Minnesota Forest Resources Council
Minutes
Cloquet Forestry Center – Cloquet, MN
1 December 2010

Members: Dave Epperly, Wayne Brandt, Bruce Cox, Alan Ek, Dale Erickson, Shaun Hamilton, Joel Koemptgen, Bob Lintelmann, Gene Merriam, Dave Parent, Mike Trutwin, Shawn Perich, Mary Shedd (alternate for Jim Sanders)

Members absent: Al Sullivan, Kathleen Preece, John Rajala, Mary Richards, Jim Sanders

Guests: Rick Dahlman (DNR), Judy Grew (MMB), Mike Kilgore (UMN), Dick Rossman (DNR), Steve Taff (UMN), Bruce ZumBahlen

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

Chair's Remarks
Dave Epperly, acting Chair, opened the meeting (Al Sullivan was unable to attend the meeting). Dave commented on MFRC member applications; appointments are not likely to be made until spring 2011. He called attention to the Personnel and Finance committee minutes, which noted that former MFRC member Bob Stine applied to the Secretary of State for appointment as Council Chair. Al Sullivan did not reapply, but will serve until an appointment is made.

Public Input/Communication to the MFRC
None.

*** Approval of the 15 September 2010 Meeting Minutes**
Wayne Brandt moved, and Dave Parent seconded, to approve the 15 September 2010 minutes. *The minutes were approved.*

*** Approval of the 1 December 2010 Meeting Agenda**
Dave Zumeta stated that the meeting agenda should be revised to note that Peter Butler will not be joining Judy Grew for the presentation of the Outdoor Heritage Fund draft framework. Shaun Hamilton moved, and Dave Parent seconded, approval of the amended 1 December 2010 meeting agenda. *The agenda was approved.*

Executive Director Remarks
Dave Zumeta deferred his remarks to provide additional time for agenda items.

Committee Reports
Personnel and Finance (P&F)
Dave Zumeta reported that the P&F committee met on November 4th. Committee members discussed election results and reviewed the FY2010 accomplishment report and FY2011 work plan. Members also reviewed the MFRC budget accounting system and discussed the budget proposal for FY2012.

Site-level
Dave Parent reported that Site-level committee members discussed opportunities to improve implementation rates at their recent meeting in Grand Rapids. The committee is investigating reasons for different implementation rates among different land ownerships.

Landscape Planning/Coordination
Shaun Hamilton asked Lindberg Ekola to distribute draft committee minutes from the November 23rd meeting in Cloquet. Members discussed landscape plan implementation and monitoring, the "all lands approach", and the need to develop uniform standards in order to communicate among entities and report on accomplishments at a landscape level. In the foreseeable future, the committee will be looking at amending plans but the current focus will be on reporting accomplishments.

Forest Resources Information Management (IMC)
Calder Hibbard reported that the IMC met on October 18th. The meeting was focused on climate change and invasive species, two of the MFRC's current policy priorities. The committee is considering the role of the Council with respect to invasive species threats. The next IMC meeting will address invasive species; an invitation to join in on the meeting has been extended to the entire site-level committee. The IMC is identifying various approaches different states are taking to address climate change through forest policy and practices. The committee also received an annual report from the Interagency Information Cooperative.

Shawn Perich asked Calder to summarize climate change strategies in use by the various states. Calder responded that almost all approaches are mitigation strategies and the particulars are quite varied. Much of the work is aspirational, such as tree planting and emission reduction goals. Dave Parent inquired about the level to which state approaches are relying on carbon credits and speculative income opportunities. Calder responded that the committee did not address carbon markets. Alan Ek commented that identification of actual steps and practices to address climate change is a missing piece of the policy discussion.

Clarence Turner commented that the DNR has been participating in the development of protocols to determine carbon credits. The DNR participated in protocol development of the Bi-National Forest Carbon Standards Committee (BNFCSC, sponsored by the American Forest and Paper Association and their Canadian counterparts). The BNFCSC protocol is nearing completion and will likely be more attractive to folks in Minnesota due to its greater flexibility (versus the many management restrictions in the California protocol). The DNR has also participated in the Three Regions Initiative. This is an effort assessing whether the California protocols may be adapted in some way for application in our region.

Dave Parent stated that his interest in carbon markets was in regard to private landowners. Alan responded that Mike Kilgore and Dennis Becker have a current study assessing private landowner willingness to participate in these types of market approaches. Shaun noted that recent reports indicate that the length of contracts will continue to be problematic.

An upcoming Council meeting will focus on climate change issues.

Written Communications
Dave Zumeta reported that there was one written communication from UMN librarian Wendy Pratt Lougee in response to Dave Zumeta's recent letter regarding the potential UMN Forestry Library closure.

***Committee of the Whole: Draft resolution to approve MFRP/MFRC letter to the Governor-elect**
Dave Zumeta reminded members that discussion on a draft letter from the Minnesota Forest Resources Partnership (MFRP) and the MFRC to the three major gubernatorial candidates was tabled at the September MFRC meeting. At the meeting, Dave was directed to work with Kathleen Preece to revise the letter for communication to the Governor-elect. In addition to the letter, suggested attachments include the MFRC and MFRP brochures. Dave reviewed the draft motion to approve the letter with the attachments. If approved, the letter will not be sent until the outcome of the election is determined.

Bruce Cox added that MFRP members were fine with postponing the letter for communication to the Governor-elect. The Partnership wanted to let the Governor know we are here as a resource and would be very pleased if the Council agrees to be a co-signatory.

Council members discussed the purpose of the letter as well as options to include information on the number of industry and tourism jobs that rely on Minnesota's forest resources. Dave Zumeta commented that if the Council decides not to co-sign, the Partnership will likely send a letter independently. He felt it was important to give the Council an opportunity to consider jointly sending the letter. Bruce clarified that the Partnership's goal was to say that both entities are relevant.

Wayne Brandt made a motion to approve the letter, with an amendment to include information on job numbers. Joel Koemptgen seconded the motion.

Shaun stated that the letter doesn't address the notion that the Northwoods define Minnesota. Joel Koemptgen called the question.

The motion was called. *The MFRC/MFRP letter to the Governor-elect was approved (one opposing vote, one abstention).*

Recommendation to place full responsibility for site-level monitoring activities with the MFRC
Dave Zumeta introduced discussion on site-level monitoring activities, noting that the issue is being revisited by request and the discussion is not intended as an action item.

Clarence reviewed his 2008 report recommendations. At the time, the site-level committee drafted a resolution endorsing all the recommendations except one that suggested placing full responsibility for monitoring activities with the Council. The Council subsequently passed the resolution but asked to review the monitoring activity recommendation again in two years. Clarence commented that the relationship between the Council and the DNR monitoring program is still cumbersome, even though the lines of communication are open. He believes that self-reporting by the DNR on guideline implementation may become a problem.

Alan commented that he would be interested in whatever structural change would facilitate three areas of improvement: cost-effectiveness, timeliness of reporting and depth of reporting. Wayne stated that

self-reporting will still be an issue if the monitoring is shifted to MFRC; the Council would then be monitoring our own guidelines. He suggested a true third-party may be worth consideration.

Rob Slesak reviewed the three programmatic goals for site-level monitoring, which are to provide an unbiased estimate of guideline implementation in the state, to provide information that will help improve the guidelines and education programs, and to satisfy the legislative directive for an assessment at statewide, landscape, and site levels. Rob stated that the ability of the current program to meet the first two goals is in question. A multi-scale assessment is not currently conducted.

Results on past implementation rates vary and some guidelines have exhibited no change over time. Minnesota was recently ranked quite low (34th) with respect to guideline implementation in comparison to other states with data (Ice *et al.* 2010 – Journal of Forestry).

Rob reviewed pros and cons to moving responsibility for the program with respect to administrative, technical, credibility, reporting and funding aspects. He noted that the points are a starting point for discussion and are all debatable.

Administration: Guideline monitoring activities are currently administered by DNR Forestry. Shifting responsibility to the MFRC could clarify roles, create a unified program and provide stability if DNR priorities change. However, there is a danger that the program could be discontinued if the Council is allowed to expire, a shift would require modification of the SFRA (presenting additional risk) and the DNR may be resistant to a change in responsibility. Wayne added that assumption of monitoring activities by the Council would shift the MFRC into more of an operational function.

Technical: Shifting responsibility to the Council could result in greater access to, and collaboration with, University of Minnesota faculty. This could result in site-selection, field sampling, data analyses and storage improvements. Conversely, there may be reduced access to, or collaboration with, DNR personnel, resulting in potential losses with respect to operational knowledge as well as coordination with field personnel for site access. Wayne noted that current monitoring data only reports sites as “in compliance” or “not in compliance” with guidelines, even though the guidelines are designed for flexibility. The purposes for deviation from guidelines are not documented. Rick Dahlman responded that the program staff has always been interested in documented reasons for departing from guidelines. In the past, staff has simply not had time to go back through paperwork. With the current set of monitoring data, DNR staff members are coming up with a scoring system to give credit for adequate documentation. Rick estimated that less than 2% of guideline departures have any documentation.

Credibility: A shift to the Council could remove potential perception of DNR bias. However, Rob acknowledged Wayne’s earlier comment regarding the perception that the MFRC would be self reporting on implementation of its guidelines.

Dave Zumeta asked for comments on the potential bias of either DNR or the MFRC. Rick responded that people seem quite satisfied that the DNR is doing the best it can to minimize any potential for bias. He noted that interpretation of results reported in the Ice *et al.* article is difficult because many states monitor on a broader scale. Dave Parent commented that questions about the credibility of the original

water quality BMP monitoring led to the current guideline monitoring approach. Gene Merriam questioned the significance of the bias perception, noting that very few people likely understand the relationship between the MFRC and the DNR. He suggested that independence of the Council may not be strongly perceived. For example, legislators appropriate the MFRC funds to the DNR. Dave Parent responded that his earlier comment reflected the credibility perceived by folks who use the results, such as the Pollution Control Agency and environmental organizations.

Reporting: Rob reported that analysis and reporting currently takes a template approach; use of monitoring data has been limited to date. He felt that a shift to the MFRC could result in increased data exploration, improved dissemination of information, and timelier reporting. Rob noted that he felt this could occur within the DNR; it just has not been prioritized. However, the shift would require significant allocation of site-level manager's time.

Dave Epperly stated that any of those suggested items can be done and would not require a shift in responsibility. Rob agreed, reiterating that they could occur at DNR; however, if responsibility were shifted to the Council, they would occur. Dave Parent stated that landowner interest in the relationship of timber sale administration and the resulting guideline implementation is a missing component.

Rick commented that DNR staff wanted more in-depth analyses and reporting, but were limited by inadequate resources and staff. Dave Zumeta agreed that a shift would require a significant allocation of the site-level manager's time and also agreed with Rick's comment regarding staff demands and constrained resources. Rob suggested that the issue should perhaps be focused on the need for more resources. The crux of problem is related to inadequate data analysis and reporting.

Funding: Under the current structure, the DNR covers indirect costs and MFRC funds direct costs of monitoring. In some situations, the DNR provides additional direct funds. Future funding is uncertain; most of the 9.4% MFRC cut last year was applied to the monitoring program budget. If shifted to the MFRC, the budget and operations would be controlled by one entity, potentially increasing efficiency and reducing the FTE fraction at DNR. On the other hand, a shift would make the program more susceptible to funding cuts and unanticipated/increasing costs.

Rob concluded his presentation by noting that regardless of where the program is located, data collection, storage and access must be addressed.

Gene asked about the extent to which low implementation has arisen in forest certification audits or observations. Dave Epperly responded that because the DNR operations have adopted the guidelines, they are audited on implementation. However, the certification audits may only address a portion of implementation every year. Certification does require ownerships to continually improve practices.

Alan noted that access to, and integrity of, the dataset over time is a very important consideration as we go forward.

Gene commented that his question regarding certification was intended to help identify why implementation rates are not a bigger issue. Rob responded that the results are obscured a bit through

statewide reporting. Bruce added that the five jointly-certified counties received a major Corrective Action Request (CAR) on a small list of "non-conforming" guidelines. In response, the counties worked with Rick to demonstrate compliance with the guidelines.

Shawn stated concern over the low implementation rates and wanted clarification on causes. He suggested that guideline compliance may be an issue to consider when the Council revisits strategic direction next year. Dave Parent responded that results indicate very high implementation on Forest Service land and suggested an inquisitive body be established to identify administrative practices leading to high implementation. Alan noted that the flexibility in our guidelines makes us more prone to looking like we have lower implementation rates when compared nationally. Rob responded that, regardless of how we compare ourselves to other states, Minnesota has set standards that we are not meeting.

Bruce suggested that a better definition of roles is needed, reflecting the different strengths of the Council and the DNR. Dave Parent recommended establishment of an *ad hoc* committee of the MFRC and MFRP to examine the monitoring program questions. He suggested that the Council address the issue of reasonable implementation levels. Dale suggested that the committee study the appropriate location for monitoring responsibility as well as the issue of implementation rates. Dave Epperly agreed that formation of a committee seems a reasonable option for consideration by the Chair.

Extent of forest parcelization in Minnesota

Dave Epperly introduced Mike Kilgore, UMN Department of Forest Resources, to present results from the MFRC-funded assessment of forest parcelization in northern Minnesota.

Mike reviewed the objectives of parcelization study, which were to identify site and proximity characteristics of private forest land in northern Minnesota, evaluate different ways to measure a parcelized landscape, to identify factors associated with parcelization and to identify patterns of parcelization. He reviewed the GIS data layers used as well as the data management required to create a study-wide ownership layer over ten counties. The assessment only considered parcelization of private forestland (parcels consisting of >50% forest cover as identified by the National Land Cover Database). Each parcel was analyzed and parcel attributes/proximity factors were identified. Individual data were summarized to the township level. A township-level analysis was carried out at two levels, assessing parcelization of all forestland parcels > 1 acre as well as only among 20+ acre forestland parcels.

Council members inquired about consideration of attributes in adjacent townships, measures of forest productivity and identification of undivided interests. Mike responded that the study only considered development attributes by township but proximity characteristics were not limited by township. Co-author Steve Taff responded that a new soils-based index for aspen productivity was included. Undivided interests didn't factor in to the assessment; the parcel just had multiple owners.

Mike noted that nearly all studies have used the average size of a forest land parcel as measure of parcelization. However, average parcel size doesn't account for the spatial extent of private forest landscape or the distribution of tract sizes. In this study, the authors came up with an alternative metric (*[% of parcels in a landscape < acre threshold / average parcel size] X township private forest area*) to more accurately describe a parcelized forest landscape. Factors statistically associated with the

parcelization metric included the percent change in population, the total estimated market value, and the percent forested acres adjacent to public water.

Mike's take home message from the study was that parcelization is a judgment call and definitive identification of a parcelized landscape is difficult. The assessment of parcelization was more complex than the authors anticipated.

Dave Zumeta asked Mike to reflect on potential policy responses to identified parcelization "hot spots". Mike responded that this study provides a snapshot of forest parcelization. Steve added that while they were able to evaluate parcelization as a process in their earlier Itasca County study, the current study considered parcelization as a product and identified hot spots. The policy question is whether to focus on the hot spots where parcelization is expected or on low-risk spots in order to keep them forested. Dave stated that the data could be quite useful as a baseline against which to measure trends. Steve agreed but noted the need for counties to keep their GIS parcel data up-to-date.

Shawn Perich asked whether there is a way to merge this data with trends in land sales. Mike responded that he and Steve have been collecting the land sales and forestland data to investigate whether the real estate hot spots are the same as parcelized hot spots. Shaun Hamilton noted that such an analysis would provide a metabolism model; however, the policy response must still be identified.

Outdoor Heritage Fund draft 25-year funding framework

Mike Kilgore introduced the next agenda item, noting that the draft framework developed for the Lessard-Sams Outdoor Heritage Council (LSOHC) would not be where it is without the support from MFRC staff and members who participated in the advisory committee and working group. He introduced Judy Grew, a consultant with the Department of Administration's Management and Analysis Division (MAD).

Judy provided background on the creation of the LSOHC under the constitutional amendment in 2008. The LSOHC recommends appropriations from the Outdoor Heritage Fund. By statute, a 25-year framework outlining plans for OHF appropriations must be developed by January 2011. To develop the framework, the LSOHC decided to build on the vision, priorities and funding targets they identified in 2009. The 2009 vision resulted from regional meetings held in the summer of 2009 to identify key priorities and goals provided by conservation professionals and citizens across the state.

Judy described the process used to develop the framework. MAD staff worked with a number of different groups including the LSOHC members and staff, a leadership group (to provide organization commitment), an advisory group (to provide advice on methods) and a working group (for project management and data collection). She described the elements of the framework, including: identification of the conservation estate, a summary of historic efforts and three investment scenarios for the future. Other elements added by the working group included a discussion of opportunities, goals and constraints identified by conservation partners and a results management framework to identify methods to measure success. The conservation estate was an attempt to measure the quantity of habitat currently in Minnesota. To estimate historic investments, the working group surveyed conservation entities spending at least $1,000,000 per year on protection, restoration and/or

enhancement activities. To be included in the estimate, the primary goal of reported investments had to be the direct protection, restoration or enhancement of habitat. Three investment scenarios were developed to place some realistic sideboards on the outcomes and tradeoffs that may be anticipated with future investments. Scenario 1 projected historic investments to identify outputs that may be expected if the OHF would not have existed. Scenario 2 extended the OHF investment decisions made in the first two years. Scenario 3 was a "Maximized Allocations" projection which identified outputs that could be achieved if all OHF funds were allocated to one habitat and one activity.

Key conclusions identified in the report suggest that:

- the 2009 planning targets exceed the capacity of the OHF and conservation entities added together (the OHF alone could support about 25% of the planning targets),
- the OHF could almost double existing protection efforts and add an additional 10% to restoration and enhancement,
- the OHF and current efforts could increase the number of publicly owned and privately protected habitat by 15% over the next 23 years,
- all estimates are highly dependent on growth rates – the purchasing power of the dollar, and
- tailored strategies are necessary due to differing attributes among sections.

Judy welcomed comments from MFRC members, noting that the framework is out for public review until December 10th. Council members raised concern regarding the inclusion of cropland in the "non-habitat" category of the conservation estate. Leslie McInenly responded that the working group acknowledged that cropland provides habitat but eliminated it from the estimate of current "habitat" due to the level of conversion (from cropland to another land cover type) that would be required for purposes of the Outdoor Heritage Fund.

Public Communications to the MFRC

Bruce ZumBahlen reported that the Department of Revenue noticed Sustainable Forest Incentive Act (SFIA) enrollees that errors in 2009 SFIA payments will be corrected. The Department is working to fix the problem.

MFRC Member Communications

Dave Epperly reported on the early retirement incentive offered to DNR employees. There were over 100 applicants. Dave indicated that a good proportion of those applicants will be retiring. There is desire to fill positions, but each position will be reviewed and the budget will play a large role.

Dave Zumeta, on behalf of the Council staff, thanked Rick Dahlman for the support he has given to the monitoring program. Rick was one of the DNR employees to apply for retirement.

Shawn Perich reported that a group of volunteers in Cook County is looking at setting up a bio-energy facility. He indicated folks should contact him if they want to receive communications regarding this effort.

The meeting was adjourned at 3:30 p.m.