Minnesota Forest Resources Council
DRAFT Minutes
Cloquet Forestry Center, Cloquet, MN
January 22, 2014

Members Present: Bob Stine (Chair), Susan Solterman Audette, Forrest Boe, Wayne Brandt, Alan Ek, Dale Erickson, Shaun Hamilton, Bob Lintelmann, Gene Merriam, Bob Owens, Dave Parent, Shawn Perich, Kathleen Preece, Mary Richards, Mike Trutwin, Mark Weber (alternate for Greg Bernu)

Members Absent: Darla Lenz

Staff Present: Dave Zumeta, Lindberg Ekola, Calder Hibbard, Rachael Nicoll, Rob Slesak, Clarence Turner

Guests: Carrie Meyerhoff (Office of the Legislative Auditor)

Chair's Remarks
Bob Stine began the meeting with introductions.

Approval of Meeting Minutes*
Mike Trutwin moved, and Alan Ek seconded, the November 13, 2013 MFRC meeting minutes. *The minutes were unanimously approved.*

Approval of Agenda*
Wayne Brandt moved, and Mike Trutwin seconded, the January 22, 2014 MFRC meeting agenda. *The agenda was unanimously approved.*

Executive Director Remarks
Dave Zumeta deferred part of his time to Rachael Nicoll, MFRC Information Specialist, for an announcement about the 2014 MFRC annual two-day meeting in September. Rachael notified MFRC members that they will receive information about hotel registration in Grand Marais once the DNR bidding process concludes. The MFRC intends to meet at the North House Folk School and tour Hedstrom Lumber Mill, which is celebrating its 100-year anniversary in 2014.

The MFRC recently offered an 18 month MFRC Landscape Forester position to Michael Lynch, who has been working for the MFRC for a limited term. He begins working in the new position on January 19, which has a statewide focus and is helping to finish up Northeast Landscape Plan revision effort and various other projects.

Committee Reports
Personnel and Finance
Bob Stine said that the Personnel and Finance Committee has not met.

Site-Level
Dave Parent reported that the Site-Level Committee has not met, but the committee intends to meet soon to look to the future. The ad hoc committee continues on-going discussions, but there is no need for an additional meeting. A draft report on ad hoc committee recommendations on guideline implementation goals will be forthcoming, and there will likely be an action item for the March 19 Council meeting.

Landscape Planning/Coordination
Shaun Hamilton indicated that the Landscape Committee has not met; the previous meeting was cancelled. The committee will schedule a meeting soon.

Information Management
Calder Hibbard explained that the Committee met and discussed the forest products industry competitiveness study, the audit of the SFIA program, and a work plan for the Information Management Committee. The committee also continued prioritizing Private Forestlands Study recommendations and worked on an implementation plan.

Written Communication to the MFRC
There were three written communications to the MFRC. Dave Zumeta explained that the first communication was from DNR Commissioner Tom Landwehr, who asked the MFRC to assess how Minnesota's forest-based economy and forest resources compare against other states and countries and provide recommendations on Minnesota's competitiveness. The council is now selecting dates for the first meeting of a Steering Committee that is being convened. A Work Group has also been formed. Bob Stine added in response to a question that a decision was made after the MFRC had sent letters to the governor's office that the DNR Commissioner would respond to the MFRC instead of the governor.

The Steering Committee and Work Group will develop recommendations related to budgets as well as to policy initiatives. They will use recommendations from previous Governor's Task Force reports on the competitiveness of Minnesota's forest industry, especially the 2003 report, as background information. The Commissioner's Office is interested in seeing an update of the information in these reports and a look to the future as well. Calder Hibbard will say more about this in a later agenda item.

The second communication to the MFRC was from Senator Tom Saxhaug and Representative David Dill regarding the audit of the SFIA Program. They asked the MFRC, DNR, and Department of Revenue to convene a stakeholder group to discuss the issues raised and the recommendations made in the report and provide a response by February 25, 2014. Dave said this was a very short deadline. The full work of the stakeholder group will likely be extended after submission of the initial response, and will involve a focus on the intersection of forest tax policy, conservation easements, and other major policy issues.

The third communication to the MFRC was from the Minnesota Forest Resources Partnership (MFRP), which sent a letter indicating in interest in co-convening a major conference on Minnesota's primary forest products industry in early December 2014. The MFRC will provide intellectual support to legitimize this effort. The partnership will follow-up with letters to other interested organizations to gauge interest, focus, and involvement. Wayne Brandt suggested looking at January 2015 instead of December 2014. Dave Zumeta responded that the DNR Roundtable and 2015 legislative session may compete for people's time in January, and the MFRP may want to present event outcomes at the Roundtable as well. Forrest Boe mentioned that there is a lot of similar work in other states to address major problems and find solutions. This might be Minnesota's chance to do the same, and we can learn from these efforts and even expand upon them. Bob Stine will reply to the MFRP's letter and will likely volunteer some of Dave Zumeta's time to provide assistance. Kathleen Preece said that the partnership welcomes comments.

Committee of the Whole: Approval of 2013 MFRC Annual Report to the Governor and Legislature

Bob Stine introduced Rachael Nicoll. Rachael provided an overview of the 2013 MFRC Annual Report to the Governor and Legislature, due February 1, 2014. She focused specifically on the addition of a "State of the Forest Report," which had been requested by Council members. The intent of the "State of the Forest" is to provide a brief overview of the condition of Minnesota's forests and consider possible future trends. It focuses on three themes, which are all major MFRC priorities: forest health, health of the forest products industry, and water quality. MFRC members provided feedback on the report as well as suggestions to make the information in the report more widely accessible. Rachael indicated that she would edit the draft report based on these suggestions and would send a second draft to Council members for review before the February 1 deadline.

Wayne Brandt moved, and Dave Parent seconded, the motion to approve the 2013 MFRC Annual Report to the governor and legislature with revisions to the "State of the Forest Report" on pages 8-9. *The motion was unanimously approved.*

Approval of Site-level Forest Management Field Guide

Bob Stine introduced Rob Slesak. Rob Slesak explained that he is seeking approval of the Site-level Forest Management Field Guide content. This content has been vetted by the ad hoc committee on the field guide and implementation goals, which includes four Council members. Rob provided an overview of stakeholder input on the field guide. No comments were received after the release of the draft sections of the field guide via email, but Dick Rossman and Charlie Blinn provided technical review. Overall, there has been positive feedback. There was universal agreement that the field guide had to explicitly state its goal and intended use. The field guide is color-coded by section for easy use in the field. The design phase will address graphics and organization. Some content was omitted to reduce size. Usability testing from foresters will be forthcoming.

The council went through the field guide section by section. Bill Nixon, Lake County Land Commissioner, submitted several comments that Kathleen Preece provided as a handout. Rob will follow-up with Bill. Shaun Hamilton suggested that the field guide cover should perhaps establish a connection between the field guide and the guidelines with a reference or a picture of the guideline book.

Shaun liked the maps in the "Resources" section and asked about a link regarding Native Plant Communities, in addition to the list of resources. Bob Stine asked how much language came directly out of guidelines. Rob replied that the field guide uses almost all original language. No new guidelines were added, but he had to condense or slightly modify text for space purposes.

In response to a question, Wayne Brandt said that the definition of "fill," a term used in the "Stream and Wetland Crossings" section, is straight out of statute. Rob said that the guidelines refer to this definition, but he will add a legal definition if it exists. The "Rules and Regulations" section of the guidelines need to strike a balance between noting existing legislation and delving into the details of what statute entails.

Bill Nixon had commented on the provision of a gradient for retention of slash in the "Biomass Harvesting" section. Rob indicated that this is not set in stone. Bill also commented on the pictures and captions in the examples of slash retention levels. Rob will change captions on slash retention pictures to read: Middle Picture: "Sufficient amount of retention. Some slash retained." Bottom Picture: "Sufficient amount of retention. All slash retained." The same changes should be copied to the following page.

There were no comments on the "Wildlife" section. Rob will use Bill's recommended image in the "Water Diversion and Erosion Control" section. In response to a question, Rob said that he will try to provide a clear distinction between filter strips and RMZ's in the "RMZ's and Filter Strips" section.

On the last page of the "Roads, Landings, and Skid Trails" section, Bill commented that the last caption language should clarify what is happening in the pictures. It would be helpful to use symbols, notations, or color-coding to contrast good and bad examples. Rob explained that this will come through usability testing. He will find a better picture that depicts blockage of a channel with debris. Bill also commented on the language regarding landing considerations in this section. Rob indicated that he would remove any language that was not directly out of statute.

Susan Solterman Audette inquired about the resolution of the exceptions to the RMZ guidelines. Wetland differentiation can be highly complicated; she wondered if the exceptions make this more confusing. Rob replied that wetland differentiation is most difficult in these situations, but the filter strip guidelines still apply. Susan asked about exceptions to the leave tree and snag guidelines. Is the percentage of exceptions in actual application known? Rob responded that this is why we need monitoring, but that it is probably less than five percent.

Bob Stine said that he was impressed by work that was done and the very quick turnaround. Dave Zumeta asked about the preference for ordering the field guide sections. Rob replied that that has not been identified yet. The usability study can assess this. Dave added that Rob created the proposal for the field guide development, and Rob estimated that the field guide production cost would be at $50,000. Shawn Perich asked about the life of the field guide book. Bob Stine replied that it may be updated on a four- to five-year cycle. Dave Parent added that it may be up to a 10-year cycle.

Wayne Brandt moved, and Dave Parent seconded, the motion to approve the Site-level Forest Management Field Guide. *The motion passed unanimously with the caveat that Rob will test the content with users before publishing the field book.*

Approval of Southeast Landscape Committee Request to Update the Southeast Landscape Plan

Shaun Hamilton introduced Lindberg Ekola, who explained that the Landscape Committee is asking for approval to update the Southeast Regional Landscape Plan by fall of this year. The Southeast Landscape is very different than from the Northeastern Landscape: 96 percent of the land is privately owned, there is an abundance of high-value hardwoods, and the region has lost of a third of upland forest since pre-settlement.

Private woodlands and protecting remaining resources are important in this area, and there are some core challenges. The Southeast Landscape Committee desires an expedited plan revision process. Federal funding will cover sub-landscape scale work, such as GIS mapping by Jeff Reinhart and Amanda Kueper's assistance on technical support documents. Regional committee members are volunteering their time to pull together funding and to quickly progress to project implementation.

Discussion ensued about the effective use of scarce resources. Plans must be periodically updated to remain useful and are updated by plan age and timing of regional committee requests. Revision of the Southeast Landscape Plan will be a relatively expedited process. Lindberg explained that the SFRA does not directly address updating the regional landscape plans. Shaun Hamilton said that the planning revision processes are voluntary, collaborative efforts. This is how we achieve the mission of the MFRC. Bob Owens added that the forests in the Southeast are fragmented hardwood systems that contain high-value products; the bulk of the timber is sold out of state. Guidance to landowners and assistance in managing timber here is money well spent.

Gene Merriam moved, and Kathleen Preece seconded, the motion to approve the Southeast Landscape Committee's request to update the Southeast Landscape Plan. *The motion was unanimously approved.*

Report to the Administration on Competitiveness of Minnesota's Primary Forest Products Industry

Bob Stine introduced Calder Hibbard. Calder spoke further about the DNR Commissioner's charge to the MFRC to assess the competitiveness of Minnesota's forest resources and forest products industry and provide recommendations developed by forest resources and forest industry representatives. Calder showed examples of information from previous Governor's Task Reports that will be updated in this report, noting that the current report will be more comprehensive. Work has already begun on the updated report by a graduate student at the University of Minnesota, Brian Trick, who has been volunteering for the MFRC.

Gene Merriam asked how the term mortality is defined. Alan Ek explained that the report will use the USDA Forest Service definition. Harvest is not included in this definition, and removals are treated separately as well. It covers mortality caused by insects, disease, blowdown, and fire. He added that in addition to the increasing mortality of Minnesota's aging forests, there has been almost a doubling of electric costs and a series of only temporary incentives to Minnesota's forest products industry. This report will help us determine where we will go from here.

Calder discussed the process of completing the report. Wayne Brandt provided suggestions on the formatting of Minnesota forest industry representative information on the Steering Committee and Work Group list. Bob Stine added that this report will provide perspective on Minnesota's forest products industry and forest resources that will extend beyond the borders of Minnesota and the country. The report is due to the DNR Commissioner by December 1, 2014.

Sustainable Forest Incentive Program Audit Outcomes and Overview of Current DNR Forest Management Audit

Forrest Boe introduced Carrie Meyerhoff, Principal Evaluator, Program Evaluation Division, at the Office of the Legislative Auditor (OLA). Carrie described that the audit was originally intended to evaluate both the SFIA Program and Division of Forestry's management programs. However, it was decided to complete two separate audits. She also explained how the OLA selects topics for evaluation. The SFIA Program was evaluated first because it was a smaller audit. The SFIA Program audit was released in November 2013.

The audit included the Sustainable Forest Incentive Act and the program that the act created, as well as administration of the program. Materials considered included MFRC work on taxation of forestland; a combined Department of Revenue/MFRC study; original bills; hearing tapes; questions to the legislature; interviews; meetings with the DNR, Department of Revenue, and the MFRC; and meetings with various interest groups. Primary goals of the program that OLA identified included offsetting property taxes, preventing or delaying parcelization and development, and securing public access to large tracts of private forestland.

Carrie covered key facts and findings of the audit, as well as key recommendations for the SFIA Program. These included tying SFIA payments more directly to the program goals or repealing SFIA and using other programs. Wayne Brandt made a comment about considering two discreet programs; one for small parcels, and one for large parcels. There is a public benefit but large costs associated with providing public access. If the SFIA Program is removed, there could be a separate program for addressing public access.

Discussion ensued about the differences in perspective about the goals of sustainable forest management. The SFIA recognized the "importance of engaging private forest landowners in sustainable forest management." Dave Parent commented that SFIA is supposed to incentivize landowners to pursue achievement of management goals, while forest management plans reflect individual goals.

As explained earlier in the meeting, Dave Zumeta commented on the request by Senator Saxhaug and Representative Dill to the MFRC to convene an SFIA stakeholder group and provide a report on SFIA by February 25. In response to a question, Dave said that private landowners will be represented by attorney Kevin Walli. The group will clarify SFIA goals and evaluate the issue of SFIA payments that are greater than individual property taxes.

Bob Stine introduced Forrest Boe, DNR Division of Forestry Director. Forrest explained that the OLA has been working on an audit of the Forest Management Program for two months. The audit initially focused on topics that came up during the DNR roundtable and SFIA Program audit because there was no initial direction. Carrie Meyerhoff said that the audit will determine if the Division of Forestry is responsibly managing their forests for their greatest and best use. The audit will focus on the MFRC guidelines, dual third-party certification, planning, funding, and spending. Carrie is collecting a lot of detailed information on what the Division of Forestry is and what it does.

The goal of the audit is to assess the division's profitability, effectiveness, and efficiency in comparison to other large Minnesota forest managers, including counties. Audit methods include interviews of a broad range of stakeholders to provide perspective, DNR data analysis, and possibly, site visits to DNR regional and area offices. This research will be completed by the end of April, and the OLA will release the full report by the end of June 2014.

Forrest added that although management of school trust lands is an important component of the Division's management, it is too soon for the OLA to audit the management of school trust lands, as an audit was completed in 1998, and changes to school trust land policy only occurred two legislative sessions ago. Wayne Brandt commented that we cannot assess funding and management without including school trust lands. Forrest responded that these lands comprise half of funding activities, and will be included in this portion of the audit; however, the audit will not evaluate whether the Division is fulfilling its fiduciary responsibility in regards to school trust lands. Carrie added that an audit of school trust lands is a possibility for next year.

Shaun Hamilton asked if the audit will include a comparison of large forest landowners beyond Minnesota. Carrie responded that it will likely not. This comparison is not easily made, even by those with expertise. Alan Ek added that there is a good body of data and experts on this here. There are modest differences in cost, and larger differences in revenue, but these can be separated out in analysis. Alan said that he wonders what the Division of Forestry would do if it had more to invest and fewer burdens.

Public Communications to the MFRC
None.

MFRC Member Comments
Shawn Perich commented that he attended the DNR Roundtable and found that there are a lot of angry Minnesota deer hunters. They are unsatisfied with current deer density and want to raise the size of the deer herd. The deer harvest in Minnesota dropped from 290,000 in 2003, which was too high, to 170,000 in 2013, which is too low. The MFRC will very likely need to be involved with this issue.

Mike Trutwin mentioned the upcoming Central Minnesota Labor Conference in Brainerd that will take place on January 25 in Brainerd. The conference will focus on growing jobs in Minnesota's industries, and Senator Al Franklin and Congressman Rick Nolan will be in attendance.

Dave Parent moved, and Wayne Brandt seconded, adjourning the meeting. *The meeting was adjourned at 2:38 p.m.*