



JENNIFER M. GRANHOLM  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES & ENVIRONMENT  
LANSING



REBECCA A. HUMPHRIES  
DIRECTOR

December 22, 2010

The Honorable Michelle McManus, Chair  
Senate Appropriations Subcommittee  
on Natural Resources  
S-2 Capitol Building  
P.O. Box 30036  
Lansing, Michigan 48909-7536

The Honorable Michael Lahti, Chair  
House Appropriations Subcommittee  
on Natural Resources  
S-1489 House Office Building  
P.O. Box 30014  
Lansing, Michigan 48909-7514

Dear Senator McManus and Representative Lahti:

Pursuant to Section 1203, PA 118 of 2009, the report of the Department of Natural Resources and Environment's (DNRE) timber treatments, during the fourth quarter of fiscal year 2009-10, is attached.

If you have any questions, please feel free to contact me.

Sincerely,

*Mark Bouvy for  
Sharon Schafer*

Sharon M. Schafer  
Administration Division  
Assistant Chief, Finance  
517-241-5482

Attachment

cc: Senate Appropriations Subcommittee Members  
House Appropriations Subcommittee Members  
Mr. Josh Sefton, Senate Fiscal Agency  
Ms. Viola Wild, House Fiscal Agency  
Mr. Robert Emerson, State Budget Director, Department of Technology,  
Management, and Budget (DTMB)  
Mr. Jacques McNeely, DTMB  
Ms. Jennifer Harrison, DTMB  
Director Rebecca Humphries, DNRE  
Mr. Gary Owen, DNRE  
Ms. Arminda Koch, Deputy Director, Resource Management, DNRE  
Mr. Jim Sygo, Deputy Director, Environmental Protection, DNRE  
Mr. Frank Ruswick, Deputy Director, Stewardship, DNRE  
Ms. Lynne Boyd, DNRE  
Mr. Mark Bouvy, DNRE

**Department of Natural Resources and Environment  
Timber Report  
Fourth Quarter FY 2009-10**

**Background**

In December, 2005, Michigan's state forest system was certified under both the Sustainable Forestry Initiative (SFI) and the Forest Stewardship Council (FSC) third party forest certification protocols. Forest certification protocols require public participation in forest management planning and forest operations. Certification is essential in order for primary wood producers in Michigan to have continued access to national and international markets. Since the initial 5 year certification period expired this year, a recertification field audit was conducted October 18 through October 22, 2010. At a closing audit meeting held Monday, October 25, SFI and FSC auditors indicated they will recommend continued certification of the State Forest system under both Standards. The SFI and FSC audit reports will be finalized by the end of December.

The Department of Natural Resources' (Department) investment in forest certification strengthens Michigan's forest products sector. The Department's compartment review process has been audited by both the SFI and the FSC and has been recognized as a key public participation mechanism that meets requirements for forest certification.

**Fourth Quarter FY 2009-10 Timber Treatments**

State forest planning and activities including timber treatments are conducted within the framework of SFI and FSC forest certification principles and standards which take into consideration wildlife habitat and recreation uses.

Each year timber harvest treatments are prescribed for both softwood (coniferous) and hardwood (deciduous) tree species. Although hardwood and softwood trees often grow together, forest stands are typically coded by the predominant tree species present. The table below reports by Year of Entry (YOE) hardwood<sup>1</sup> forest stands prescribed for treatment.

Year of Entry (YOE)	Hardwood acres prescribed
2007	34,758
2008	41,144
2009	34,986
2010	32,630

The Fiscal Year 2009-10 plan of work identified 63,229 acres that were approved through the compartment review process which could be available for timber sale preparation. Resources were allocated for 61,777 of these acres. The total number of inventory acres accomplished was approximately 59,100. This includes about 500 acres from the Red Pine Project. Previously funded by the Michigan Forest Finance Authority with a 21<sup>st</sup> Century Jobs Fund allocation, the Red Pine Project was designed to accelerate red pine management treatments and regeneration. On May 5<sup>th</sup> 2009 the Governor issued Executive Order 2009-22 implementing expenditure reductions which included funding to the Forest Finance Authority. Work on Red

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<sup>1</sup> Hardwood cover types include aspen, birch, mixed northern hardwoods, oak, swamp hardwoods and lowland poplar.

Pine Project timber sales had to be completed using monies from the Forest Development Fund.

FY 2009-10 was a banner year in terms of acres and volume sold with revenues exceeding 38 Million Dollars. A record setting 62,344 acres and 915,000 cords were sold. The Department prepared 53,157 acres for timber sale auction from the state forest system with an estimated volume of 800,600 cords. This total includes 474 acres and about 18,600 cords from Red Pine Project timber sales.

Timber sale marking contracts were awarded in the first and second quarters of FY 2009-10 for a total of 6,566 acres. This includes 349 Red Pine Project acres that were initially planned to be contracted in FY 2008-09 that were not bid because of loss of funding.

Changes made to the appraisal and no bid processes developed in FY 2006-07 and more recently in 2009-10 have continued to help the Department to be responsive to market conditions. The percentage of sales not receiving bids was about 5%. This is a significant drop from a high of 24% of sales not receiving bids in FY2006-07, and is the lowest rate since FY 2004-05. The table below summarizes the number and percentage of sale offerings with no bids for FY 2009-10.

No-Bid Summary

FY 2009-10	Total Sales offered in the quarter <sup>2</sup>	Offerings with no bids <sup>3</sup>	Percent (%) of sales that were no-bid
1 <sup>st</sup> quarter	151	16	11%
2 <sup>nd</sup> quarter	215	10	5%
3 <sup>rd</sup> quarter	213	7	3%
4 <sup>th</sup> quarter	123	3	3%
<b>Total</b>	<b>702</b>	<b>36</b>	<b>5%</b>

<sup>2</sup> Includes sales that have been modified and re-offered.

<sup>3</sup> Includes sales that were no bid more than once.