

Minnesota Forest Resources Council
Meeting Minutes
MnDOT Training and Conference Center
May 17, 2006

Council Members Present: Dave Epperly (Acting Chair), Dave Parent, John Stauber, Bruce Cox, Wayne Brandt, Jim Sanders, Jan Green, Mark Johnson (Alternate for Shawn Perich), Dick Walsh, Bob Lintelman, Shaun Hamilton, Paige Winebarger, Bob Oswald.

Absent: Al Sullivan, Kathy Manteuffel, Shawn Perich, Kathleen Preece, Bob Stine

Guests: Steve Betzler (Minnesota Power)

Staff: Dave Zumeta, Clarence Turner, Mike Phillips, Calder Hibbard, Lindberg Ekola, Leslie McInenly

Chair's Remarks

Dave Epperly (Acting Chair) announced that he is filling in for Al Sullivan. Dave noted that Acting Council Chair Bob Stine's father-in-law is in failing health, so Bob had to miss today's Council meeting. He also mentioned that 12 members out of 17 were present today, so there is a quorum.

Public Input/Communications to the Minnesota Forest Resources Council

None.

Approval of March 15, 2006 Meeting Minutes*

Jan Green requested a change in the March meeting minutes. She is on the township planning commission, not the township board (page 3). Jim Sanders moved to approve the minutes as amended, John Stauber seconded. The motion carried.

Approval of May 17, 2006 Meeting Agenda*

Shaun Hamilton moved to approve the May 17th meeting agenda with the Dave Epperly listed in place of Bob Stine. Bob Oswald seconded and the motion carried.

Executive Director Report

Dave Zumeta provided an update on personnel. Three new or returning staff have assumed positions with the Council since mid-February:

- 1) Leslie McInenly began work in mid-February as a ¼ time Administrative/Information Assistant in the main Council office. Leslie works Mondays and Thursdays from 9:30 –2:30.
- 2) Lindberg Ekola replaced Cynthia Osmundson and rejoined the Council as Landscape Planning Manager on March 22. He has hit the ground running in this new capacity, having met with all but one (northern) of the six landscape committees at least once in less than two months. Lindberg is working out of his home in Melrose.

- 3) Calder Hibbard replaced Jenna Fletcher as Policy Analyst/Information Specialist on May 10. Many thanks to Bob Stine and Dave Parent for serving on the interview panel. Calder has a fine background for this position, including a PhD in forest policy and economics and two other degrees from the U of MN College of Natural Resources. Calder's email is hibb0006@umn.edu.

Dave also reported that Rick Horton has assumed a position with the DNR in Grand Rapids and will no longer be an alternate council member. We are fortunate that Mark Johnson (MN Deer Hunters Association) was willing and very interested in being the alternate for Shawn Perich.

Dave commented that he has testified three times at the legislature in support of the Governor's \$10 million bonding request for Forest Legacy. He handed out a letter written to Representative Dorman regarding the Forest Legacy Partnership and an information sheet regarding the Forest Legacy program.

Dave gave an update on the UPM/Blandin Paper Thunderhawk Project Final EIS. Based on what he viewed as a reasonable response to his comments on the Draft EIS, he chose not to comment on the Final EIS. Dave has asked Bill Johnson, DNR Project Manager for this EIS, to give an update on this project at the Council's July 19 meeting. Blandin mill manager Joe Maher may join Bill in this presentation.

Finally, Dave said that the next MFRC meeting will be at Rainy River Community College in International Falls on July 19. We are working to set up a tour of the Boise mill on the 20th, as well as a fish fry on the evening of the 19th.

MFRC Committee Reports

Personnel and Finance –

Dave Zumeta noted that all of the committee reports were e-mailed to Council members in advance of the meeting, in accordance with a request from the Personnel and Finance Committee. The Personnel and Finance Committee has not met since the last Council meeting.

Paige Winebarger commented that the way the committee reports were put together was very helpful. In particular, she was impressed by the summary provided by the Landscape Committee.

Site Level -

Dave Parent (Chair) commented on site-level monitoring and the decision to include tribal lands in the NIPF stratum for random sampling. The sample size of tribal lands is too small to stand alone, and no tribal sites were selected through the sampling process this year. He also noted that the RSTC update stands alone. Dave recommended a correction to the Site-level committee report (page 3) in which "Site-level community" be changed to "Site-level committee".

Wayne Brandt commented on the applicability of MFRC programs, noting that MFRC monitoring data were extremely helpful in addressing questions that came up in the Governor's Clean Water cabinet review. The group was able to have a good discussion regarding wetland mitigation and whether the wetland conservation act is working. MFRC monitoring data indicated a maximum loss of 42 acres of wetland statewide. This is a good example of how the activities of the Council can have important policy implications. Wayne complimented the committee and staff on this work.

Dave Zumeta inquired about Rick Horton's status on the Biomass Guideline Committee. Dave Parent responded that Rick withdrew from the committee when he started employment with the DNR. Bill Berg, MN Sharp-Tailed Grouse Society, will replace Rick.

Landscape Planning/Coordination

Lindberg Ekola provided a report on Landscape committee activities. All committees (except Northern) have met since the last council meeting. The MFRC Landscape Committee met on April 20th, 2006. A draft summary of meeting will be available soon. Regional committees have set up work programs.

Forest Resources Information Management

Jan Green (Chair) reported that the committee has not met since the last MFRC meeting. The next meeting will be in Duluth, courtesy of John Stauber, on 12 June 2006. The Council discussed committee membership. Clarence Turner and Calder Hibbard will jointly support the IMC.

Written Communications to the MFRC

Dave Zumeta noted that there have been no written communications to MFRC.

Proposed resolution to approve the Woody Biomass Guidelines Scoping Document *

Dave Parent moved to approve the Woody Biomass Guideline Scoping Document as amended to delete Rick Horton, Ruffed Grouse Society, and add Bill Berg, Minnesota Sharp-Tailed Grouse Society. Dick Walsh seconded.

Jan Green brought up discussion regarding the role of the DNR, as mandated, in the development and use of the guidelines. Dave Parent responded that biomass harvest guidelines for brushland will be the DNR's responsibility. Discussion about the development and adoption of a brushland document by the DNR ensued. Mike Phillips stated that the DNR will utilize the guidelines developed by the Biomass Technical Committee, noting that site-specific decisions fall into operations, not guidelines. Jan wants to see some kind of substantive agreement with the Commissioner's signature. Dave Zumeta agreed with Jan and said that the development of brushland biomass guidelines with the inclusion of peer review and public input is breaking new ground for the DNR. He suggested to Dave Epperly that it is important for the Commissioner and senior managers take this issue up in a formal manner.

Paige Winebarger questioned whether the council would have prioritized this issue but for the fact we were mandated to develop the guidelines. She also asked whether there are a lot of properties for which the biomass guidelines would be pertinent. Dave Parent, Wayne Brandt and Dick Walsh provided context regarding the significance and use of biomass. . Wayne and Dave Parent both noted that it was positive that the legislature looked to the MFRC on this issue. Jim Sanders and Bruce Cox both commented that this is an opportunity to be proactive instead of reactive. Dick Walsh noted that biomass energy does seem to be economically feasible considering the cost of gas

(e.g., for a Park Rapids potato plant, a preliminary feasibility study indicated a \$20 million conversion cost would only take two years to recover).

Wayne Brandt noted that a large portion of our guidelines is based on what we do with some of this material (e.g., impacts on water quality, habitat, erosion, nutrients, etc.), so we have indirectly addressed biomass already. The difficult issue that the taskforce will have is resolving how much of the material needs to remain on site versus how much can be used for commercial purposes. Jan Green noted concerns regarding our current knowledge of wildlife habitat legacy and soil ecology, which will make developing the guidelines difficult. The Council discussed the technical review process and what there is to be learned from guidelines developed by other countries.

Dick Walsh brought up his concern about the definition of trees that do not meet the utilization standards as described in the DNR Timber Sales Manual (Page 7, Biomass Scoping Document – definition 5) and how this description may relate to pre-commercial thinning. Dave Parent believes the concern should be addressed in the Scoping Document (page 7, definition 4).

Jan Green commented that some of the funding for biomass research went to IREE for studies and asked what came out of those studies. Dave Zumeta responded that the University of Minnesota (UMN) was urged to consider funding a worldwide literature review of woody biomass and other guidelines. The University was provided money by IREE (\$191,000) and the Green Institute (\$10,000). The Green Institute wants to see statewide guidelines for woody biomass, but there isn't anything out there. Dave believes we are plowing new ground that will be followed by other entities. For example, the McKnight Foundation just convened a multi-state group to discuss biomass energy. There is a huge amount of interest. In addition, the UMN extension held a series of conferences regarding biomass that had hundreds of attendees. Multiple plants around the state are interested in biomass. A draft form of the literature review has been produced by UMN, but revisions are being made this month to give it a broader scope and make it more user-friendly.

Jan Green requested that the words in italics on page 4 of the Scoping Document be identified both as a goal *and* an objective. Dave Parent accepted the amendment. Jim Sanders commented that the first paragraph (page 4) implies that the council will approve the guidelines, but requested the wording be clear that council will approve the final guidelines. Dave Parent agreed to include the clarification.

Jim Sanders questioned whether Issue 2 (page 8) would directly address soil ecology. He would like to see how all of the potential soil topics fit within the larger ecological community. Jan Green agreed that the soil factors seemed to be taken as an entity by themselves, and recommended adding *soil ecology* to list of biological entities. Jim recommended replacing *ecological classification systems as a prescriptive tool* with *soil ecology*. Dave Parent accepted the change to *soil ecology* as an amendment.

Discussion regarding the difference between fire and logging as management practices followed.

Dave Zumeta reviewed the recommended amendments:

- 1) page 4, 1st paragraph, 2nd to last sentence: “The final guidelines will be approved by the Council.”
- 2) bottom of page 4, word “or” will be changed to “and”
- 3) page 9, under *biological* heading, replace third bullet with “Soil Ecology”

4) page 3, 5th bullet, replace Rick Horton with Bill Berg, Sharp-Tailed Grouse Society.

The motion to accept the Woody Biomass Guideline Scoping Document as amended carried unanimously.

Proposed resolution to approve the revised Information Management Committee charter *

Jan Green moved to approve the revised Information Management Committee charter, Paige Winebarger seconded.

Paige asked whether there were any major changes made during the revision. Jan Green responded that there were changes in language but nothing substantive. Wayne Brandt suggested putting the first bullet into one sentence to clarify its meaning. Jan Green accepted the amendment to remove “it will do this”, resulting in one sentence for the first bullet. Dave Zumeta felt that the charter would not become obsolete as the name College of Natural Resources changes.

The motion to approve the amended charter carried unanimously.

Wayne Brandt requested that Provost Sullivan come to the Council and explain what is being done with the UMN college reorganization at the next meeting.

Proposed resolution to approve 2006-07 Forest Policy Issue Focus and Activities *

Dave Epperly directed Council members to review the minutes from the previous MFRC meeting, and especially to read the policy discussion on pages 2-6.

Dave requested a motion to approve the 2006-07 Forest Policy Issue Focus and Activities document. Jan Green moved. Jim Sanders seconded.

Dave Parent suggested that the effectiveness of SFIA (Issue 1 - 4th bullet) is an incentive, not a tax policy. Jan Green recommended the term “tax” be stricken. Dave Zumeta suggested an amendment to strike the terms “tax” and “beyond tax relief” and insert “or programs to conserve forestland”.

The motion to approve the Forest Policy Issue Focus and Activities document, as amended, passed unanimously.

Dave Zumeta commented that this document is a result of discussions from 2004 and 2005 regarding the direction of the Council and extensive discussion at the January and March 2006 MFRC meetings. He noted that the document was titled “2006-07” in light of the fact that we are halfway through 2006.

Dave Parent requested a definition of what “development” is referring to in the second bullet under Issue #1. He also requested consideration of staff assignments regarding who will address these issues. Shaun Hamilton commented that funding wasn’t identified and asked whether it will be opportunistic. Dave Zumeta responded that funding efforts for research will be opportunistic. For example, with SFIA there may be other lead players. This document is a strategic frame and doesn’t get into the details. The specifics will come out when we make a work plan. Discussion regarding the MFRC research agenda followed. Dave Parent said that we need to go to the legislature and

propose funding for research. Dave Zumeta agreed, noting that 2007 will be a budget session. It will be important to have a good idea regarding where we need funding. Further discussion clarified that issues will not be dropped if there is inadequate or no funding (e.g. staff can do some of the work). Dave Zumeta commented that this is an important document directing MFRC staff.

John Stauber commented that with regard to Policy Issue 5 (Globalization) that Lake States Lumber just received its first container of Chinese cedar. Cost (\$0.80 to the dollar per board) is the big difference between domestic versus Chinese wood. He stresses it is not the employee, but the consumer, who wins in the end.

Dave Epperly made a request for the motion as amended. The motion carried unanimously.

Jim Sanders indicated that with this motion passing, these policies become the real focus of the council. Discussion regarding how the Policy Issues will direct the Council followed. Paige Winebarger suggested this motion should drive MFRC agendas. Dave Zumeta agreed, commenting that Policy issue 5 will be the primary focus of the July meeting in International Falls.

Jan Green commented that that the Information Management Committee already is looking at pieces of Policy Issues #1 and 4. If we explore issues for risks and identify policy gaps, we can inform the Governor/Legislature (e.g., propose legislation on invasive species detection). Dave Parent suggested he would like to see a general presentation on globalization and the forces that drive the market. The Council further discussed competitiveness of Minnesota within the global market, considering economic, ecological, and social forces.

Committee of the Whole

Legislative mandate to MFRC to assess forest policy options regarding forestland conservation.

Dave Epperly opened discussion by asking for initial comments. Jan Green commented that there are a number of different conservation initiatives (e.g. Blandin Family Forest Stewardship Initiative, property tax surcharge, surcharge on wood sold from family lots, SFIA). Wayne Brandt updated the Council on Senator Marty's proposal that would allow a portion of the corpus of the Environmental Trust Fund to be invested in forestlands. Legislators want someone (potentially MFRC) to assess forest policy options and report back on which ones actually accomplish the objectives of conservation. Jan Green asked whether Senator Marty's proposal would make us our own TIMO. Wayne responded that the proposal would make it legal to invest certain amounts of the corpus of the Environmental Trust Fund in timberlands. Wayne believes the MFRC ought to take this on. Jim Sanders recommended broadening the discussion to consider the full set of tools beyond conservation easements. For example, Forest Legacy is down \$50 million from last year, nationally. This is a clear signal that easements are not the only tool.

Dave Zumeta noted the value of Calder Hibbard's doctoral work in forest policy and economics and his extensive experience related to forest policy. He asked Calder to describe how the MFRC might study this issue. Calder said he heard almost the full suite of tools listed during this discussion, including tax policy (property/estate) incentives, easements, full purchase, zoning, etc. He said we need an understanding of what is driving these issues and should look here in our state and in other areas. Calder mentioned an article about a policy in Virginia in which the state is enrolling lands in conservation easements and the credits are moving with the land, not the owner. He recommended

using criteria to assess policy, including effectiveness, efficiency, and ease. Dave Parent said his gut feeling is that it will take several different approaches to reach landowners. He asked whether Calder has run across states that use multiple approaches. Calder responded that state policies are often piecemealed together.

Wayne Brandt mentioned that it would be interesting to have an inventory of what the state is spending on these various policy options. Council members discussed land sales at private, county and state levels and the idea that conserved lands do not need to be publicly owned. Dave Zumeta asked the Council for direction regarding assessment of policies for forestland conservation. He indicated that we have an opportunity with the next legislative session to frame a major part of Council agenda. Wayne would like to see staff frame an approach regarding how to assemble the information, analyze it and prepare a report to the legislature. Council members suggested MFRC staff prepare to discuss this project at the next meeting and include topics such as how assessors look at property, how landowner desires influence assessors, what is currently happening with respect to land sales and exchanges at all levels (private, county, state, federal), how does land price influence decisions, etc.

Dave Epperly said he would like to see a summary of past laws and conservation initiatives that have come and gone (e.g., see *Minnesota Lands*). Discussion regarding the Blandin Foundation proposal and family-friendly stewardship conference followed.

Dave Zumeta said that MFRC staff would put together a proposal for the council to discuss at the next meeting that will look at the full suite of forest policy approaches. Shaun Hamilton requested that, in addition to history, staff provide background on the reasons for/philosophy about balancing what is in the public interest versus private ownership.

Dave Epperly welcomed Mark Johnson (MN Deer Hunters Association), alternate for Shawn Perich.

**Summary of forest-related bills and legislative initiatives from the 2006 legislative session:
Implications for MFRC action**

Bob Tomlinson, Natural Resources Forestry Assistant Director, handed out a Legislative Update from the DNR Division of Forestry and provided two handouts of original bonding proposals (\$4 million for reforestation, maintenance, and restoration of state forestlands and \$10 million to acquire forest conservation easements). He highlighted the DNR Bonding, Timber Sale Extensions, Forestry, Land, and Minerals Policy, and Land Sales bills, a constitutional amendment for dedicated funding for natural resources, the Clean Water Legacy Bill, and proposed changes to the Legislative Commission on Minnesota Resources. A copy of his update can be obtained by contacting Leslie McInenly at mcine017@umn.edu.

Dave Parent commented on the irony of the State selling off in holdings and expanding other in holdings. Bob responded that the State is doing both judiciously, in order to acquire more land within the forest at a later date. Bob stated that the DNR is not legislated to buy land only within a state forest boundary.

Of greater concern to the Council are the changes in the Land Sale Bill with regard to the Sustainable Forestry Incentives Act (SFIA). There are sections in this bill that address concerns regarding

changes in ownership in which new landowners have missed the “window of opportunity” to receive incentives payments (specifically in response to the Boise to Forest Capital Partners exchange). This bill also ties forest management plans to the parcel of land rather than the landowner, provides that parcels of land in the SFIA program are subject to the guidelines in that were in place when the parcel was first enrolled, and eliminates a reference to the tax registration number in order to be consistent with the Data Practices Act statutes.

The conference committee working on the appropriation bills has included \$1 million in Clean Water Legacy forest riparian easements that could complement the \$6+ million we already have for Forest Legacy. This is an opportunity to identify impaired waters and use dollars to buy linear easements from family forest owners for specific management goals. Dave Parent asked how this would be separate from the agricultural easements on farmland. Bob clarified that he believes these easements would be in perpetuity. Wayne Brandt noted that that was not specified, but Bob guessed that the DNR would prioritize perpetual easements. He indicated there is also a small amount of money for stewardship planning in the Clean Water Legacy.

Wayne Brandt commented that unless time runs out, the changes to the Legislative Commission on Minnesota Resources (LCMR) will pass. The LCMR went through Ways and Means and there is no opposition, but the clock may run out.

Dick Walsh inquired about the state forest fees. He is upset about the damage that occurs due to the race rally. Bob Tomlinson responded that the DNR collects a fee to have a forester out there during the rally. Inevitably, there will be (temporary) road damage and the DNR collects a significant check to clean up the damage. The rally organizers receive any leftover money after clean up. This type of activity is not something the DNR encourages, but DNR allows a few to a dozen annual events. Jan Green asked why the DNR allows these activities. Bruce Cox described the rally system in Clearwater County. He stated that is a class organization and that the organizers pay what it costs to take care of the roads. Bob Tomlinson responded that new requests for such activities will not likely get approval, but there are a few traditional activities that are important to local communities.

Dave Epperly thanked Bob Tomlinson for his update. The Council discussed potential changes in the LCMR and the proposed constitutional amendment for dedicated funding for natural resources.

Public Communications to the MFRC

None.

MFRC Member Comments

Mike Phillips noted that this meeting is a 10-year anniversary of MFRC meetings.

Jim Sanders commented that Norm Wagoner is leaving the Chippewa National Forest for employment in Arkansas this summer. Jim has a new deputy forest supervisor, Pam Brown, from Black Hills National Forest. He will update us on his new alternate at the next meeting. Jan Green asked whether Pam would be at the next MFRC meeting. Jim responded that she will attend either the July meeting or the September meeting.

Wayne Brandt made a motion that the Council send a letter to Jenna Fletcher in appreciation of her work for us. Jim Sanders seconded. Dave Zumeta responded that, at her request, we had only a small staff lunch for Jenna. He will send a letter as requested. The motion carried unanimously.

Jim Sanders motioned to adjourn, Shaun Hamilton seconded. The motion passed unanimously.