

Minnesota Forest Resources Council
Minutes
MN DOT Training and Conference Center – Arden Hills, MN
25 May 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, Kathleen Preece, Jim Sanders, Mike Trutwin.

Absent: Mary Richards, Shawn Perich, John Rajala

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

Guests: Don Baloun (NRCS), Sarah Crow (UMN), Anna Dirkswager (DNR), Eriks Dunens (UMN), Amber Ellering (DNR), Kris Johnson (UMN), Jitendra Kumar (UMN), Tom Landwehr (DNR), Darla Lenz (USFS), Mary McConnell (DNR), Emily Peters (UMN), Kathy Quick (UMN), Dave Schad (DNR), Bob Stine (UMN), Barb Tormoehlen (USFS), Bruce ZumBahlen

Chair's Remarks

Al Sullivan welcomed members and visitors. He asked for a round of introductions. Al noted that this meeting will likely be his last meeting as Chair. Al reflected on the history of the Council as well as his two terms as a member of the MFRC. He offered some parting remarks; in particular noting the respectful manner in which Council members work together and the credibility of the MFRC. Al will miss working with Council but reaffirmed his belief that it is time to hand leadership to a new Chair.

Public Communication

None.

Approval of the 23 March 2011 Minutes

Jim Sanders moved to approve, and Dave Parent seconded, the 23 March 2011 MFRC minutes. *The minutes were approved.*

Approval of the 25 May 2011 Agenda

Joel Koemptgen moved to approve the 25 May 2011 MFRC agenda. Shaun Hamilton seconded the motion. *The agenda was approved.*

Executive Director Remarks

Dave Zumeta provided an update on the status of member appointments. If for some reason the Governor is not able to make reappointments by June 30th, current members will automatically be reappointed to another term under state law.

Dave also provided an update on the state budget. The Governor vetoed nine major spending bills, including the omnibus environment, energy, and natural resources bill. Unless a special session is called

and some resolution reached prior to July 1, state government will shut down beginning July 1. Council staff would be furloughed for an indefinite period until a budget agreement is reached.

Committee Reports

Personnel and Finance

Al Sullivan reported that the Personnel and Finance Committee has not met since the last Council meeting.

Site-level Committee

Dave Parent noted that a summary of the last Site-level Committee meeting was mailed to members. Progress is being made on guideline revisions. The committee began the process of addressing invasive species. Dave has asked staff to review the noxious weed law and identify the responsibilities of agencies identified in the law.

Wayne Brandt asked whether there may be any complicating factors in the revision process as a result of a potential government shutdown. Dave Zumeta responded that there may be schedule adjustments.

Mike Trutwin voiced concern that there is no clarification regarding how the noxious weed law should be applied to agriculture versus the forest industry. Dave Parent responded that the Minnesota Department of Agriculture includes buckthorn and garlic mustard on their noxious weeds list and suggested clarification of responsibilities is needed. Bruce Cox stated that every county has a weed inspector and that they are responsible. Dave Zumeta stated that staff will look into the issue.

Landscape Committee

Shaun Hamilton asked Lindberg Ekola to distribute minutes of the recent Landscape Committee meeting. Today's agenda includes an action item regarding an update of the Northeast Landscape Plan.

Information Management Committee (IMC)

Kathleen Preece reported that the IMC met in early April in Duluth. The committee has been focusing discussions on forest health and climate change to inform the Council policy issue discussion in late September. Calder Hibbard added that the committee spent a good amount of time discussing federal and state budget concerns with respect to forest inventory. The committee has been engaging staff in other agencies regarding a more strategic approach to the pest and pathogens piece of forest health.

Written Communications to the MFRC

None.

Committee of the Whole: Draft Resolution to approve MFRC coordination of Northern Minnesota Climate Change Response Framework and to update the Northeast Landscape Plan

Shaun Hamilton introduced discussion on the suggestion to update the Northeast Landscape Plan (NE Plan) and to participate in coordination of the Northern Minnesota Climate Change Response Framework (MN CCRF). The meeting mailing included a MN CCRF scoping document, a memorandum from the Landscape Committee to the Council requesting an update of the NE Plan, and a diagram

illustrating major forest-related efforts in the Northeast region. The draft resolution identifies two options for Council consideration: (Option A) to approve MFRC staff involvement with the MN CCRF coordination effort or (Option B) to approve MFRC staff involvement with the MN CCRF coordination effort and a full NE Plan revision. The Landscape Committee unanimously supported Option B.

Jim Sanders stated that the Forest Service wants to incorporate climate considerations into National Forest planning. Four National Forests around the United States did pilot testing to look into what this would mean for National Forests; one pilot project was on the Chequamegon-Nicolet National Forest (CNNF) and surrounding lands in Wisconsin. Research was conducted to assess forest vulnerabilities and identify management responses. The intent is to expand the Wisconsin CCRF work to the Lake States.

Dave Zumeta stated that the MFRC and Great Lakes Forest Alliance (GLFA) co-hosted a meeting in March to assess the interest in and viability of a CCRF for Northern Minnesota. There was a great deal of interest in having the MFRC assist with coordination of the MN CCRF. The MN CCRF would facilitate future updates of five MFRC landscape plans. At the meeting, Council staff agreed to work with several partners to develop a draft scoping document. Dave reviewed the draft document.

Dave elaborated on the expansion of the work from Wisconsin. Products developed in Wisconsin will be supplemented and enhanced by work already developed in Minnesota (e.g. DNR and The Nature Conservancy research and products). Funding is in place for the Northern Institute of Applied Climate Science (NIACS - USDA Forest Service) to expand the CCRF work to Minnesota and Michigan. The focus would be on forests as a primary filter with additional factors addressed as they relate to forests. Other initiatives will contribute the MN CCRF (e.g., the Boreal Forest and Community Resilience Project).

Dave reviewed components of cross-ownership coordination, the role of and participants in prospective science and coordination teams, the MN CCRF timeline and a draft budget. Jim stated that, with the MFRC, Minnesota Forest Resources Partnership (MFRP) and the various landscape plans/committees, Minnesota has a significant leg up on the CCRF process. Dave indicated he would reallocate a portion of his time to play a leadership role and have Leslie McInenly play a significant support role. Staff involvement in the coordination will not require additional resources; there will be a shift in priorities.

Dave asked Barb Tormoehlen and Darla Lenz to comment on the MN CCRF and proposed MFRC involvement. Barb responded that State and Private Forestry (S&P, USDA Forest Service) was involved in a Shared Landscape Initiative for the Wisconsin CCRF because there is not a corollary to MFRC in Wisconsin. She noted that the MFRC Landscape Program can facilitate much of the coordination needed. Darla Lenz stated that the structure of the MFRC puts Minnesota months ahead in the CCRF process as compared to the work in Wisconsin. It is important to the National Forests that we understand climate change and potential responses. The Forest Service is interested in this work.

Shaun noted that one main focus of the CCRF initiative is an all-lands approach and asked who would be better suited than the MFRC for the role of convener and collaborator.

Wayne commented that the participant lists identified on the scoping document seem narrow; no private sector involvement was identified for the coordination team. Dave Zumeta responded that Jim

Marshall (UPM-Kymmene Blandin Paper Company) indicated that his staff would likely be interested in participation. He acknowledged the need for greater engagement and noted that the invitation is open to participate. There will also be a need to engage private landowners (e.g., through MFA). The Council would also engage private sector interests through landscape committees.

Wayne suggested that the science team should consider including National Council for Air and Stream Improvement representation. Alan Ek suggested that the science team should be broadened to researchers specializing in disciplines such as forest genetics, silviculture, and forest health. Shaun added that the American Forest Foundation should also be involved.

Dave Parent stated that water should be included in the scope of variables addressed. Dave Zumeta responded that water and wetlands were brought up as very significant during the March meeting. There is tension regarding recognition of critically important factors and a need to focus the work due to finite budget and staff capacity. Shaun urged that water should be more explicitly mentioned in the document. Dave Epperly suggested the scoping document should be revised to better identify the important role of the MFRP in field application.

Lindberg reviewed the memorandum from the Landscape Committee to the Council. Committees have been working for 8-10 years on landscape plans through a process of planning, coordination, implementation, and monitoring; however, the Sustainable Forest Resources Act of 1995 did not set up a framework for maintaining the landscape plans over time. The diagram Lindberg presented to the Council illustrated the various partnerships and projects that will help the Council expand and develop second generation landscape plans. The various initiatives in the Northeast present a great opportunity for the Council to move forward and embark on the next generation of plans.

Shaun stated that the plan revision was actually a request from the NE Landscape Committee. Committee members have the interest, engagement, and involvement needed to pursue a revision.

Shaun Hamilton moved Option B for approval by the Council. Kathleen Preece seconded the motion.

Wayne stated that, for the plan update, the diagram is most descriptive in illustrating important inputs; one of which is the MN CCRF. Wayne felt it would be appropriate to support both activities.

Mike Trutwin asked whether the scoping document will still be a draft if the Council approves the resolution. Al clarified that the Council is only considering approval of the resolution; the scoping document will be refined.

Dave Parent inquired about monitoring plans and benchmark data. Dave Zumeta replied that Clarence Turner has been actively engaged in a series of meetings and presentations regarding monitoring implementation of the NE Plan. Jim responded that the Northeast landscape committee is trying to establish a baseline and will inform plan revision to better measure targets collectively. Dave added that the MFRC has contracted with the University of Minnesota Duluth to update an economic analysis from 2001. The report will add a more robust economic component to the NE Plan.

Wayne asked about the potential impact of a long delay due to a prolonged government shutdown. Jim responded that partners would likely work on pieces that would not be affected by the MFRC absence and will move forward as much as possible. Jim complimented Leslie and Lindberg on the framing and development of the scoping document and Northeast Region Efforts diagram. Al commented on the amount of work committee members and partners involved in the NE Plan revision are willing to assume and suggested it is a testimony to what the Council and partners can accomplish together.

The Council approved MFRC leadership in the Northern Minnesota Climate Change Response Framework coordination and revision of the Northeast Landscape Plan (13 -0 in favor; the Chair abstained).

NRCS private forest management initiatives

Dave Zumeta introduced Don Baloun, State Conservationist for the Natural Resources Conservation Service (NRCS), and noted that MFRC has enjoyed a good relationship with Don through representation on the NRCS State Technical Committee.

Don provided a brief overview of the NRCS and the private land programs he administers. Don is interested in greater interaction with the forestry community. He discussed concerns regarding state and federal budgets and potential impacts of budget reductions on programs such as the NRCS Environmental Quality Incentives Program (EQIP) and the Conservation Reserve Program. Don is also very concerned about discussions suggesting closure of the state tree nurseries.

The Minnesota State Technical Committee advises NRCS on natural resources provisions of Farm Bill legislation. Don is seeking greater input from private forest landowners and farmers. There has been a significant gap in the participation of forestry interests in NRCS programs. Don is also seeking additional opportunities to educate and inform private landowners.

To increase the number of forestry projects funded by NRCS, Don has targeted \$1 million in EQIP funding for a statewide forestry initiative in 2012. Private and public land will be eligible for project funding. Funding will be available October 1, 2011. Applications will be accepted on a monthly basis. Don reviewed the ranking criteria for projects, which includes additional points for participation in MFRC priority landscape projects.

The NRCS is also working on streamlining forest management plans and ensuring that that NRCS plans meet requirements of other agencies. There has been quite a bit of discussion regarding opportunities to energize private service providers. Don is looking for feedback on the highest priorities for forestry in Minnesota in order to incorporate priorities into statewide ranking of projects.

Dave Epperly asked Don to comment on potential impacts if state programs like the Sustainable Forestry Investment Act (MN) and the Managed Forests Law (WI) disappear. Don responded that he could foresee a giant leap backwards with respect to private forest management.

Dave Parent suggested appealing to issues that are meaningful to the landowners (e.g., wildlife habitat) and noted there may be an overemphasis on tree planting. Dale Erickson inquired about NRCS outreach efforts. Don responded that the NRCS cannot invest in outreach materials but would like to work with

partners to communicate opportunities. The Minnesota Deer Hunters Association, Pheasants Forever, Minnesota Forestry Association and Tree Farm organizations were suggested as good partners in outreach. Dave Zumeta asked Don to provide the MFRC with information on NRCS programs related to forestry and consider having NRCS staff present at future Council meetings.

Barb Tormoehlen stated that Don has made a commitment to recognize landscape stewardship plans as a base for NRCS project funding. She noted that the EQIP opportunity is significant for landscape plan implementation and has received recognition at the national level. Barb thanked Don for his support.

Overview of public and university forestry program funding in Minnesota

Dave Zumeta introduced a panel discussion on public and university forestry program funding.

Jim Sanders provided an overview of USDA Forest Service (USFS) funding and trends over the past decade. With respect to Forest Service appropriations from 1998 through 2010, total appropriations to the Forest Service have been increasing; however, funding for research, the National Forest (NF) system and State and Private(S&P) Forestry have not increased. Ten years ago, fire management represented 23% of the total budget; today it represents 45% of the budget. Within the NF system (2003-2010), Region 9 (Eastern Region) is ranked second-to-last with respect to appropriations. Jim reviewed funding trends among the Region 9 National Forests and by program areas on the Superior and Chippewa National Forests.

The fiscal year 2011 budget decreased by 5%, resulting in reduced land acquisition and capital improvements. The USFS is very integrated; if one program goes down, the whole agency is affected. Wildfire peaked three years ago at 48% of the budget. The competitive allocation process is a real concern; competition among National Forests for funding is now the way to drive initiatives.

The research program has received what is likely the biggest budget reduction in 20+ years. Vacancies at all levels are not being filled. The Forest Inventory and Analysis program is targeted for reductions. The program will receive full funding in 2011, but the agency is considering switching from a 5-year to a 7-year inventory cycle as well as dropping some measurement components. Funding for Forest Legacy is also down. Large incidents (e.g., mountain pine beetle) are shifting funds away from other programs.

Jim stated that the ability to work together and communicate/coordinate through the Council is an advantage in Minnesota for dealing with budget cuts across the agencies.

Dave Epperly provided an overview of strategies the Division of Forestry has been developing with an eye toward the future. Dave reviewed the mission of the DNR, the DNR's 2009-2013 Conservation Agenda and the vision and mission of the Division. He discussed benefits of a strong forestry division and commented on internal and external drivers necessitating a change in Division operations. The Division of Forestry has been engaged in a strategic initiative to create more adaptable and integrated forestry programs. Dave reviewed changes to Division programs as well as changes that are under consideration (e.g., a logger select project to enable the logging community to select harvest trees through better prescriptions, long-term forest management leases, and a one price timber appraisal system). The Division will continue to work on and refine strategies.

Bruce Cox provided an update on the funding situation within county land departments. Bruce reported that county land departments sustain management by working with the forest products industry and supporting operations through timber sales. Counties have a fiduciary responsibility to manage lands on behalf of the citizens. Bruce reviewed the distribution of county land revenues for land management (up to 30%), county parks (20%), general county revenue (20%), schools (20%) and townships and cities (10%). Land use and management is regulated by Minnesota Statute 282. Two sources of state funding that help support county land management include payments-in-lieu-of-taxes (PILT) and the state gas tax. Last year, counties received about 62.5 cents per acre in PILT. Bruce reported that the financial standing of counties is okay; timber sales are going well.

Wayne asked Bruce to comment on county timber sales. Bruce responded that the counties are very dependent on the timber industry. As long as Minnesota has a healthy timber industry, the counties will invest in forest management. Over the last five years, counties have increased their timber output to meet mill demand given reduced harvest on private land. County timber sales went from approximately 592,000 cords in 2006 to 727,400 cords in 2010. Counties are harvesting about 1.7% of their forest lands annually. A large number of counties are also certified for sustainable forest management.

Alan Ek distributed handout and commented on funding at the University of Minnesota.

Similar to other land grant institutions in the United States, the University of Minnesota (UMN) has a teaching, research and outreach mission. The Forest Resources Department runs on \$10 million/year. The state provides \$2.2 million, and the federal government provides \$ 400,000. The department faculty generates \$7.3 million annually through grant applications.

Alan commented on budget levels within the Department over his tenure. Historically staff would be provided funding in addition to their salary to support their work. Today, faculty members must seek funding to support their research.

Tuition will increase 4-5% in the coming year. State research and teaching budgets will be cut 11% for the next two years. With respect to federal formula funding, Alan anticipates a 6-8% cut for 2012. Federal grants will likely hold steady in the next year. With respect to state grants and related support, Alan anticipated the Interagency Information Cooperative and, perhaps, state nurseries (which are crucial to Minnesota's tree improvement program) will be eliminated. Major budgeting issues for UMN include reduced faculty numbers and reduced federal grant opportunities.

Council members asked the panelists a series of questions. Gene Merriam commented that Bruce's report made the funding situation sound very uniform among counties. Bruce responded that counties are quite uniform with respect to land management because their responsibility is very clear in statute. All counties are unified in the recognition that a healthy industry and logging infrastructure is needed.

Dave Parent asked whether mineral revenues are treated the same as timber revenues within the counties. Bruce responded that gravel is the only mineral counties have. Counties can benefit from stockpiling tailings on tax-forfeit land; however, this is a minor activity.

Dave Zumeta asked about the implications of reduced federal funding for universities and inquired about how to address a shift in research funding away from state priorities. Alan responded that the National Science Foundation and the Department of Energy likely provide the biggest share of federal funding to the University. The Forest Service research funding is not dominant but it is important because it localizes work and is usually more applied. A shift in priorities likely occurred 15-20 years ago due to the growth of federal research funding. The strategy to address state priorities is to hire and encourage people to find research grants that have a local application.

Dave Epperly commented that competition for limited S&P Forestry dollars is a big issue. All 20 states in the S&P Northeastern Area (same states as in NF system Region 9) compete for limited funding. Council members discussed the amount of staff time spent on grants as well as interdisciplinary opportunities, opportunities for collaboration, and shifts in staff priorities due to enhancing required fundraising skills.

Dave Zumeta asked for clarification on federal wildfire suppression funding and impacts to the National Forests and the DNR. Jim responded that the Superior and Chippewa National Forests use some basic funding for small fires and staffing/coordination; funding for larger fires comes out of a separate pool of funds as a result of the 2008 Flame Act. Dave Epperly responded that the DNR has a direct appropriation to cover expenses related to response preparation. There is an open appropriation for emergency responses. Expenses related to major fires on state lands are borne by the state. Costs have gone up, but the primary responsibility of the Division is to fight fire. DNR appropriations (direct and open) for fire are around \$17 million on average.

DNR Commissioner's perspectives on Minnesota forests and forestry programs

Al Sullivan introduced Department of Natural Resources (DNR) Commissioner Tom Landwehr. Tom opened his discussion by providing an overview of his career in natural resource management. Tom stated that he has enjoyed the opportunity to work on forestry issues with Dave Zumeta and the MFRC over the past few years and hopes to continue and deepen that relationship.

Tom discussed challenges and opportunities for the DNR. The business model the DNR has relied on in the past will not continue to work; General Fund money will not be available to the same extent in the future as it has been in the past. Changes in funding will impact DNR staffing and could impact the ability to put out timber. Looking forward, the DNR will be focused on increasing collaboration. Tom expects greater interdivisional work within the DNR.

With respect to diversifying funding sources, Tom does not know the extent to which grants will become a real opportunity other than through sources such as the Lessard-Sams Outdoor Heritage Council and for large protection projects. Funding basic operating costs is a challenge. There has been a great deal of focus on the management of school trust lands and discussion regarding the potential for an agency other than the DNR to manage those lands. Tom stated that separating management into different agencies is inefficient and thus a poor idea. Internally, the DNR will be addressing ways in which the management of trust lands should be done differently. Tom added that he has always counted on people outside of his organization for perspectives and insight. He will continue to look to the MFRC as a source of information, innovation, and vision.

Tom thanked the many MFRC members who spent time at the Capitol during the legislative session. Because the Governor vetoed all remaining budget bills other than Agriculture, the state does not have a budget going into the fiscal year that begins on July 1. Currently, 18% of DNR funding comes from the General Fund; remaining funding comes from restricted revenues. Within the DNR, money from the General Fund is not shared evenly: Forestry, Ecological Resources and Parks and Trails Divisions rely heavily on the fund. Current cuts will result in a 25% budget cut to the Division of Forestry (versus a 4% cut across the board). Ecological Resources and Parks and Trails will also be impacted. The Governor had no choice but to veto the environment, natural resources, and energy bill. The budget bill approved by the legislature also included policy items such as closing state nurseries. Tom discussed the process to convene a special legislative session. State agencies are in the process of contingency planning in the event that there will be a government shutdown.

Dave Parent asked about the impact of a shutdown on ongoing timber sales. Tom responded that the state cannot have contracts underway that would require DNR oversight. Dale Erickson stated that there will be a subsequent impact on mills. Discussion regarding critical state functions and approaches for communicating the value of forestry ensued.

Tom stated that the General Fund made up 40% of the DNR budget in FY2000 (compared to 18% last year). Twenty-five years ago, almost 2% of the state budget went to the environment (now it is 1%).

Dave Zumeta asked Tom to make sure that the Governor is aware that the Council exists and is available to support the Governor in relation to forestry matters. Al added that the Council has become more successful and has gained credibility over time but noted that new legislators are not aware of the amount of work that gets done through leveraging the resources of the Council and partners. He requested that Tom share that information with individuals who do not recognize the value of the Council. The Council is here to serve the Governor and the legislature, regardless of the party in office.

Public Communications to the MFRC

None.

Member Communications

Kathleen Preece reported that the Minnesota Sustainable Forest Initiative (SFI) implementation committee finished revising its landowner manual. Copies are available by contacting Wayne Brandt or Kathleen.

Jim Sanders moved, and Dale Erickson seconded, adjournment of the meeting. *The meeting adjourned at 3:30 p.m.*