

*Minnesota Forest Resources Council*  
Minutes  
Cloquet Forestry Center  
November 18, 2015

**Members Present:** Kathleen Preece (Chair), Susan Solterman Audette, Greg Bernu, Wayne Brandt, John Fryc, Alan Ek, Shaun Hamilton, Darla Lenz, Bob Lintelmann, Tom McCabe, Bob Owens, Dave Parent, Shawn Perich

**Alternate Members Present:** Anna Dirkswager (alternate for Forrest Boe)

**Members Absent:** Forrest Boe, Gene Merriam, Deb Theisen

**Staff Present:** Calder Hibbard, Lindberg Ekola, Rob Slesak, Clarence Turner

**Guests:** Amanda Bilek (Great Plains Institute), Jennifer Corcoran (MN DNR), Anna Dirkswager (MN DNR), Duane Lula (citizen), David Hinkle-Johnson (consultant)

**Chair's Remarks**

Kathleen Preece announced that the Governor's Office has officially appointed her as MFRC Chair. She noted several Council members' terms are expiring in the near future: Forrest Boe, Greg Bernu, Susan Solterman Audette, Bob Owens, Kathleen Preece, Alan Ek, and Darla Lenz. Kathleen's former position, a nonindustrial private forest landowner representative, is open as well.

Kathleen mentioned that Calder Hibbard and she attended the Governor's Economic Summit in East Lansing, Michigan. Presentations at the summit described why the Chilean Arauco company selected Michigan as the location of their new mill. The decision to invest in Michigan was largely due to the markets the company has in Ohio. Wayne Brandt commented that Minnesota was not 'in the game' for this type of green field investment. Kathleen mentioned the possibility of bringing this issue to the attention to the Lieutenant Governor Tina Smith on behalf of the council. Bob Owens added that Minnesota lacks a state organization that could take on this issue as a team. Anna Dirkswager talked about a variety of related economic issues that the Dayton administration has worked to address under the Minnesota Business First Stop team, identifying companies that are at the 'next scale' and ready for business development. Anna went on to talk about some of the complex challenges related to investment in Minnesota, saying that the state is actually 'in the game' – to an extent. Bob spoke about supply-and-demand dynamics and the need to have consumers in place. Anna spoke about the anxiety of investors related to the need to have financial securities because fiber is essentially maxed out on state lands. Wayne disagreed on this point. Kathleen suggested that this issue should be taken up at a future meeting.

**Approval of Meeting Minutes\***

Wayne Brandt approved, and Bob Owens seconded, the meeting minutes. The minutes were unanimously approved with a friendly amendment from Duane Lula, who attended the

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\* Action item

September 22, 2015 meeting as a private landowner, not as a representative of the Arrowhead Regional Development Commission.

### **Approval of Agenda\***

Shawn Hamilton approved, and John Fryc seconded, the draft meeting agenda. *The agenda was unanimously approved.*

### **Executive Director Remarks**

Calder Hibbard, Interim Executive Director, reminded Council members whose terms will expire in January 2016 that they or a replacement member must apply for their position by November 24. Wayne Brandt explained how re-appointments and new appointments are automatically renewed until there is an official replacement.

Calder mentioned continued updates to the MFRC website and work on an MFRC communications strategy. He asked Council members to submit testimonials to the MFRC, especially those recalled from the September 22 campfire discussion, to Rachael Nicoll. Wayne mentioned that the Timber Bulletin is highlighting the 20-year anniversary of the MFRC in an article with contributions from former MFRC Executive Director, Dave Zumeta.

The next MFRC meeting will take place on Wednesday, January 13<sup>th</sup>, 2016 in Shoreview at the Shoreview Community Center. Proposed meeting dates and locations for 2016 include: March 16 (Twin Cities), May 18 (Brainerd), July 20 (Cloquet), Sept 21-22 (Grand Rapids or Southeast Minnesota), and November 16 (Cloquet).

### **Committee Reports**

#### *Personnel and Finance*

Kathleen Preece reported that the committee has not met.

#### *Site-Level*

Dave Parent reported that a portion of the committee was able to attend an October 28 field tour. Dave referred Council members to the meeting minutes. Rob Slesak noted that the Site-level Committee plans to host additional field tours, paving the way for follow-up on the recommendations from the guideline implementation report.

Rob also talked about the Monitoring Program report coming in February 2016. The findings will be presented in March. Wayne Brandt asked if monitoring will occur as it was done in the past. Rob responded that this approach is not stop-gap, and the funding is secure for now. Momentum has also really ramped up. The council will evaluate the viability of this approach next year.

Dave Parent requested Shaun Hamilton, Landscape Committee Chair, to provide comment. Shawn remarked that this scale and approach makes sense from the viewpoint of a planning process. The method makes sense and has the structure and momentum to sustain it. Wayne asked how many sites were monitored this year. Jennifer Corcoran replied that it was 79 sites. Rob added that this approach facilitates inference about processes occurring at the watershed

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\* Action item

scale. Wayne inquired about the statewide cycle timing. Rob responded that even after the two-year cycle, with the scatter of sites, one could consider the monitoring to be occurring at a statewide scale. We could even be getting a better statewide picture with the new system.

#### *Landscape Planning/Coordination*

Shaun Hamilton and Lindberg Ekola handed out materials and reported that updates from the November 12 committee meeting will be presented later in the meeting.

#### *Information Management Committee*

Kathleen Preece reported that the committee met, referring Council members to the minutes for more details. The committee met with Rob Venette, Director of the Minnesota Invasive Terrestrial Plants and Pests Center (MITPPC), and discussed the recommendations from the forest industry competitiveness report. Calder Hibbard added that Rob Slesak presented on using Lidar data to assess the impact of landings.

Bob Owens asked Wayne Brandt about a federal transportation bill. Wayne replied that work on a transportation bill hasn't occurred in approximately ten years, but progress is happening. He mentioned an amendment that would affect weight limits on state roads. Senators are working diligently on this issue as it could reduce the number of logging trucks on city roads. Another amendment relating to truck weights did not pass, but Wayne hopes it will be included in the final bill. Greg Bernu inquired if the bill related to log trucks or all trucks. Wayne clarified that it would only affect log trucks.

Lindberg added that the Southeast Landscape Committee hosted a tour in June with Rob Venette and Heather Koop, MITPPC Associate Director. The committee is excited to become more involved in the center's work as the Southeast is an often initial pathway for invasive species into Minnesota.

#### **Written Communication to the MFRC**

None.

#### **Committee of the Whole: Biomass policy opportunities for Minnesota**

Kathleen Preece introduced Amanda Bilek, Government Affairs Manager, Great Plains Institute. Amanda provided background information on the Great Plains Institute and spoke about bioenergy materials sourced from forests. She provided information on the Minnesota Bioeconomy Coalition of Minnesota, exploring opportunities for sourcing biomass from existing resources in both forested and agricultural settings. She also noted that Minnesota is a world leader in terms of biochemical companies, highlighting some of the companies doing biochemical work (e.g., GreenBiologics, Sweetwater Energy) and current projects (e.g., cellulosic ethanol, anaerobic digestion, biomass heating, municipal solid waste).

Amanda provided information on a new policy, modeled a previous ethanol producer payment program. Minnesota has spent \$450 million between 1994-2012 in producer payments, and the ethanol industry provides approximately \$5 billion annually to the state's economy. It is a viable industry with a good return on investment. The Great Plains Institute conducted a study with

the University of Minnesota to evaluate the economic impact of potential ethanol production facilities. The “Bioeconomy bill” was drafted and presented in 2014 and 2015, resulting in the passage of the Bioeconomy Production Incentive Bill in the special legislative session in July 2015. Amanda summarized the highlights of the bill. Dave Parent asked about inclusion of training and educational opportunities. Amanda responded that employment opportunities are available, but there is room to grow. The Great Plains Institute has discussed programs related to biomass-based industries with educational institutions, but expansion is needed over time.

Amanda explained that projects are required to begin before July 1, 2025, and payments would continue for a maximum of 10 years. She also provided information on incentive payment levels and differences for advanced biofuels, renewable chemicals, and biomass thermal. Projects utilizing forestry biomass harvested from parcels over 160 acres must use state harvesting guidelines and must be certified by SFI, FSC, or Tree farm. Harvests from parcels under 160 require MLEP biomass training. Greg Bernu inquired if harvests of less than 160 acres must be specific to a biomass harvest, or if they can be included as part of a normal harvest. Anna Dirkswager replied that the requirement is not specific to the manner in which the biomass is procured. Amanda added that revisions will remove the 160 acre specification, as it was determined to be arbitrary.

Agricultural biomass has stricter requirements for perennials and cover crops. Agricultural biomass projects will have to report to the Department of Agriculture, and a year was spent defining language pertaining to best management practices as there are no certification programs. Program funding relies on the legislature to allocate funds to eligible projects. Greg Bernu asked about the opportunity to use this program as a means to dispose of noxious weeds. Amanda mentioned that there is no prohibition on using these weeds as a potential feedstock source.

Amanda spoke about Combined Heat and Power successes, policy and regulatory issues, and efforts in Minnesota, such as stakeholder processes, action plans, the Minnesota Public Utilities Commission, and standby rates. She also shared some details of the Minnesota Combined Heat and Power Action Plan.

Dave Parent asked about thermal heat and why it isn’t sold directly back to the grid. Amanda explained that a few cities that are integrating efficiencies while developing infrastructure. Susan Solterman Audette asked about the upcoming legislative session. Wayne Brandt and Amanda replied that the 2016 session is going to be very short, and they don’t expect to see anything related to energy. Duane Lula inquired about any sensitivity analyses related to petroleum-based prices and if there is a threshold for biofuel profitability. Amanda explained that there are a lot of factors informing these analyses, so the threshold price does vary. Some of biofuel options might replace petrochemicals that have human health concerns in some markets. Wayne commended the Great Plains Institute and Amanda for working with this complex issue. Bob Owens also commended Amanda on her energy and dedication to the forest resources and energy sectors.

### **Clean Power Plan policy update**

Anna Dirkswager, Department of Natural Resources Division of Forestry, described the Environmental Protection Agency's Clean Power Plan, its ties to forestry, and opportunities for engagement. It is the first national approach to reduce carbon dioxide emissions from coal-fired utilities that produce electricity. Minnesota is a national leader in relation to renewable energy, but we have the capacity to improve. Anna explained the program's two system options: rate-based, reductions based upon tons of carbon dioxide produced per kilowatt or gigawatt hour, or mass-based, a cap on the total amount of carbon dioxide produced. Mass-based is currently more conducive to the biomass market. Each state must create an implementation plan or follow a national plan. States can only trade credits with other states that have the same approach (i.e., mass versus rate). States have until 2016 to submit their implementation plan.

Wood energy/biomass is substantial in Minnesota at about 400,000 cord equivalents annually of forest-derived material. This is approximately 16 percent of the statewide harvest. It is important to qualify this type of renewable energy under the plan and to maintain its viability. Anna explained the complications in interpreting the federal rules and definitions regarding wood biomass energy eligibility. She explained which materials Minnesota would like to see eligible for the program, such as residuals and certified wood. Comments are due to the EPA by January 21, 2016. Anna suggested that the council submit a letter to the EPA.

Kathleen asked who will write the state implementation plan. Anna explained that it is within the purview of Minnesota Pollution Control Agency's purview. Amanda Bilek asked about the implications of not including biomass energy, especially within a mass-based approach. She added that it could exclude an entire generation of products that came online prior to 2012 and that would make it that much more difficult more Minnesota to achieve the new standards under the plan. Anna agreed and added that it would be problematic for Minnesota Power and Polymet, should the company operate in Minnesota. Amanda also asked about other states. Anna mentioned that Wisconsin and North Dakota are currently in litigation. Kathleen suggested that the January 13 MFRC meeting would be timely for approving a letter to the EPA.

### **Strategic vision for the MFRC**

Kathleen Preece explained that the MFRC vision document is outdated, and now may be an appropriate time to update the council's vision. Calder Hibbard requested input from Council members on this potential process. He asked if they would prefer to take an issues-based approach, pursue a prioritized strategic plan, or undertake a full strategic visioning process. John Fryc commented that the MFRC has been taking a reactive approach, and he thinks that the council should be more strategic. Susan Solterman Audette reviewed the mission of MFRC: the council promotes the long-term sustainable management, use, and protection of Minnesota's forests. Dave Parent mentioned the values of private landowners and the need to consider all of the uses of forestland. Alan Ek said that he prefers the long-term approach and added that the forest is changing faster than we are managing it. We need to determine how forests are changing and where we should go.

Shaun Hamilton suggested that we take a look at our programs and see how we can become more efficient and align with our audiences. Bob Owens commented that he liked what he heard in terms of longer-term evaluation. He thinks there is a lot of energy that could be put into collaborating with others to facilitate the utilization of our forests. We need to reach further, plan further ahead, and be more creative. Shawn Perich asked how we can continue to do sustainable forest management without a market for our products. We need to think more strategically about addressing this. Alan spoke about the level of harvest in the past and many current private landowners hanging on to their forests. We have not adequately told the story of these changes. Kathleen wrapped up the discussion and suggested that the council move forward with strategic planning, perhaps developing a subcommittee. Calder added that we will continue discussions and move forward at a future meeting.

### **Status of competitiveness report recommendations**

Kathleen provided an overview of the continued efforts by the council and the Minnesota Forest Resource Partnership to track the implementation of the recommendations of the forest industry competitiveness report recommendations. She emphasized the need to continue these efforts in coming years. Calder Hibbard spoke about his experience at the Governor's Economic Summit in Michigan, where he discovered that others around the country are utilizing the forest industry competitiveness report. Calder reviewed the report's recommendations, explaining the Information Management Committee's (IMC) placement of each recommendation into a spectrum along four primary categories, including Completed, Substantial Movement, Some Progress, and No Action. A large number of action items have not seen any progress yet. Calder said he is interested in taking the discussion back to the IMC and making a plan for moving forward. Kathleen requested that Council members keep the IMC and/or Calder updated on the status of the report recommendations. The partnership will continue to address the implementation of the recommendations as well.

Shaun Hamilton noted that the Superior National Forest and perhaps the Chippewa National Forests are considering employing the Good Neighbor Authority, which may increase wood fiber availability and support the DNR financially. Anna Dirkswager pointed to work being done through the DNR's Cooperative Forest Management Program to increase wood available from private landowners. Dave Parent spoke about the mindset of private landowners and the need to encourage and educate them. Darla Lenz provided information on the Good Neighbor Authority and cited Wisconsin's and Michigan's work toward building capacity to do forest management work. Darla stated that though there have not been any commitments in Minnesota, there is potential work with the legislature. Wayne Brandt mentioned the possibility of using FMIA funds versus the General Fund to front end the costs for the authority. He said this would likely be an easier sell.

Lindberg Ekola spoke about eight federal grants and various projects that help connect with private landowners. Wayne noted that there is a significant possibility that a tax bill will pass in 2016 and hopes to address the details of the SFIA Program. Bob Owens commented on the timeliness of the assessment of Competitiveness report recommendations and the Governor's

summit in Michigan. He asked if there were lessons learned at the meeting that could enhance programs in Minnesota.

### **North Central Landscape Plan revision**

Lindberg Ekola explained that the purpose of his presentation was to provide information. No action was required, but the council may vote on a resolution to update the North Central Landscape Plan at the January MFRC meeting. Lindberg reviewed the background, goals, motivation, and vision behind landscape planning and the MFRC Landscape Program. He also reviewed the stages of landscape planning: planning, coordination/implementation, and monitoring/education. He noted that landscape planning is also a means to connect with the citizens of each region and inform Council members through these connections. In addition, the Landscape Program is comprehensive and highly collaborative, garnering grant funding for project implementation.

Lindberg spoke about the North Central Landscape Committee schedule. At a recent meeting, the committee formed several recommendations for the planning process, including: committee involvement in planning process design and striving for higher commitment and more equal ratios between DNR representatives and other stakeholder representatives. There is also a need for more background information and synthesis early in the process.

Shaun Hamilton talked about how the North Central Committee has identified their needs, roles and functions, and timeframe. Shawn Perich mentioned an issue regarding time commitments by non-DNR employees (i.e., those not paid to be there), suggesting laying out the proposed process and estimated time commitments ahead of time. Lindberg explained that focus groups and surveys have been employed in the past to identify these issues and that it's about a balance of time and budgeting issues. Shaun added that he would like the council to approve a more detailed planning process outline, rather than the entire process, and the North Central Landscape Plan may be a good opportunity to do this.

Dave Parent mentioned that there is no policy requiring replacement of a planning committee member after two or more meetings are missed. Wayne Brandt stated three primary problems with the Northeast planning process: the role of the DNR, evolution of the decision making process, and the timeliness of the materials required to make decisions. Wayne encouraged Council members and staff to make a strong commitment to provide materials in advance of the meeting so planning committee members have time to review and discuss them with colleagues. Lindberg thanked everyone for their comments and said he agreed with the sentiments expressed. He added that the Northeast Landscape Committee adopted a five to seven business day minimum for providing materials prior to a meeting.

Shaun mentioned the impetus to make the landscape plans more useable for more entities such as the counties and the state. Greater implementation will create efficiencies. Greg Bernu commented on how counties might use the information provided by landscape-level planning, mentioning several projects in which the planning process has helped. Duane Lula added that information provided by the Northeast Landscape Plan was invaluable for various Forest Service

planning processes. Much of the planning work needed by the Forest Service was already completed; Forest Service staff simply needed to integrate the information into Forest Service Systems. Shaun remarked that it is important to understand the needs of these other organizations to be more integrated and useful. Lindberg mentioned the connections being made and already established through Duane's work in the Northeast. Wayne requested that Lindberg circulate the Northeast Committee's comments on the Northern Superior Uplands SFRMP to the Council.

#### **Public Communications to the MFRC**

None.

#### **MFRC Member Comments**

Shawn Perich noted that the Land and Water Conservation Fund was not reauthorized, wondering if anyone has been paying attention to it and had information to provide to the council. He also asked if the council should follow-up on the issue. Wayne provided some information, but he hopes it will move forward. Shaun Hamilton added that there has been a large-scale social media campaign on this issue, and it has bipartisan support.

Kathleen Preece asked if there are other issues that the council should follow. Alan Ek responded that he would like to provide a technical perspective on how forests are changing. Dave Parent mentioned the DNR's recent update of the Wildlife Action Plan. Alan added that it might be good to review the background of the plan.

Wayne Brandt moved, and Tom McCabe seconded adjourning the meeting. The meeting was adjourned at 2:30 p.m.