

Minnesota Forest Resources Council
Minutes
Cloquet Forestry Center – Cloquet, MN
26 January 2011

Members Present: Al Sullivan (Chair), Wayne Brandt, Bruce Cox, Alan Ek, Dave Epperly, Dale Erickson, Shaun Hamilton, Joel Koemptgen, Bob Lintelmann, Gene Merriam, Dave Parent, Shawn Perich, Kathleen Preece, John Rajala, Mary Richards, Jim Sanders, Mike Trutwin

Guests: Steve Betzler (MN Power), Anna Dirkswager (DNR), Bob Krepps (St. Louis County), Mike Polzin (MN Power), Dave Schuller (DNR)

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 reported on the status of MFRC appointments/reappointments. Gubernatorial appointments to date have focused on Cabinet members and Governor's office staff. Al also provided an update on the 2010 MFRC annual report. Today was the deadline for comments; the report will be finalized by January 28th.

Public Communication

None.

Approval of the 1 December 2010 Minutes

Dave Parent moved to approve, and Dave Epperly seconded, the 1 December 2010 MFRC minutes. *The minutes were approved.*

Approval of the 26 January 2011 Agenda

Mike Trutwin moved to approve the 26 January 2011 MFRC agenda. John Rajala seconded the motion. *The agenda was approved.*

Executive Director Remarks

Dave Zumeta reported on meetings he has had with legislators and provided an update regarding a recent legislative committee oversight hearing. Dave noted his appreciation for the testimonies provided by Dave Epperly and Wayne Brandt.

Committee Reports

Personnel and Finance

The Personnel and Finance Committee has not met since the last Council meeting.

Site-level Committee

Dave Parent commented that the site-level meeting summary was available in the *Committee Reports* document. Rob Slesak added that committee members have been meeting regularly, the guideline

evaluation process is proceeding well and the committee anticipates guideline revision recommendations to the Council will be on time.

Landscape Committee

Shaun Hamilton commented that Landscape Program documents were emailed to members in advance of the meeting. The recent landscape committee meeting was productive. Draft minutes (distributed) set the stage for future landscape plan updates and implementation. The committee would like Council direction regarding identification of situations that should trigger landscape plan updates.

Information Management Committee (IMC)

Kathleen Preece reported that the IMC has been educating itself in order to guide the March MFRC meeting to be focused on climate change. The committee is focusing on climate change and forest health in recognition of the need to further address those two issues which were identified in 2008 as Council priorities. In addition to planning for the March meeting, the committee has been rounding up information pertaining to forest health. Members have been discussing what “forest health” means with respect to being a Council priority issue as well as identifying the associated roles of different agencies and organizations. The committee will bring the forest health topic to the Council in the near future.

Written Communications to the MFRC

Dave Zumeta distributed copies of an email he sent to Commissioner Holsten prior to the Commissioner’s departure from the DNR. The email thanked the Commissioner for his many contributions to Minnesota’s natural resources management.

Committee of the Whole: Proposed *ad hoc* Committee on Site-level Guideline Implementation

Al opened discussion on potential appointment of an *ad hoc* committee regarding site-level guideline implementation, noting that a final decision was postponed at the December meeting due to his absence.

Dave Parent provided background on the impetus for consideration of an *ad hoc* committee, noting there is frustration resulting from difficulty in trying to evaluate guidelines which are site-specific. He suggested that there ought to be a better feedback loop between the Minnesota Forest Resources Partnership and the MFRC.

Rob Slesak had a different perspective on the factors resulting in the current discussion. He noted that we now have a series of monitoring data results which are starting to show some trends in guideline implementation as well as some consistent results over time. Rob questioned how the monitoring data has been used and noted that there hasn’t been discussion regarding improvement of guideline implementation. There has been no concerted effort to evaluate whether action is necessary or to develop implementation goals as identified in the Sustainable Forest Resources Act.

Rob reviewed the voluntary approach, which includes development of guideline implementation suggestions, research, and compliance monitoring. The components should all form a feedback loop to make improvements in guidelines. Information transfer regarding guideline implementation and effectiveness has not been very good, in part because the responsibility for such communication is not

clear. Additional barriers to information transfer include: a lack of criteria, irregular reporting cycles and limited resources.

Rob proposed that a committee be established to evaluate strategies to achieve “sufficient” levels of implementation. Goals of the committee would be to improve data utilization, to identify implementation levels that will protect forest resources and to identify approaches necessary for achievement. Questions to consider might include: Does the guideline reflect field conditions? Is the guideline achievable? Is the level acceptable? What can be done to improve the guideline or implementation?

Joel Koemptgen asked whether there are models in other states or countries that might be helpful. Rob responded that there are general models to consider; however, he feels that Minnesota has a good model. The problem is that some of our feedback loops are not working well. Joel suggested placing higher value on monitoring, and that monitoring seems under-resourced.

Al raised concern about potential overlap with the guideline revision process. Rob responded that while the two efforts should be linked, the goal of an *ad hoc* committee would be to identify achievable, effective guidelines and determine the level of implementation required to protect forest resources. The process of the *ad hoc* committee could inform the revision.

Dave Epperly noted the need to distinguish between implementation rates of those who choose to voluntarily implement the guidelines versus all practitioners. Al added that the original intent of the voluntary approach was that enough compliance would occur on the whole in order to have a good overall outcome. We need to know whether landowners are accepting the guidelines as well as whether the guidelines are being accomplished. Rob responded that the program does ask whether folks are using the guidelines. For the most part, private landowners are the only ownerships for which the voluntary approach applies. Overall, non-industrial private landowners are implementing guidelines at the same level as everybody else. Dave Parent suggested that loggers are the common factor resulting in implementation rates across the landscape. Rob responded that institutionalizing practices among loggers is a great example of a mechanism to improve site-level implementation.

Jim Sanders noted concern that the discussion seems to imply the assumption that low use of guidelines indicates that the guideline is incorrect. It is important to know whether the activity triggered the need for guideline implementation (e.g., are folks avoiding riparian areas to avoid guidelines?). We don't ask why a landowner decided not to use guideline; there is a social aspect that is qualitative. Wayne stated that the inability to note deviations from guidelines is a flaw of the system. As a voluntary program, acceptance of the guidelines is necessary. Wayne voiced concern that the MFRC is in the midst of guideline revision and capacity to staff an additional committee is unclear given budget concerns. He suggested postponing a decision to set up an *ad hoc* committee until the status of the budget is clear.

Al raised consideration of stakeholder perception of the Council and guidelines; discussion ensued. Dale Erickson stated that information transfer is the greater concern for logging interests. He suggested the committee evaluate the placement of the monitoring program (in DNR or elsewhere).

Gene Merriam stated that assessment of effectiveness is an important function, noting that the voluntary guidelines are a lynchpin to the SFRA and activities of the MFRC. One of the charges is for the Council to review what the effectiveness monitoring tells us, determine if our goals are met, and if not, what should occur. Shawn Perich suggested that this may be an opportune time to address the issue given the lower levels of industry activity.

Shaun Hamilton reiterated the idea that influencing loggers and consultants provides the best opportunity to make an impact and improve implementation. John Rajala stated that water quality is a major concern. He requested information regarding where the guidelines stand in relation to water quality.

Al thanked folks for the robust discussion that will inform his decision.

Landscape Plan Implementation Monitoring

Shaun Hamilton introduced discussion on landscape plan implementation monitoring. With respect to the landscape plans, implementation monitoring is a progress report (measuring progress toward goals), not a status report.

Clarence Turner discussed motivations for landscape plan implementation monitoring. The plans have been in place for a number of years and it is an appropriate time for self-assessment. We also need to inform funding partners: there is a need to tell the story about how effective the program has been in order to continue the work.

Clarence reviewed the northeast landscape partners who provided information necessary to develop a monitoring report. He then provided an overview of the general monitoring data and reporting format to be used for the Northeast Landscape Plan (the first regional plan to be monitored), a system that will also be used in the other MFRC landscapes.

Each landscape plan articulates long-term goals for the desired future forest conditions. For example, the northeast landscape committee articulated goals for the native plant communities in that landscape. The monitoring report will identify specific accomplishments toward goals. Clarence reviewed his reporting methods and noted that the land managers used a variety of methods to satisfy his data request. All respondents mapped the relationship of management stands and ecological plant communities. Some respondents provided age classes, some characterized the treatments imposed, and some characterized silvicultural objectives for treated stands or other stands.

Clarence will compare the reported silvicultural objectives to GIS data on the potential native plant communities (based on modeling developed by George Host and Mark White) to determine whether actions taken by the managers contributed to landscape plan goals. For example, of the 16,000 acres harvested by the DNR, 31% could be reasonably interpreted as contributing to goals of the landscape plan. Clarence plans to follow up with the respondents on some questions and data clarifications, extract take-home messages into a report, and prepare to repeat the process in another landscape.

Shaun asked whether compliance percentages in landscape plan monitoring are somewhat analogous to site-level guideline monitoring. Clarence responded that there is some similarity; there may be a number of reasons why landscape goals were not pursued on certain sites. Bob Krepps added that there are situations in which managers make a conscious decision to diverge from landscape plans (e.g., limited funding for regeneration may result in the decision to let aspen regenerate instead of replanting). Jim Sanders commented that one of the first objectives was to get all the players in the same room; an accomplishment not to be overlooked. Discussion regarding refinements in understanding silvicultural practices and their contribution to landscape goals ensued.

Dave Zumeta asked how the reports may influence updates to the landscape plans and goals. Clarence responded that the goals articulated in the plans are often too far removed from actual management objectives, both in terminology and in practical matters. He suggested a plan revision should focus more on current management concerns. Lindberg stated that the monitoring data indicates that the region is moving toward desired future conditions and noted that good news builds momentum for the planning process. Further discussion regarding opportunities to revise the plan, goals and indicators ensued.

School Trust Land Issues: providing revenue for schools, land classification, cost certification

Dave Schuller, Minnesota DNR Division of Forestry Lands Management Coordinator, reviewed trust land: what is it, types (school and swamp trust lands), and how the land was granted. Net revenue from trust land goes to the permanent school fund (PSF). Out of 5.4 million acres that DNR manages, 2.4 million acres are trust land. Sixty percent of the land is commercial forestland, 22% is non-commercial forestland (stagnant, BWCAW, old growth) and the remainder is non-forested land. Dave described the scattered distribution of trust land throughout the northern forest and noted that much of the trust land is considered non-prime forestland.

Dave reviewed some of the issues related to trust land, including: management and statutes, revenue, and initiatives. While trust land is governed by a number of statutes, M.S. 127A.31 is the primary directive determining management of the trust lands, the goal of which is “secure the maximum long-term economic return, with sound natural resource conservation and management principles”. Significantly, the 1998 Auditor’s report stated that while DNR has a fiduciary responsibility to the Trust, they must also follow state law. For example, the Auditor’s report referenced M.S. 89A (the Sustainable Forest Resources Management Act) that requires the DNR to pursue sustainable management, use and protection of the state’s forest resources. Protection includes protection of endangered species and their habitat as described in MS 84.0895. In some cases, this requires management that precludes timber harvest. The DNR applies sound management practices to all state lands based on policy, guidelines and land characteristics.

Dave discussed reasons why revenues have decreased. The 2008 repeal of M.S. 126C.21, subd. 1^a provided extra money from the trust to the schools, increasing the benefit of the PSF to the schools. At about the same time, PSF revenue decreased as a result of declines in the timber market and

^a a requirement that reduced general education aid by the amount a district received in income from the permanent school fund

adjustments to the management cost recovery process. From 2000-2008 the trust lands generated \$3-6 million in revenue to the PSF; revenue dropped to \$200,000 in 2009.

Dave reviewed systems used by other states to generate revenue from trust lands. Utah is often identified as a potential model. However, Utah has very different resources and opportunities: Utah generates over \$86 million from oil, gas, coal and potash leases; generates \$250 million from real estate development; and has 95% of trust acres under grazing leases. In comparison, one third of Minnesota's trust revenue is from forest products and similar industrial (oil/gas/potash) and development opportunities are very limited on Minnesota trust lands.

Dave described initiatives being pursued in Minnesota to increase trust fund revenue, including a pilot project to exchange old growth forest acreage for productive forest (internal DNR exchange); sale and exchange of trust land within the Boundary Waters Canoe and Wilderness Area to the USDA Forest Service; and exploration of alternatives to cost certification.

Joel asked Dave to comment on the biggest threats raised by the pressure to increase revenue. Dave responded that legislation could be passed in which responsibility for management of trust lands could be placed within another agency. Dave Epperly added that the biggest threat is that the desire to generate revenue will overshadow management of resources.

Gene commented on other factors influencing the trust land discussion, including several decades of benign neglect. The responsibility is to generate revenue for school kids, yet we end up with some land in state parks and old growth forests, and generation of revenue is not high on the agenda. A few dollars per pupil rests or falls with the PSF and now, with funding limitations, all are aware of it. Legislators spread across the nation are talking to each other about school fund lands. While a separate forestry department to manage trust lands doesn't make sense, there must be some demonstration that we are serious about generating revenue. Bob Krepps added that there is limited recognition that the economy plays a role in the balance of the trust as well. The economy has hurt the mineral side and the investment revenue from the corpus of the trust; however, forest management is the only piece garnering attention. Dave Epperly noted that forestry costs are the only costs that are certified (versus minerals, for example). Further discussion regarding the cost certification process ensued.

Shawn Perich asked about potential revenue from nonferrous mining. Dave Schuller responded that, as long as the state owns the mineral rights, mining could have a large impact on revenue during good years. Dave Parent inquired about potential leasing programs. Dave Epperly responded that there is significant resistance to the idea of leasing because it restricts access for other purposes, such as recreation.

Shaun Hamilton stated that Washington State has an interesting model in which a number of different trust accounts are used. The state appropriated out nonproductive lands and had legislative bonding to sell lands for parks and other protected areas, citing intergenerational equity (a requirement to pass on ecological assets as well as benefits from economic assets).

Council members discussed opportunities for land exchanges, the potential drawbacks of such transactions, and the overall value of trust land to the community and statewide economy.

Forest Resources Research Assessment Outcomes

Al introduced the presentation on the Forest Resources Research Assessment, noting that the MFRC developed a similar assessment in 1998. By statute, the MFRC is required to periodically conduct an assessment of forest resources research in Minnesota.

Calder Hibbard provided background on the Council's Research Advisory Committee (RAC), which was reenergized in 2007 by funding which provided approximately \$550,000 for research on ecological impacts of woody biomass harvesting, stumpage prices and timber sale policy, and forestland parcelization. He reviewed the RAC purpose, membership and statutory charge. Once the grants were distributed in 2008, the committee addressed other committee responsibilities, one of which is the periodic development of a forest resources assessment.

The RAC identified several goals for an updated research assessment, which included: informing federal, state, local and private decision makers of research needs; encouraging investment; increasing efficiencies and collaboration; and assessing the competitiveness of Minnesota's forest resources research infrastructure and capacity. The RAC established an advisory panel of senior administrators and researchers to inform and develop the assessment. Calder reviewed the panel membership.

To develop the report, the panel surveyed all entities doing forest-related research in the state. Entities were asked to respond to questions about their charter, mission and values, the structure of research units, the amount and nature of their funding, as well as the audience and nature of their research products. Entities were also asked to rate progress made on research needs identified by the 1998 research assessment.

Calder reported that the most substantial progress was deemed to be made in research associated with forest fragmentation and in monitoring changes in forest resource conditions. Research needs deemed to have experienced the least amount of progress were associated with private land policy and program design as well as interactions involving wood products and tourism. The total estimated forest research funding in Minnesota (2008) was \$11.5 million. Most research budgets have been declining or are flat. The responses indicate there is substantial but aging research infrastructure (labs, facilities, long-term research sites).

With respect to current and future research needs, the panel identified 20 areas in need of research. Members were asked to rate the need for research and rate the top five topics. A subset of the panel worked in each of five topic areas and identified major research questions. Calder reviewed the topics and associated questions. Topics included: forest health threats; implications/mitigation of climate change; forest parcelization, fragmentation and development; change/losses in biodiversity; and woody biomass harvesting/energy.

Calder discussed next steps for the assessment process. He asked for input from the Council and stated that MFRC staff intends to share the draft assessment via two public forums prior to finalizing the

report. Dave Zumeta added that the Legislative-Citizen Committee on Minnesota Resources is extremely interested in this report. He also suggested it would be good to share the findings with the appropriate managers and administrators in DNR.

Questions regarding the report and research needs timeline as well as additional research topics were discussed by the Council.

Public Communications to the MFRC

None.

Member Communications

Jim Sanders reported that Darla Lenz will assume her position as Forest Supervisor for the Chippewa National Forest during February. Darla will become Jim's alternate on the Council. Jim also stated that the Forest Service has been working on incorporating climate change into its planning. A pilot effort was initiated last year in northern Wisconsin. The Forest Service will be transferring the climate change planning process to national forests in Minnesota and Wisconsin. The Forest Service considers the Council key in bringing the process in Minnesota. Dave Zumeta added that he has been approached by Mike Prouty, Executive Director of the Great Lakes Forest Alliance, to co-convene a discussion on an "all lands" approach to climate change in Minnesota.

Wayne reported that this has been a pretty tough year for logging. Significant snow and moderate temperatures conditions limited the amount of frozen ground. Wayne thanked Dave Epperly and the counties for extending permits and working with the loggers. He also commented on the number of legislators that Dave Zumeta visited this winter, noting that communicating the value of the Council will be very important this year.

Dave Epperly provided an update on staff in Commissioner Landwehr's office. He stated that the Division and Regional Directors have all had the opportunity to meet one-on-one with the Commissioner. Dave added that the Commissioner is a very open and quite interested in forestry as well as other issues.

Kathleen Preece reported that Mike Polzin (MN Power) is the new (2011) Chair of the Minnesota Forest Resources Partnership.

Mike Trutwin reported that the Wood Fiber Employees Joint Legislative Council will meet in mid-February and will be meeting with legislators. Maintaining funding for the MFRC organization is a priority for the group.

Jim Sanders moved to adjourn the meeting. Mike Trutwin seconded the motion. *The meeting adjourned at 2:25 p.m.*