

**Minnesota Forest Resources Council**  
**Minutes**  
**Cloquet Forestry Center**  
**4 February 2009**

**Members Present:** Al Sullivan, Wayne Brandt, Bruce Cox, Alan Ek, Dave Epperly, Dale Erickson, Jan Green (in lieu of Gene Merriam), Shaun Hamilton, Rob Harper, Joel Koemptgen, Bob Lintelmann, Dave Parent, Shawn Perich, Kathleen Preece, Mary Richards, Bob Oswald

**Members Absent:** Gene Merriam, John Rajala

**Guests:** John Bathke (NIPF owner), Tom Martinson (Lake County), Greg Bernu (Carlton County), Steve Kunde (Kunde Consultants), Sam Kezar (consulting forester), Tom Landwehr (TNC), Tom Duffus (The Conservation Fund), Art Norton (TNC), Bernadine Joselyn (Blandin Foundation), Norm Moody (Itasca County), Dick Peterson (DNR), Steve Betzler (Minnesota Power)

**Staff:** Dave Zumeta, Lindberg Ekola, Calder Hibbard, Leslie McInenly, Rob Slesak, Clarence Turner

**Chair's Remarks**

Al Sullivan opened the meeting with a round of introductions. He acknowledged the recent death of Dick Walsh, a former Council member representing logging interests. Council members noted high regard and fondness for Dick. Al welcomed Rob Slesak, the new MFRC site-level program manager and noted the Council is happy to have Rob joining the staff.

**Public Input/Communication to the MFRC**

None.

**\* Approval of 3 December 2008 Meeting Minutes**

Kathleen Preece moved and Dave Parent seconded approval of the 3 December 2008 MFRC meeting minutes. The minutes were approved.

**\* Approval of 4 February 2009 Meeting Agenda**

Wayne Brandt moved to approve the 4 February 2009 MFRC meeting agenda. Dave Parent seconded the motion and the agenda was approved.

**Executive Director Remarks:**

Dave Zumeta reported that the Blandin Foundation is hosting an upcoming conference entitled *Forest Values and Carbon Markets: Opportunities for Minnesota*. The MFRC is a cosponsor of the conference. Bernadine Joselyn will provide more information about the conference later.

Dave introduced Rob Slesak. Rob joined the staff as MFRC Site-level Program Coordinator in December. He has a PhD in Forest Soils from Oregon State University. Dave noted that Rob is in the early stages of orientation and will be meeting with Council members in coming months.

Dave reported that the 2008 MFRC annual report is available. Copies have already been given to the Governor's office and chairs of the appropriate legislative committees. He thanked Leslie McInenly for her excellent work on the report.

## **Committee Reports:**

### *Personnel and Finance*

Al Sullivan reported that the Personnel and Finance Committee has not met since the last MFRC meeting. The committee will meet before the March MFRC meeting.

Dave Zumeta reported that the state is facing a \$4.8 billion shortfall, which will likely be worse when the revised budget comes out on March 3. As directed by the Governor, the Council has unallotted \$10,000 (the Division of Forestry lost almost \$1 million through unallotment) for the remainder of FY09. The Governor did not cut MFRC funding in his proposed budget for FY10 and FY11; however, the new forecast at end of this month may have an impact. MFRC staff has gone through some contingency planning with respect to potential budget cuts, but the Personnel and Finance Committee needs to meet and review the budget. Dave noted that he is appreciative of the support we have received to this point.

### *Site-level*

Dave Parent reported that the Site-level Committee report was distributed today with meeting handouts. He reviewed some highlights of the report, including: 1) an upcoming meeting of site-level committee to revisit one of recommendations that Clarence Turner made in his program review (re: monitoring to be done on an intermittent basis). Rob Slesak noted that the way in which the program is currently funded is not sustainable with respect to annual monitoring. Dave Zumeta added that the Division of Forestry is facing some serious financial concerns for the next biennium and that this discussion needs to include Dave Epperly and staff. Dave Epperly responded that they have already had some preliminary staff discussions. For personal reasons, Rick Dahlman is not retiring as soon as he had planned and Dick Rossman has taken a position assuming responsibility for the program after Rick's retirement. Dave Epperly plans to maintain both positions. Council members discussed potential implications for certification and reporting as a result of a switch to biennial monitoring.

### *Landscape Planning and Coordination*

Shaun Hamilton reported that the Landscape Committee has not met since the last Council meeting, but noted that an update on activities was distributed.

### *Information Management*

Rob Harper reported that he is back from his assignment in Milwaukee and is looking forward to moving forward with the transition to IMC chairmanship. He missed the last IMC meeting and deferred to Calder for an update. Calder reported that the IMC met on January 12, and developed an information item regarding Forest Service fire expenditures. The committee is also switching topical focus for the remainder of the year, from biomass to climate change impacts and mitigation strategies.

## **Written Communication to the MFRC**

Dave Zumeta reported one written communication, a letter Lindberg Ekola received on January 15, 2009 from Tom Martinson, Lake County Land Commissioner. In this letter, Tom requested consideration of a proposal that Lake County is submitting to the Lessard Outdoor Heritage Council (LOHC) for funding. Dave invited Tom to make a comment.

Tom (who was present) reviewed the purchase of 6,000 acres by Lake County (Clair Nelson Memorial Forest) within the Northeast Landscape Committee's Manitou opportunity area. The county pursued an opportunity to conserve land that would have otherwise been lost due to a lack of interested purchasers. The county took out a bank loan a few years ago and purchased the land with the expectation to pay the loan off through timber sales. The Conservation Fund, The Nature

Conservancy and the DNR have been involved. Lake County is hoping the LOHC will provide funding for the project, recognizing the significance of the habitat.

### **Status of the Lessard Outdoor Heritage Legacy Funding**

Shawn Perich reflected on his experience reporting on the dedicated funding issue since the early 1980's. He commented that similar funding has done wonderful things in Missouri. He noted that the constitutional language specifies that the funds should only go to projects that will protect, enhance or restore wildlife habitat. This April, the LOHC will recommend habitat appropriations to the legislature. Shawn encouraged the Council to think outside the box and to think big. Are we doing all that we can to restore white pine/coniferous forests, address the loss of oak and jack pine, and improve white cedar regeneration? Shawn introduced Tom Landwehr, the Assistant Director of The Nature Conservancy in Minnesota, to provide more information.

Tom agreed with Shawn, noting that we need to show the voters in 25 years that something different has happened. Tom distributed and reviewed the constitutional amendment language. He noted that outdoor interest groups pushed the statutory language to provide additional guidance on how the money will be spent, based on past experience with lottery funds being shifted to other purposes. The statute language only applies to the Outdoor Heritage funds.

Tom reported that the legislature must appropriate funds before the money even accrues. The LOHC must make a recommendation to legislature by April 1<sup>st</sup>. Recommendations require a super-majority from the LOHC. The LOHC must also establish a Conservation Partners program for small grants. The LOHC will make annual recommendations. Next year, recommendations are to be developed by January 1<sup>st</sup>. As a result, the LOHC will start quite quickly on developing a long-term strategy, likely by this summer. Tom noted that there is no similar council oversight for the clean water, parks, and arts funding associated with the constitutional amendment.

Dave Parent asked whether the division of the land base and habitat was intentional (e.g., funding for forests versus wildlife habitat). Tom responded that the language was likely intentional, and may have been in used in order to include fish habitat. Wayne added that the language evolved from the sporting community and the concern that funds not be used solely for acquisition.

Tom reviewed the LOHC membership, noting limitations in geographic representation (no one north of Highway 2) and diversity. Discussion regarding strengths of LOHC membership, potential outcomes during this session, debate regarding supplanting traditional sources of funding and oversight of the dedicated funding ensued.

Tom reviewed the 2009 LOHC process for making funding recommendations, including their request for conservation groups to develop collaborative proposals. The process is quite likely to be different next year, as a result of the short timeframe available this year.

Further discussion ensued regarding the ability to “sell” conservation easements (versus habitat improvement), losses to the local tax base, ongoing management and monitoring costs. Dave Parent noted that most of the discussion has been on acquisition and asked about the opportunity for activities such as intermediate harvests that are important to forest health. Tom reiterated that statutory language (“to protect, restore, enhance”), commenting that according to the LOHC, “enhance” means to increase the productivity of land for wildlife. Another caveat is that any lands acquired must be open to public hunting and fishing (subject to local laws). In addition, money may only be spent to enhance and restore lands that are permanently protected.

Dave Zumeta commented that the LOHC asked Dick Peterson and him to present information on forest plans on January 26<sup>th</sup>. Tom added that education of the LOHC over the next year is critical. Dave stated that he made it clear to the Council that Mike Kilgore was his predecessor on MFRC staff and is also a recipient of significant research dollars from MFRC. As a result, MFRC is not asking for any funding from the LOHC.

Shawn asked how research projects might be viewed by the LOHC. Tom responded that it would have to fit within the “protect, enhance, restore” language. There is also a need to identify how all the various funds fit together. Al thanked Tom and Shawn for their presentations.

**Committee of the Whole: Resolution of support for MFRC landscape planning partner organizations’ proposals for Lessard Outdoor Heritage Legacy Funding**

Al Sullivan introduced discussion regarding proposals by landscape planning program partners to the LOHC, noting that while the MFRC is not directly asking for money, we may want to support projects that will help us accomplish goals. Al stressed the need to be thoughtful about how we support projects and be mindful of any precedents we may set. He commented that we want to be respectful of the hard work people have invested as participants in Council activities.

Al asked for someone to move the resolution and begin discussion. Dave Parent made a motion, Mary Richards seconded, and the resolution was open for discussion.

Shaun asked Lindberg to distribute two handouts, one on landscape program funding development and another on regional landscape project proposals for the LOHC. Shaun suggested a substitute resolution (*Option B* in handout – to “Pass a resolution that accepts the proposals developed by sustainable forest resource partners in consultation with the regional landscape committees for their presentation to the LOHC”) and asked Lindberg to review the amendment and projects.

Lindberg reviewed a handout on the dedicated funding. He noted that on November 13<sup>th</sup>, the MFRC Landscape Committee asked the regional committees to develop proposals for the LOHC. Due to the short timeframe, the regional committees have not formally vetted the proposals. Any funding received would go directly to partners for on-the-ground implementation. Lindberg reviewed the six proposed projects and then asked Council members to review them silently.

Shaun reiterated his suggestion to consider *Option B* as alternative language for the resolution and asked for Council discussion regarding whether this is the right approach, noting that his hope is to strengthen the committees. Wayne responded that *Option B* accepts the proposals and says they should be presented to the LOHC. He suggested that an alternative could be an acknowledgement that these proposals meet the goals and objectives of the Council’s Landscape Plans and have support from regional landscape committees. Wayne commented that, even though he sits on the Landscape Committee, he is uncomfortable with some of the proposals. Wayne stressed that the Council must be mindful that as we make decisions, at some point we will have set precedents. He is not sure process-wise if we ought to be endorsing projects.

Jan Green asked whether, if the Council’s name were associated with the proposals, MFRC staff would need to be available for the presentations. Dave Zumeta responded that he would not speak on behalf, or in place, of any of the fiscal agents/partners presenting proposals. Jan asked whether there would be a formal letter of support. Al responded that, in his view, if the Council supports, the Council supports.

Rob commented that there is a very fine line between support and advocating. He reminded the Council that not long ago the Forest Service submitted a proposal for the Leech Lake Pines project and asked whether, in actively supporting projects for LOHC funding, we would be opening the door for other funding sources. He then noted that our statute is quite clear with respect to our role in advising the governor and public agencies on forest policies and practices. Dave Epperly agreed with Rob and suggested the Council should limit our work to an advisory role.

Joel Koemdtgen agreed and noted concern with the process and structure of the Council. He is still struggling to understand the Landscape Committee's role. We have regional landscape committees made up of wonderful volunteers, but they lack structure. What is our formal relationship to these regional committees? Who is in charge?

Wayne suggested that, if we want to look at the LOHC as means of furthering our objectives, we ought to inform them about our plans and goals that may also meet their objectives. Jan cautioned that jumping into the first year "messiness" might not serve us well.

Shaun stated that he wants to be mindful of these concerns and does not want to pit one project against another. There are dozens of projects within these landscapes that can all independently say whether or not they meet MFRC landscape goals. However, it could be a missed opportunity if we do not connect our regional landscape committees to potential funding opportunities. Shaun would like to direct all forestland proposals into the appropriate regional landscapes to be vetted.

Dave Zumeta reiterated Jan's comment. There will be 25 years of funding, not just the current "feeding frenzy". The Council has a charge to advise state government. The LOHC is a branch of state government. Dave noted that the Council has never taken a dime from LCCMR (or LCMR) but we have advised them at their request. What is the relationship of the MFRC with the LOHC? Dave suggested *Option C* ("Table a decision") as an alternative for consideration in the resolution discussion. Al asked for members to comment on the downside to *Option C*.

Alan Ek suggested a kinder version of *Option C* (revised to state "We the MFRC recognize the proposals that the sustainable forest resources partners have designed and we encourage their presentation to the LOHC. The MFRC is following the developing funding process with real interest and stands ready to provide advice as needed.").

After further discussion of whether it would be possible to support the presentation of the proposals without formally supporting particular projects, Wayne Brandt moved to table the resolution. Shawn Perich seconded the motion and it was carried on a voice vote by a large majority of Council members. At least one objection was noted.

Al stated that we must consider how we want to approach the relationship between the Council and the LOHC. Lindberg noted that the discussion today was very important. He pointed out that the regional landscape committees are in the first stage of coordination and implementation. It has been impressive to see how committee members have dealt with the funding "free-for-all". Lindberg reviewed the evolution of the Landscape Program's funding proposal development capabilities.

### **Upper Mississippi Forest Legacy Proposal**

Dave Epperly introduced Dick Peterson of DNR Forestry and Tom Duffus of The Conservation Fund. Dick Peterson is the DNR's Forest Legacy and Minnesota Forests for the Future Program coordinator. He stated that the Minnesota Forests for the Future Program was established in 2008

as an outgrowth of the Commissioner's Forest Legacy Advisory Team. The goal of the program is to protect working forests primarily through conservation easements.

Tom Duffus introduced the Upper Mississippi Forest (UMF) project, which has been in development for about 10 years. The Blandin Foundation-sponsored trip to Finland last September was a watershed moment for this project. He noted that there is still a robust market for timberland. Last year, the value of timberland rose by 5% while everything else tanked.

The UMF would be a working conservation easement on 187,277 acres of Blandin Paper Company Lands. In association with other protected lands, the UPM/Blandin's land would create a contiguous, non-parcelized, conserved forest block of >4,000 square miles. Tom commented that a working conservation easement on the land would improve access to state land and have many economic, environmental and recreation benefits. UPM/Blandin is one of only three paper companies (Wausau Paper, Weyerhaeuser, UPM) left in the U.S. that still owns its land base. With respect to funding, appraisals are due beginning in March. The trustees of Blandin Foundation are in the process of finalizing a decision to provide a matching grant of \$7-10 million. Project coordinators are also working on finding additional private funds.

Council discussion revolved around management and monitoring concerns, certification, and tax implications for the counties. Dave Zumeta stated that he invited Tom to present information on this project because it is by far the largest forest conservation easement proposal in state history and he considered it very important for Council members to hear about it. Tom added that there would not be another proposal of this size in Minnesota again.

#### **Outcomes of Blandin Foundation Nordic Tour**

Al introduced Bernadine Joselyn, Blandin Foundation Public Policy Director, to share outcomes of the Foundation's recent forest productivity tours.

Bernadine thanked the Council for the opportunity to collaborate and commented on the tremendous amount of alignment among MFRC's policy priorities and those of the Foundation's *Vital Forests/Vital Communities* initiative. A key objective of both entities is to maintain the forest resource base. Bernadine stated that her role today is to speak on behalf of the tour participants and reflect their outcomes and learning.

She reviewed three distinct tours that had been pursued in north central Minnesota; Thunder Bay, Ontario; and Finland and Sweden. There were over 40 forest resources leaders involved, representing a broad range of perspectives. Bernadine reviewed the learning objectives articulated by participants (e.g., increase quality and value of Minnesota forests and forest products, optimize the balance of forest benefits, and develop a shared vision and public policy recommendations for forest management in Minnesota). She then distributed the study tour report, entitled *Seeing the Forest and the Trees: How to Make the Most of Minnesota's Woods*. Bernadine reviewed the project findings, starting on page 9 of the report.

Project participants have developed action teams and are identifying opportunities for further collective action, with a shared vision that "Minnesota will increase forest productivity by making the necessary investments to improve the quantity, quality and value of our region's forests and the forest products and the benefits they provide."

Tour participants were invited to share their comments. Comments included the need to be open to new silvicultural tools, recognize differences in land ownership and cultures, and recognize the impressive degree of cohesion in the Finnish energy and forest products sectors.

Bernadine distributed a flyer about an upcoming conference on forest carbon and noted that all presentations from the tours are on the Foundation website.

Kathleen Preece thanked the Foundation, noting that participation was an unbelievable opportunity. Dave Zumeta commented that the Blandin Foundation has made a significant difference to Minnesota forestry. Dave Epperly also thanked the Foundation and Bernadine, commenting that the two DNR staff that went to Finland came back with some very good perspectives that they would not have otherwise gotten. He noted that participation in the project has made a difference within the DNR. Al stated that people who care about sustainable forestry would have to look far and wide to find a better friend than the Blandin Foundation.

### **Implications of USDA Forest Service Wildlife Suppression Funding**

Calder Hibbard reported that the IMC, in response to a charge from the Council, put together an information item regarding Forest Service fire expenditures. He noted that Jim Sanders graciously agreed to attend today's meeting to present the information.

Jim distributed a handout on fire funding: an executive summary from the *Quadrennial Review 2009*, which is an integrated review of the drivers of and strategies for fire management compiled by the states, tribes and five federal agencies. Jim reviewed the cost (\$1.9 billion last year) and drivers (climate change, drought and fuel conditions, demographic shifts and public expectations) of fire management. He noted the fire management community's involvement in other natural disasters (e.g., hurricane Katrina) has added budgetary stress and additional funding needs.

The document also provided information on the rolling average of fire suppression costs, the size and number of wildfires, the percentage of the USDA Forest Service budget that is for fire suppression (13% in 1991 to 45% in 2008) and shifts in FTEs. Wayne noted that the agency is spending three times as much on fire as on other management.

Jim commented on the effects the shift in funding is having on Forest Service priorities. There are programs shutting down or just barely holding on. Funding losses are affecting research, the State and Private Forestry program and National Forest System programs. In any given year, the agency is forbidden by law to deficit-spend; therefore, it starts shutting down programs in July and August to prepare for fire needs the following year. He urged members to read the executive summary of the *Quadrennial Review*. Jim stated that we must get away from tinkering with respect to fuel treatment. We need cohesive, large-scale fuel reduction.

Dave Zumeta asked Dave Epperly about the impact the increased federal wildfire suppression costs have had on the state. Dave responded that state costs have gone up accordingly, and that there has been an impact on forest management as well as a shift in demand. The timber demand goes somewhere else when the Forest Service cannot get in to manage their land. Rob added that some of the biggest changes for the state are likely associated with decreased funding for the State and Private Forestry program, which has undergone a 50% funding decrease in the past 10 years. Shawn asked about potential excesses associated with fire fighting efforts. Jim responded that he is held accountable for every dollar spent and has to mobilize for what he hopes will not happen. There will be excess, but federal managers do their best to readjust the forces as they deal with specific wildfires. Shaun asked whether there has been any effort in Congress to fund wildfire suppression differently. Jim discussed two bills that were in the House last year and may be reintroduced this year. Historically, heavy fire season years were anomalies and the White House would request supplemental funding. After about 1987, major fires have not been anomalies, but more of a norm. Changes in the seasonality of fires have made things worse.

Al asked for Jim's suggestion with respect to next steps. Jim responded that the fire issue would be one of the IMC's major topics for discussion at its March 2<sup>nd</sup> meeting. He suggested that the IMC should bring a recommendation to the March 25<sup>th</sup> Council meeting.

Dave Parent asked whether the development of an active and viable biofuel market would enhance the ability to manage fuel loads. Jim responded that there is a time lag between fuel reduction efforts and impacts on fire costs. He does not know if a biofuel market would enhance the ability to manage fuel because it would need to be integrated with other management efforts. The transportation and processing costs are huge, and present a significant potential barrier.

Dale Erickson said he is not convinced Minnesota is behind on the biofuels market; this is not a problem unique to Minnesota. He suggested that the answer to the fire issue is a reserve fund. Discussion ensued about funding losses to research and resulting impacts on partnerships.

### **Public Communications**

None.

### **MFRC Member Comments**

Wayne commented that the legislature is looking at the Minnesota Climate Change Advisory Group (MCCAG) recommendation to increase carbon sequestration by increasing the amount of forestland by one million acres. There will likely be some language introduced and he anticipates this may involve the Council. We need information regarding where forestation can occur.

Shawn asked whether the Council would revisit our role with respect to the LOHC. Al Sullivan responded that we would. Shaun suggested that the Landscape Committee could recommend a process/structure. Dave Zumeta commented that he would visit with Shaun and Shawn with respect to teeing up an appropriate agenda item for the next Council meeting. There will also likely be an action item out of the IMC based on the fire funding issue, perhaps a climate change proposal relative to Wayne's earlier comments and an update regarding the recently funded research projects and the forest resources research assessment.

Mary asked about plans for the September MFRC meeting and tour of Maplelag. She noted that she could offer to provide the meeting site for free. She has spoken to Winona LaDuke, who has blocked off those days to meet with the MFRC. Dave Zumeta stated that his intent is still to have a field tour at Maplelag but will need to follow up with Mary to flesh out the details.

Shaun Hamilton moved, and Wayne Brandt seconded, adjournment. The meeting was adjourned.