

Minnesota Forest Resources Council
Minutes
UMN North Central Research and Outreach Center – Grand Rapids
21 July 2010

Members: Wayne Brandt, Bruce Cox, Alan Ek, Dave Epperly, Dale Erickson, Rob Harper, Joel Koemptgen, Bob Lintemann, Gene Merriam, Dave Parent, Kathleen Preece, John Rajala, Mary Richards, Mike Trutwin, Susan Schmidt (alternate for Shaun Hamilton), Mark Johnson (alternate for Shawn Perich)

Members absent: Shaun Hamilton, Shawn Perich, Al Sullivan

Guests: Dennis Becker (UMN), Steve Betzler (MN Power), Tom Castonguay (Red Lake BIA), Anna Dirkswager (DNR), Julie Miedtke (UMN extension), Dan Steward (BWSR)

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

Chair's Remarks

Dave Epperly, Acting Chair in Al Sullivan's absence, welcomed attendees. He noted that Rob Harper will be resigning from the MFRC due to his upcoming move to Washington, D.C. Rob has been promoted to USDA Forest Service Assistant Director for Forest Management. Dave recognized Rob's service to the Council over the past three years and thanked him for his excellent advice and representation of the Forest Service. The meeting continued with a round of introductions.

Public Input/Communication to the MFRC

None.

*** Approval of the 19 May 2010 Meeting Minutes**

Dave Parent moved, and Alan Ek seconded, approval of the 19 May 2010 minutes. *The minutes were approved.*

*** Approval of the 21 July 2010 Meeting Agenda**

John Rajala moved, and Kathleen Preece seconded, approval of the 21 July 2010 meeting agenda. *The agenda was approved.*

Executive Director Remarks

Dave Zumeta distributed a draft information brochure on the MFRC and asked for Council members for input. The brochure is being developed to introduce new and newer legislators to the MFRC.

Dave yielded the remainder of his time to Rob Harper. Rob thanked members for support of the black ash symposium recently held in Bemidji. He noted that the effort aided Forest Service staff and others in working together to identify management responses that may mitigate the effect of emerald ash borer on Minnesota forests. In particular, Rob recognized Jana Albers (MN DNR), Kathleen Preece and Dave Zumeta for their help in organizing the symposium. He also noted that 12 different tribes were represented at the symposium.

Susan Schmidt inquired about Rob's new position. Rob responded that he will be the Assistant Director for Forest Management at the national level and will have responsibility for a number of areas (e.g., silviculture, biomass, climate change, and State and Private Forestry integrated management).

Committee Reports

Personnel and Finance

Dave Zumeta reported that the Personnel and Finance Committee has not met since the 19 May MFRC meeting.

Site-level

Dave Parent provided an update on Site-level Committee activities. He highlighted a portion of the committee update pertaining to LCCMR proposals and asked Rob Slesak to elaborate. Rob reported that he partnered with UMN faculty on the development of two research projects related to effectiveness of forest management guidelines. The first is an extension of the existing biomass harvesting project to address ecological impacts on nutrient poor sites. The second project aims to assess the effectiveness of leave trees, with a particular emphasis on wildlife habitat benefits. Both proposals made the first cut and were subsequently recommended for partial funding. Dave Parent stated that these projects are, hopefully, the first step in a long series of efforts to address key effectiveness questions.

Landscape Planning/Coordination

Lindberg Ekola distributed a draft summary of the Landscape Committee meeting on 7 July. The Collaborative Landscape Forest Restoration (CLFR) proposal, submitted jointly by the Chippewa and Superior National Forests, was ranked as one of the Regional Forester's top two priorities in the USFS Region 9. Rob Harper added that the National Forests anticipate a final funding decision by early August. Lindberg commented that the regional committees have assisted partners in the acquisition of over \$4 million grants for project support. The Landscape Committee is planning a fall meeting of all regional partners to discuss further collaboration opportunities.

The committees have also been actively pursuing opportunities to increase private forest management (PFM). Lindberg highlighted a few grant proposals developed to support regional projects, including a successful \$150,000 proposal to the USFS State and Private Forestry Program that will provide PFM through a landscape-level approach in the Southeast and North Central landscapes.

Forest Resources Information Management

Rob Harper reported that the Information Management Committee (IMC) met on 14 July in Duluth. The IMC received updates on several issues, as well as on activities of the Interagency Information Cooperative (IIC). On behalf of the IMC, Rob sent a letter to Alan Ek requesting an increase in the visibility of the IIC through updates and more active involvement of members. The IMC also began discussing how to best inform the MFRC on climate change and forest management policy and science.

Written Communications

None.

***Committee of the Whole: Approval of MFRC Forest Retention Study Policy Options**

Calder presented a summary of forest retention policy options related to the Minnesota Forests for the Future (MFF) program, land acquisition and exchange, and support for county forestland retention. He reminded meeting attendees that the MFRC has taken a policy option approach (versus specific recommendations) in response to the legislative request to look at the entire suite of available tools.

Minnesota Forests for the Future

Policy options that may enhance the ability of the MFF program to support forest retention include: using the program as a platform for a coordinated approach, increasing capacity, expanding the suite of tools utilized by MFF, utilizing and communicating the strategic targeting and criteria developed by MFF, enlarging or restructuring the advisory board as necessary to reflect an expanded mission and facilitating greater engagement of state agencies and non-profits.

Dave Zumeta noted that, while playing an important role in parts of the state with respect to conservation easements, the Board of Water and Soil Resources (BWSR) is not currently represented on the MFF advisory committee. The need for good communication across non-profits was an additional issue that came through very clearly.

Council members discussed the role of the MFF Commissioner's Advisory Committee as established in statute. While there was a statutory emphasis on conservation easements, the policy options suggest that instead of duplicating efforts MFF could expand the approach and look more holistically at available tools. Susan Schmidt (MFF committee member) is a big fan of this option but recalled there was some pushback from other members when it was discussed with the group in January. She thought the reaction was primarily an initial reticence to accept change but inquired as to whether there was still pushback. Dave Zumeta responded that options range from short- to long-term. There has been a focus on conservation easements, but in the long run Minnesota will need a whole suite of different options.

Joel Koemptgen commented that the Council seems to be basing the entire forest retention program on acceptance of an expanded MFF role. If MFF chooses not to engage, he asked whether the Council would recommend setting up another group. Wayne Brandt responded that the policy study was conducted in response to legislators' frustrations over various programs and approaches and indicated this option has a pretty good chance of getting some traction. Dave Zumeta added that it will be critical to engage the new Governor and the DNR commissioner. Further discussion on the initial MFF focus on easements (due to reduced industrial land availability) and an anticipated focal shift to retention of smaller family forestland parcels (almost six million acres) ensued.

Bruce Cox made a motion to approve the policy options associated with the Minnesota Forests for the Future program. Dave Parent seconded. *The MFF options were approved with unanimous support.*

Acquisition and Exchange

Policy options related to land acquisition and exchange include: using fee acquisition for exceptional cases, small parcels and the consolidation of/or access to public land; directing funding according to strategic planning; ensuring long-term land stewardship by incorporating long-term funding; continuing

to conduct land exchanges that consolidate public and private ownerships; and continuing to simplify and improve the land exchange process as well as identification and communication of opportunities.

Dave Zumeta noted that Representative Wagenius repeatedly brought up the need for long-term funding and stewardship and study contractors were equally adamant about these needs. John Rajala suggested an additional emphasis on the value of third-party facilitators, noting their ability to expedite transactions.

Wayne Brandt moved to approve the policy options associated with fee acquisition and land exchange. Dave Parent seconded the motion. Wayne suggested a final policy option be added (“Continue as appropriate to recognize NGOs to efficiently expedite targeted acquisitions [DNR, Counties, USFS]”) in response to John’s suggestion.

Bruce also noted that there are parcels that counties would like to acquire but do not have the funding to acquire. He suggested an additional option addressing that need. Calder responded that revolving accounts are an option suggested in association with the final resolution on assistance to counties.

Susan felt that the high cost of acquisition should not be stressed unless the associated benefits are also noted. After some discussion, Wayne suggested the language be revised to include “however, keeping forestland intact provides significant benefits and these are important tools that can be effective in maintaining forest land base”.

Wayne Brandt made a motion to include a 6th bullet relating to NGOs. Rob Harper seconded the motion. *The amendment was unanimously approved.*

John Rajala moved, and Dave Parent seconded, approval of the amended resolution. *The policy options pertaining to fee acquisition and land exchange were unanimously approved.*

County Forestland

Calder reviewed policy options aimed at retaining county forestlands, including continuing state payments-in-lieu-of-taxes (PILT) on tax-forfeited lands to counties; encouraging counties to create local forest land conservation programs; utilizing existing revolving fund programs as models to more nimbly facilitate the consolidation of lands; and expanding revolving accounts to other forested counties. He noted that the Legislative Auditor put out a report this winter in which PILT payments were evaluated. Findings indicated that PILT payments on acquired lands were exceeding inflation but were actually declining on tax-forfeited lands.

Gene Merriam suggested that the word “most” be removed from the introductory narrative that stated “most counties” are financially constrained. Kathleen Preece did not want to edit out “most”.

Bruce asked for clarification on “a local forest land conservation program”. Calder responded that such programs are more prevalent in other states throughout the country than in Minnesota; however, this option recognizes that statewide targeting would not catch small, local opportunities, and is an attempt to do so. For example, Dave Zumeta noted that the Blandin Foundation is looking at providing funding for easements and management support for smaller parcels in Itasca County.

Joel Koemptgen moved, and Alan Ek seconded, approval of the forest retention policy options for county forestland. *The policy options pertaining to county forestland were approved unanimously.*

Dave Zumeta stated that the intent is to move the policy options forward with key legislators in advance of the upcoming session. Calder added that there is a group conducting a similar assessment for agricultural land; they are very interested in our work. Dave commented that it will also be crucial to meet with BWSR and other groups as well.

John Rajala requested that staff semi-annually send an email to Council members with information about legislators or administrative people who are in key positions relative to MFRC policy issues.

Gene noted that this is a good document and staff should not apologize for “lobbying”. Our task is to provide recommendations to government at all levels. He stated that the issue is not widely understood within halls of the Capitol and we will never sell the solution if we don’t sell the problem. Joel added that Council members can also serve to educate locally as constituents. Calder stated that, in communicating the problem of parcelization, we had hoped to have a quantitative assessment available in conjunction with the policy options. The timing has not worked out well but he anticipated that Dr. Kilgore and folks who have been working on that component of the study will have a better assessment of the problem available in August.

Mike Trutwin asked about the potential cost of applying forestland retention tools. Dave Epperly responded that the Minnesota Forests for the Future has tried to quantify costs and will be coming out with an assessment in the near future. Susan stated that this information should be presented to the Minnesota Environmental Partnership, counties and other groups. Getting this information out and working together will “give it legs”.

*** Approval of Site-level Committee Forest Management Guideline Revision Scoping Recommendations**

Rob Slesak presented the recommended scope and timeline for the Forest Management Guidelines revision. The process is anticipated to be complete in 2012 with publication of new guidelines. Twenty-two groups submitted comments on scoping; of those, nine submissions focused entirely on riparian guidelines. Rob also reviewed the evaluation process used by the committee to determine whether guidelines should be revisited.

The Site-level Committee discussed all suggested comments. They recommended an overall review of the biomass guidelines based on any new information and recommended consideration be given to integrating the biomass harvesting guidelines into existing guidelines and allowing exemptions for specific situations (such as additional removal for management purposes). Guidelines regarding leave tree placement and dispersion were also suggested for review. Rob noted there is little new information available to inform revision of the remaining leave tree guidelines. Dave Epperly suggested that the recommendation prioritizing leave tree clumps should be considered carefully; leaving a patch of unhealthy trees could have damaging effects on future stands. Rob agreed, noting that the committee is only committing to a re-evaluation of suggested guidelines.

Wayne stated that some of the guidelines were originally developed through compromises necessary to get buy-in from all stakeholders. He suggested two additional leave tree guidelines (leave trees on smaller sites and the recommendation to not leave sawlog sized trees) should also be re-evaluated.

There were a number of comments submitted regarding the complexity of the guidelines. Suggestions were made to create a field guide and repackage the guidelines in a more silvicultural context. The committee recommended the creation of a field guide to supplement the current book, but did not recommend a silvicultural focus. Wayne asked for clarification on the recommended silvicultural context. Alan stated that the recommendation was, in part, a response to the recognition that conifer acreage in Minnesota is generally declining and current guidelines are not helping that situation (e.g. leaving sawlog size trees, leave patches or groups rather than individual trees). The guidelines as written are not cognizant of potential silvicultural impacts and there can be a better linkage between silviculture and practices. Further discussion regarding the role of guidelines and their relationship to management decisions, as well as the importance of trained foresters, ensued.

Water diversion guidelines were also recommended for consideration, potentially focusing only on sites where risk of sediment delivery is high. Wayne added that the current guidelines recommend diversion control on flat roads and noted that surveys conducted by the Timber Producers Association and Minnesota Logger Education Program indicate this guideline is costly and makes no sense.

The committee also recommended development of invasive species guidelines (hoping to build upon existing invasive species guidelines developed in Minnesota and Wisconsin), creation of a rutting metric and potential development of supplemental educational information (e.g., carbon storage benefits). Climate change was determined to be outside the scope of the guideline review process.

Dave Parent moved, and Joel Koemptgen seconded, to consider approval of the suggested scoping document. Wayne Brandt moved to include four comments initially not recommended for inclusion (pertaining to tree retention on small sites, retention of sawlog size trees, leave trees in riparian management zones, and modification of the erosion control recommendation). Dale Erickson seconded the motion. John Rajala stated that harvesting and site operations issues are really important but noted that the committee also had to consider whether new information was available to inform revisions. He stressed that all stakeholders must be a part of the discussion if changes are considered.

The motion to include the additional suggestions in the scope of revisions was called. *The motion carried (one person in opposition).*

Alan Ek moved to incorporate and restate the comment suggesting incorporation of a silvicultural perspective. Mary Richards seconded the motion. The statement was revised as follows: "Refine the guidelines to consider the importance of relevant silvicultural practices".

John Rajala moved to approve the scoping document with the suggested amendments. Alan Ek seconded. *The motion to approve the scope of guideline revisions carried unanimously.*

Prospective Amendment to the Northern Landscape Plan

Lindberg distributed a proposed amendment schedule for the Northern Landscape plan. A draft amendment was developed to better incorporate ecological goals and is available on the MFRC website. Lindberg requested comments from Council members by July 28, 2010. Approval of the amendment will be considered at the September MFRC meeting.

Status of Minnesota's Primary Forest Products Industry

Tim O'Hara, Minnesota Forest Industries, provided an update on the status of the primary forest products industry, the fourth largest manufacturing industry in Minnesota.

The state and counties are now supplying more timber relative to the private sector due to low stumpage values. According to 2008 data, 72% percent of the harvest is hardwood and aspen dominates the market (54%). Pine (12%) and spruce (8%) make up a distant second and third.

Industrial demand decreased from 2007 to 2009, with current harvest now at about 2.8 million cords. Dave Zumeta noted that a 4.0 million cord harvest was considered base-level for the Generic Environmental Impact Statement developed in the 1990s. Alan Ek added that throughout most of the 1900s approximately 3.0 million cords were harvested annually; levels increased in the 1980s.

The percent of harvest utilization for pulp and paper increased from 2006 (47%) to 2009 (62%). Tim reviewed fluctuations in aspen stumpage rates and imports over the past decade. Aspen is now at about \$25/cord. Imports were highest in 2006, and net imports have dropped off to about 240,000 cords.

Minnesota's higher growth-to-harvest ratio (current FIA data indicate we grow about 9 million cords annually in Minnesota but only harvest 2.7 million cords) has led to a higher average annual mortality rate (2004-2008 mortality rate was estimated at about 4.3 million cords). Dale commented that the quality of timber in Minnesota is the poorest he has seen in 35 years, likely due to the low harvest ratio. John stated that, despite serious efforts, investment in productivity has not succeeded. Bruce noted that stands were prematurely harvested in the 1980s because they were easier to access.

Tim commented on efforts made by public agencies to increase harvest levels and provided an overview of current markets and anticipated market trends. Wood and paper products imports and exports are both increasing. U.S. sawmills are running at 63% capacity. Employment has been decreasing over the past decade. Paper consumption is growing faster than the rest of the economy (paper mills represent 10,000+ jobs). John inquired about the level of FSC or SFI certification in paper today versus five years ago. Tim responded that just about every sheet is now certified.

Dave Epperly stated that it is important to look across sectors as well as to compare trends in wood offered versus sold. There are many reasons for the difference between what is offered and what actually sold. Dave Zumeta added that the key to global competitiveness is quality wood at a reasonable price, but noted that labor is also critically important. Mike Trutwin added that the average workforce age is 55 and there is a need for new, talented, trained people.

2010 Outlook for Forest Biomass Availability in Minnesota

Dr. Dennis Becker, University of Minnesota, provided an overview of his recent report, “2010 Outlook for Forest Biomass Availability in Minnesota: Physical, Environmental, Economic and Social Availability”. There has been an enormous amount of speculation about biomass. One of the challenges is the perception that there are vast amounts of biomass available and this assessment was an attempt to quantify different types of biomass availability. Availability can be defined in many ways (i.e. physical availability > economic availability > social availability > total biomass available to the market). Dennis commented that a draft of the report was available and requested comments by August 13, 2010.

The assessment modeled biomass availability under different scenarios, including physical availability (assumes no retention guidelines), roundwood competition (assumes that 10 and 20% of roundwood is chipped), early stand treatments, harvest rotation age, and residual retention level. Dennis described the results of biomass physical availability by regions. The models can also estimate availability by county and by ownership. Results indicated the changing rotation age does not impact availability; however retention guidelines can have a big impact.

The assessment also modeled economic and social availability. Results indicated that a majority of people are willing to pay to have biomass removed (\$9.28 per acre was the median payment accepted for biomass harvest) and that the price paid for woody biomass can have a significant positive effect on the annual supply from non-industrial private woodlands. The study also looked at attitudes and landowner characteristics that influence willingness to harvest biomass.

Alan noted that the quality of biomass, versus pulpwood chips, also affects price. Dennis agreed, noting that industrial chips and pellets can be dirtier, but residential markets want a cleaner chip. Dave Zumeta asked about the assessment of the environmental availability. Dennis responded that environmental availability was not specifically distinguished; however, that is where retention guidelines play a role.

Public Communications to the MFRC

None.

MFRC Member Communications

Susan stated that the Obama Administration’s “America’s Great Outdoors” program initiative is an effort linking National Forests, Parks and Wildlife Refuges to similar efforts at state, and local levels. They will be hosting a dozen listening sessions around the country; one will be held in Minnesota on August 4th. She felt this is a golden opportunity to showcase Minnesota and coordinate resources and investments.

Alan reported that, as part of 25-year planning for state and regional parks, the DNR and University have joint planning efforts that will be integrated. The result may be a valuable presentation for the MFRC.

Kathleen commented that Bob and Ingrid Sonnenberg made it to the National Tree Farm Convention, representing Minnesota as the Northeast region tree farmer.

John Rajala moved, and Kathleen Preece seconded, adjournment. *The meeting was adjourned at 3:15 pm.*