times, more firefighter availability, more aggressive firefighting techniques, and better weather conditions with fewer red flag warning days. This trend will hopefully continue to allow the state to catch up on the huge backlog of fire salvage, so that we can get back to normal with primarily green timber harvesting. Mr. Doyich then announced that a new mill by the name of Tahoe Forest Products will be opening in the coming year that will add some competition to the local log markets. 2022 saw significant inflation, in excess of eight percent with soaring energy and fuel costs; diesel prices climbed from $4.50/gallon to $6.00 or $7.00/gallon by June and July. Due to the increased cost of fuel, and the scarcity of trucks available to haul logs, hourly trucking rates increased by 25 to 30 percent during the course of the year. Mr. Doyich explained that these price increases negatively affected timber values due to the higher logging and hauling costs. He referenced the Western Wood Products Association lumber price index and explained that lumber prices have been consistently and steadily falling since early in the 2nd quarter of 2022 for all species. Log prices on the coast have followed the same trend with falling prices, while inland log prices have reacted in reverse with prices down or flat early in the year and increasing later in the year. Comments from the committee reinforced this accurate reflection on the past year's economic plunge.

Mr. Lennart Lindstrand asked if there are currently any plans to rebuild and reopen the particle board plant in Martell, California. Mr. Doyich said that he was unaware of any decisions or plans to rebuild the facility at this time.


a) Table G – Green Timber Harvest Values

Mr. Doyich started with a presentation and summary of Table G, Green Timber Harvest Values, and stated that there is a lot of variability in the immediate harvest value trends throughout the state. On the coast the white woods are seeing significant value reductions while redwood is seeing increasing prices, especially in the Santa Cruz mountains in TVA 3. In the inland areas timber values have been erratic, with pines generally up $10.00 to $20.00 per thousand and fir is either flat or down $10.00 in all TVA’s. The one exception is in TVA 9 where fir is up $20.00/MBF. Douglas-fir is flat or slightly down, except in TVA 7 where it is up $10.00/MBF. Cedar is mostly unchanged with some exceptions. Mr. Doyich then gave a quick summary of how the information is organized, explained what the different values represent and gave a general summary about how to read the tables. Mr. Doyich then gave a presentation and explanation about camp run log pricing vs. size class valuation for Timber Tax reporting. He explained that in the past mills generally paid higher prices for larger and higher quality logs, and that the larger size class logs have traditionally been valued higher for tax purposes because of this. But now, many mills have gone to camp run pricing, where they offer the same price for all logs of a specific species, regardless of log size or quality. Mr. Doyich presented some examples where the appraisal data suggests that the larger size class
logs within a species have the same or even lower values than the smaller size classes. When all, or most of the mills in a TVA only offer camp run log pricing for a particular species, this usually results in all of the size classes for that species to have the same, or almost the same immediate harvest value. Due to this cause and effect, camp run valuations are now being offered to taxpayers when the data warrants the need. Mr. Doyich then concluded his presentation and opened the floor for discussion about Table G, *Green Timber Harvest Values*. There were no comments or further discussion regarding Table G. Ms. Mari Wilson made a motion to approve Table G as proposed, Mr. Marty Olhiser seconded the motion. The motion passed unanimously.

b) **Table S – Salvage Timber Harvest Values**

Mr. Doyich began the Table S, *Salvage Timber Harvest Values* discussion by commenting that excluding Redwood, salvage values in the state are generally flat or down except for Douglas-Fir, which is up $20.00/MBF in TVA’s 7 and 8 due to the large spike in prices seen in early and mid-2022. The Redwood salvage prices are up reflecting the increases in green log prices. Mr. Doyich presented a discussion about how the salvage information is organized and how to determine whether the proposed salvage values are based on sales data or the Percent of Green Factor method. Mr. Doyich then opened the floor for comments and discussion on Table S, *Salvage Timber Harvest Values*. In the absence of any comments or discussion, Mr. Lindstrand made a motion to approve Table S, *Salvage Timber Harvest Values* as presented; Mr. Stapleton seconded the motion. The motion passed unanimously.

c) **Table 1 – Miscellaneous Forest Products Harvest Values**

Mr. Dahlen opened the floor to discussions on Table 1 for the *Miscellaneous Forest Products Harvest Values*. Mr. Doyich began the discussion by highlighting the proposed value changes in Table 1. The harvest value for the hardwood sawlogs category (Species Code HW) is changing from $1.00/MBF to $20.00/MBF, because the sales data collected supports a $20.00/MBF value for hardwood sawlogs and peelers. Mr. Doyich reminded the committee that at the previous meeting the committee approved moving the shavings and chipwood products to the CS category (taxable value of $0.00/MBF), where they will be categorized with all the other deficit value products. He went on to say a more detailed explanation would be provided later in the meeting under agenda item 7(a).

The small Douglas-fir poles (Species Code PSD) is going up $20.00/MBF, the large Douglas-fir poles (Species Code PLD) is going up $40.00/MBF, and the pine and fir poles in all sizes (Species Code PFP) is increasing by $10.00/MBF. The large volume of fire salvaging occurring in the state focuses primarily on sawlogs and that this has reduced the supply of poles on the market. In order to motivate sellers, large price increases are being offered for poles. Mr. Doyich then mentioned the only other change to Table 1 is in the Small Sawlog Miscellaneous category (Species Code SSM), where the value is going up $30.00/MBF. After explaining how to interpret the SSM value and change relative to low value pine and fir sawlogs, Mr. Doyich opened the floor for comments and discussion regarding Table 1.

Mr. Lindstrand asked what portion of the total volume in the state is reported as SSM. Mr. Doyich replied that this was addressed in past meetings, and it is somewhere around 6% of all reporting. Mr. Lindstrand and Ms. Morgan both commented that there was some confusion about the proposed
changes to the HW category and they were concerned about voting to approve a value before having a full understanding of the proposed changes to the HW category. Senior Forest Property Appraiser, Mr. Mark Collins, explained that currently shavings and chipwood are combined with hardwood sawlogs in the HW Category, and that the previously approved proposal is to move shavings and chipwood into the CS category which currently includes topwood and woods produced fuel chips. Mr. Collins explained that this is necessary because sales of higher value hardwood sawlogs have been occurring and that continuing to combine deficit value products like shavings and chipwood with positive value hardwood sawlogs, inappropriately elevates the values for shavings and chipwood. Ms. Morgan voiced concern that it seems inappropriate to approve the values for Table 1 before approving the proposed changes to the Table 1 categories. Mr. Lindstrand suggested that the Table 1 categories should be amended prior to approving the Table 1 values.

The changes the committee were concerned about were previously approved at the last TAC meeting. To facilitate the discussion, Mr. Doyich began the presentation on agenda item 7(a) regarding the Table 1 change update. He showed the committee what the current version of Table 1 looks like with the HW category that includes shavings, chipwood and hardwood sawlogs at a value of $1.00/green ton, verses the CS category that includes topwood and woods produced fuel chips that has a value of $0.00/Bone Dry Ton. Mr. Doyich then showed the committee what the proposed new Table 1 will look like with only hardwood sawlogs and peelers in the HW category, which will have the proposed value of $20.00/green ton. In the new Table 1, all the low or deficit value chip products will be combined into the CS category that will also include shavings and topwood, with a value of $0.00/ton. This change will allow all the low value chip products to remain at low harvest values (currently $0.00) while raising the value of the hardwood sawlogs to $20/MBF to more accurately reflect the sale data collected by Timber Tax staff. Ms. Morgan clarified that by approving Table 1 as proposed, the committee would actually be approving the revised text of Table 1. Ms. Morgan then asked if the two items need to be approved separately or if they could be combined into a single motion. Mr. Dahlen stated that both items can be combined into a single motion. Ms. Morgan then made the motion to approve Table 1 as proposed with the stipulation that shavings and chipwood are moved into the CS category. Mr. Lindstrand seconded the motion. The motion passed unanimously.

7. Old Business

a) Update on Table 1 proposed change to move Shavings & Chipwood from the HW category to the CS Category

This item was previously addressed and approved in the item 6(c) discussions.

b) All committee members 4-year terms expire December 31, 2022.

The Chair reminded the committee that all committee member terms will expire on December 31, 2022 and asked the committee members to state whether they planned to return for another 4-year term. Ms. Leslie Morgan, Ms. Jennifer Perry, Mr. Marty Olhiser, Mr. Lennart Lindstrand Jr., and Mr. Dan Stapleton all stated they planned to return for another 4-year term. Ms. Cynthia Froggatt had connection issues and could not respond. County Assessors Ms. Mari Wilson and Mr. Karl Weiland are retiring at the end of the year and will not be returning to the committee. Ms. Wilson stated that she is recommending her replacement,
Mr. Howard Lehaie as the Humboldt County assessor elect, be nominated to fill her seat on the committee. Ms. Morgan mentioned that Mr. Weiland (not present at the meeting) did not have any recommendations for his replacement. Ms. Morgan then mentioned that Mr. Craig Kay, Siskiyou County Assessor might be a good candidate to fill Mr. Weiland’s seat. Ms. Wilson offered to provide contact information for both Mr. Lehaie and Mr. Kay to the Chair. Mr. Dahlen said that he would follow up with Ms. Froggatt after the meeting to see if she was interested in returning to the committee for another 4-year term.

8. New Business

a) Tentative Date for next Timber Advisory Committee meeting: May 16, 2023, at 10:00 a.m., via video conference

Mr. Dahlan asked the committee if Tuesday, May 16, 2023, met with their approval for the date of the next meeting, at 10:00 a.m., via video conference. With no objections, this date was agreed to.

Mr. Lindstrand made a motion to adjourn the meeting, Ms. Morgan seconded the motion. The meeting was adjourned at 10:50 a.m.