

Debra Thompson

From: Stephen Giesbrecht
Sent: Monday, April 22, 2024 7:48 AM
To: Assembly
Cc: Liz Cabrera
Subject: FW: Potential for negotiated timbersales on patented borough lands

fyi

From: Brett Martin <brett@peakengineeringllc.com>
Sent: Friday, April 19, 2024 10:46 AM
To: Mark Jensen <mayorjensen@petersburgak.gov>; Stephen Giesbrecht <sgiesbrecht@petersburgak.gov>
Cc: Liz Cabrera <lcabrera@petersburgak.gov>; Mike Duman <mike@peakengineeringllc.com>
Subject: Potential for negotiated timbersales on patented borough lands

Mark and Stephen,

I am one of the two owners of Alaska Timber & Truss, formerly known as the Falls Creek Lumber Mill. I'm writing to request the opportunity to purchase standing timber from the borough on lands that have been patented or in process to be patented from the State of Alaska. In the past year, the borough received patent on the Thomas Bay lands selected through which there are some roads fronting the lots but not very many. I have spoken with Liz Cabrera about potentially developing roads through the subdivision in potential trade for a lot or two. Our goal is to develop access to the lots while also establishing a location from which we can operate our logging/milling operation in Thomas Bay. With the upcoming timbersale being offered by the USDA Forest Service this 3rd or 4th quarter of 2024 (400+ acres), we are hoping to be the winning bidder and begin operations out there as soon as next year. The Alaska State Forest has also identified slightly over 900 acres that they have put into their most recent 5-year Schedule for timber harvest in hopes of making an economic sale due to economies of scale.

The establishment of roads likely sounds familiar to you since we are also the company that proposed to do the same for the Alaska Mental Health Land Trust in the proposed South Mitkof Subdivision. This proposal to the Trust is now over a year old and gives the Trust the best return on investment for their lands. This is also a proposal where we proposed to build roads in trade for lands from which we could both develop for residential housing and also establish a location from which we could operate adjacent to the Mitkof Highway. I attended the Assembly Meeting where this was discussed and found it a good topic that the Assembly grilled them on. If you haven't seen our proposal, I would be happy to share it with you and do the same for any borough lands that you wish to develop for future industrial/commercial and residential purposes. While we are primarily interested in standing timber at this time, we also recognize that land is finite and would be a good long-term investment for our company.

Currently we have purchased a, 250,000 board-foot (250 MBF) timbersale from the Alaska State Forest on Frederick Point this last fall, a 258 MBF sale from the USDA Forest Service on 12-mile creek on Kupreanof north of town, and have purchased 150 MBF from the USDA Forest Service on the Falls Creek Loop Road. Combined with what we have in the yard, we have roughly 700-750 MBF available to start milling cabin kits, house framing kits, specialty lumber for operators, and general public requests for lumber. While we have only sold about \$30,000 in lumber this year, we anticipate our sales to be well over \$500,000 next year and hope to be selling north of \$2,000,000 annually the year after that. We have markets in several places in south-central Alaska, but our first and foremost priority is to make affordable lumber available to our community in which we operate. I checked our prices against Hammer & Wikan and found that our retail prices for 1x materials are anywhere from 33% - 45% less expensive. We currently have an agreement to donate lumber to the high school and middle school shop program in Petersburg and are also donating our slab wood for firewood to the High School Wrestling program and the

Petersburg Indian Association. We have previously donated lumber to the Sitka Middle school shop program as well and continue to do so today. With these donations, we hope to foster a positive growing relationship with the community and those around Petersburg.

As a business we hope to grow this industry and be a stable part of the local economy. Our desire is to hire up to 24 people that will be full-time employees within the next 2 years. Our biggest struggle to date has been obtaining standing volumes of timber. If we can develop relationships and contracts that cover a long period of time (10 – 25 years) we can obtain bank financing from which to operate and improve our operations.

In this letter, what Alaska Timber & Truss is asking for, is to develop a 10-25 year contract to harvest timber on borough lands that both develop a steady income stream to the borough and also to develop access to lands that the borough wishes to sell for increased housing or commercial opportunities. If you wish to discuss this further, please let me know. My business partner, Mike Duman, is CC'd in this email and we are interested in any opportunities that the borough would wish to explore. We are both headed into a meeting after lunch at 1 pm today to meet with the DNR commissioner, a couple of State Representatives and the Alaska State Forestry & Fire Protection representatives to discuss our timbersale options on Mitkof, Kupreanof, some smaller islands and the mainland. We would like to include potential borough land selections in that discussion, but will await your response to this email as to whether or not the borough would be interested in pursuing any timbersales to our company.

Sincerely,

Brett C Martin, PE
President
Alaska Timber & Truss, LLC
907.401.0777

