

FOREST MANAGEMENT ADVISORY COMMITTEE COMMITTEE MEETING MINUTES

October 14, 2020

FMAC MEMBERS PRESENT

Andrew Storer, Michigan Technological University
Jeff Stampfly, Michigan Department of Natural Resources (MDNR)
Rich Kobe, Michigan State University (MSU)
Gary Melow, **Chair**, Michigan Biomass
Ben Schram, Michigan Department of Agriculture and Rural Development (MDARD)
Raymond Gurley, SFI Coordinator for Michigan Forest Products Council
Makayla LaButte, Michigan United Conservation Clubs
Bill Botti, Michigan Forest Association
Kim Korbecki, **Assistant**, MDNR

FMAC ADVISORS PRESENT

Leslie Auriemmo, United States Forest Service, Huron-Manistee

OTHERS PRESENT

Kerry Wieber, MDNR
Meghan Stevens, MDNR
David Price, MDNR
Jason Stephens, MDNR

I. **Welcome** – Gary Melow, Chair

Chair Melow welcomed all and acknowledged attending guests. The guests are being looked at for possible membership.

II. **Consent Agenda**

- Adoption of October 14, 2020 Forest Management Advisory Committee (FMAC) Meeting Agenda; Approved unanimously.
- Adoption of July 15, 2020 FMAC Meeting Minutes Minutes – Checking ‘representing’.
Provisionally approved until corrections that need to be made are completed. Motion: Andrew Storer moved to adopt the July 15 FMAC meeting minutes with noted corrections; seconded by Rich Kobe. Adopted unanimously.

III. **Public Comment**

None

IV. **Approval of 2021 FMAC Meeting Dates** – Gary Melow, Michigan Biomass

Suggested meeting dates for 2021 are January 13, April 14, July 14, and October 13. Chair Melow mentioned that he hopes to meet face-to-face again soon. He asked for comments; there were none. Bill Botti moved to adopt the 2021 FMAC meeting dates; seconded by Rich Kobe. The 2021 FMAC meeting dates were adopted unanimously.

V. **Carbon Marketing on State Forest Land** – David Price, MDNR

David Price, MDNR, gave the *Michigan DNR Pigeon River Forestry Consulting and Carbon Offset Project Development Services Proposal PowerPoint Presentation*.

Mr. Price reported that back in the spring, the climate change team issued a request for proposals to hire a carbon credit consultant. There were three bids, they went through an evaluation process, and the MDNR Director announced last week the contract had been awarded to Bluesource (www.bluesource.com). They are based in Utah and have offices on the West Coast.

Mr. Price stated the MDNR is conducting a pilot project in Pigeon River Country (PRC) to sell carbon credits. Staff has talked with the PRC Advisory Council, and the Timber Forest Products Advisory Council as well, regarding this project. Bluesource is the oldest and largest developer of carbon offsite credits in North America, with over 1 million acres with carbon projects. They have projects with the Nature Conservancy in Michigan. Another thing that put them above the other two companies is the fact they have extensive experience here in the Lake States region. They've worked with Forestland Group and have had projects in Wisconsin.

The American Carbon Registry (ACR) was chosen after talking with experts, including MSU. Bluesource has developed about 16% of the credits that have been registered under the ACR standard. There's work that needs to be done in collecting very detailed forest data, and their intention is to utilize local companies for that work. For verification they have used SCS Global Services, Astor Global and Ruby Canyon, which are very well known.

The process starts with a feasibility analysis; they have already completed that as part of their proposal. The contract with Bluesource is a no-cost contract to the MDNR. The MDNR wanted a consultant working with them and a project provided that would be viable before they get paid for the work. If they don't put together a viable project that the MDNR is completely comfortable and satisfied with, then they don't get the work.

Bluesource is now moving into contracting with companies to do inventory work, which may yet be done this fall. Otherwise it will wait until spring. Modeling and documentation are next. Then comes the verification phase, registering the carbon on the market exchange, and then they will receive payment through sale of the credits.

This is about an 18-month process, and the MDNR is now in month one or two. The MDNR and Bluesource are in negotiations with ACR as Michigan is the first state to enter the ACR market. Negotiations are to reformat ACR legal documents to MDNR's legal requirements. Credit marketing extends for a long period once Bluesource gets to about 6 months into the process, and it plays out during the remainder of the 18-month process.

The inventory design is quite intensive. It's much more detailed than any inventory the MDNR now does for state forests. The MDNR is doing a modeling project for purposes of planning and are developing a pilot model for Pigeon River Country (PRC) and the surrounding larger management areas.

Analysis and Projections: the MDNR wanted to make clear it expects to manage the forest as it has managed it, and any changes would be made through its new planning process. The point of ACR is to focus on managed forests. Any product made from wood will sequester carbon for a very long time. They will continue to implement the State Forest Management Plan and the Concept of Management for the PRC. Mr. Price discussed how to generate carbon credits, explaining that you establish a baseline scenario; Bluesource looked at two. The conservative scenario is that there is no law or governing reason why the MDNR couldn't harvest 100% in the PRC over time. The more aggressive scenario is that for a period it could harvest more than growth, but it would not want to do that.

The marketing manager for Bluesource is located in Grand Rapids. That is important because he has extensive connections with companies who have interest in carbon credits. Some of the companies Bluesource works with are Chevrolet, Neslie, Microsoft, Google, and Capital One. Although it's a voluntary market, the shareholders are becoming quite aware of carbon footprints. The MDNR will be well-positioned as markets change in the future. As far as a marketing strategy goes, Mr. Price has already had some back and forth with them regarding the unique history of the Pigeon River Country, i.e. the elk herd, and its connections to Earnest Hemingway and P.S. Lovejoy. He is going to be developing this information over the year. They also already have active contacts with both of Michigan's major utilities, Detroit Edison and Consumer's Energy.

The average price for carbon on voluntary exchange is \$9.50 – for PRC \$7.50 and \$10.88 per ton. In the future if things change regarding carbon markets in the US, these prices per ton will dramatically escalate. The MDNR would sell at least 500,000 carbon credits, not all at once but over several years. If the winning bidder puts together a project that the MDNR is happy with, they will have exclusive rights to carbon credits on the remainder of MDNR lands. Mr. Price isn't sure where the future will go with Bluesource.

The MDNR is offering quite a lot of prospective area to sell carbon credits. If this project is successful it will provide a revenue stream, and there may be other areas they may want to explore to sell carbon credits. It was asked if selling rights extend beyond the contract; Mr. Price responded that it takes many years so they would have to establish another contract with them. It was asked about the MDNR's future relationship and exclusive rights by Bluesource; Mr. Price responded that they would have exclusive rights while within their contract period. The MDNR may work with someone else in the future.

Ms. Leslie Auriemmo commented that companies that are buying credits want to reduce the carbon footprints and are doing it to decrease their air pollution. She can see people saying that in giving them the option to buy these credits we're really allowing them to emit more air pollution. At the present time, although Detroit Edison or Consumers Energy are trying to reduce their overall carbon footprint, to reach carbon neutrality they will need to sequester carbon to offset that which is emitted. They might try to increase the carbon stored in the state forest and one way to do that is plant more trees. Ms. Auriemmo further commented that the USFS is working on this as well, and the biggest thing is that you must be able to live with the carbon that has to be sequestered. They started to explore in terms of wetlands mitigation and are struggling with whether you can lock up federal land for a certain period, and whether they are contributing by offering mitigation credits that allow developers to develop lands.

Mr. Price commented that in a regulatory framework, the carbon credits might be tied to a cap and trade program. Voluntary programs are more about feel good and consumers relations – they are investing in carbon reductions by buying credits in state forests. It was asked if as the carbon source increases over time, will they get credit for that. Timber harvested for durable goods will get credit; also, removals to harvest residuals. It was asked if disease and death count as negatives. Mr. Price was unsure and said he would learn more about that. He added that if there is an act of God and the forest burned up, they wouldn't need to pay for that as Bluesource holds some credits in a buffer pool. Dr. Rich Kobe asked if there is some sort of conversion factor from standing timber to harvested wood projects, and then do they model different lifetimes. Mr. Price doesn't know if they model paper at all; once they start the modeling, the MDNR will then have a chance to find out more.

VI. Land Strategy Update – Kerry Wieber, Meghan Stevens, MDNR, Ms. Kerry Wieber, Forest Land Administrator, MDNR, provided some background on public land ownership. The MDNR manages about 4.6 million acres of public lands and 6.4 million acres of mineral rights, 3.85 million acres of state forests with 363,000 acres in state parks and recreation areas, and 364,000 acres of state game and wildlife areas. Most of the ownership came through a tax reversion process in the early 20th century. The MDNR decided it would be good to use those lands as the basis for its state forest system. Ms. Wieber worked on Public Act (PA) 240 of 2012 with a large advisory group and it was completed in July 2013. It stayed in the legislature for about five years.

It was approved by the Legislature and adopted by the Governor under PA 240 of 2018. Legislation that approved of the 2013 strategy required the MDNR submit an update to the Land Strategy (strategy), which is being developed while they are implementing the 2013 strategy. Public Act 240 of 2018 requires the MDNR to submit an updated public land strategy to the Legislature for review and approval by July 1, 2021.

Project boundary review – priorities for land ownership. Some land is outside of dedicated boundaries, such as trails, boating access sites and facilities. The 2013 strategy called for the MDNR to reduce the amount of private ownership within the dedicated boundaries by one million acres. It will be ready for an external review of proposed boundaries in November and will go to the MDNR's Director in December for consideration at the Natural Resources Committee meeting.

State land review – the MDNR is required to review about 240,000 acres to classify as 1) retain, 2) offer to local units of government or other conservation owners, 3) offer for land exchange, or 4) dispose. They will review groups of 10 counties at a time, with the internal review beginning in September and the external review for the first group of counties expected in early 2021. It will be a multi-division, multi-level internal review. It will go for public comment and review in early 2021. The process will take a few years to complete.

The MDNR Director appointed a land strategy Sprint Team and charged it with meeting the requirements of PA240 of 2018 to develop an updated Land Strategy. The Sprint team started meeting in December of last year.

They will be focusing on highlighting the value of a robust public land base. They will evaluate specific goals, strategies and measurable objectives to determine which to keep, modify, or remove and why. This forms the foundation and components for developing the updated strategy for 2021. They will be finalizing the draft in March or April of next year and submitting for review to the Legislature by July 1.

Engagement efforts: email notification, press releases, dedicated website, dedicated email account, and the MDNR will be accepting feedback on the draft through October 1 for components that are out there now for review.

Public meetings: The MDNR is trying to encourage public participation. They need the public's input to make sure they are doing the right thing. There is an interactive map where people could "drop a tree" on lands they considered most valuable. Once they've dropped a tree, it pops up a brief survey to include people in the process and to find out why public lands matter to them.

Survey results:

Results of “Why do you value public lands?”

56.3% - recreational opportunities

39.7% - protection of land, wildlife and cultural resources

14% - promotes management of timber and wildlife, and fisheries habitat

The importance of public lands for recreational activities is very high. The website for this project is at www.Michigan.gov/publiclands. Email contact can be made at DNR-landstrategy@michigan.gov.

Chair Melow mentioned he thinks the MDNR did a great job with this. Ms. Wieber wanted people to understand all the benefits of public lands and tried hard to convey that. Chair Melow applauded the efforts of the MDNR to understand how the public views public lands.

Dr. Andrew Storer mentioned there are no zip codes in the UP, and people in the UP tend to use public lands a lot and can help. Ms. Wieber responded it was launched in early July and they have taken it down now. They will have a second round of engagement with the public and stakeholders, and she stated that if the MDNR does a survey a second time around, they will reach out to the people of the UP.

VII. Mass Timber Summit – Rich Kobe, MSU

Dr. Rich Kobe reported on the Mass Timber Summit offered at Michigan State University. He commented that some members of the FMAC probably attended. He wanted to direct the FMAC to the websites (www.mifbi.org) - link into summit and under “presentations” you can see all the power points that were shown.) The website at MSU is www.masstimber.msu.edu. Go to the “Resources” tab, and there are several different videos on the website including a tour of the building.

Highlights from the summit:

1. Broader context focused on how a wood-based building can improve the learning outcome for students. There have been several studies done on learning in a space with more natural materials.
2. There hasn't been a lot of studies that have looked at a life-cycle analysis of the carbon of using mass timber.
3. George Burghorn developed a cross-prediction tool. People aren't familiar with it; he developed a program that enabled cost-estimation in using mass timber. It's possible you can save almost \$1 million on a one hundred-million-dollar project.
4. There is a proposed mass timber building at Michigan Technological University (MTU). Dr. Mark Rudnicki presented on its proposed building to the Engineering and Health Tech Department. They would be paying for a \$45 million building with a 1.6 to 1.8 million premium for using that timber.
5. Design, construction and logistics – a person from Nordic had thousands of products they have been involved in that they can get at about a 30% gain – cost savings.
6. Barriers and opportunities. There are a lot of opportunities with using mass timber because the design phase is so much more important – it requires much more integration from design to project delivery. Bidding out the entire design as a package could be advantageous.
7. Building codes – in the state where we see there is more activity with mass timber, they've adopted mass timber provisions in their codes (2021 building codes). They allow for mass timber construction to 18 stories in the 2021 code. Michigan is currently on the 2015 code

and is currently trying to get the Legislature to adopt the 2018 codes, so they are presently two cycles behind in Michigan. If they're able to move the needle and see more mass timber construction in Michigan, they'd be successful.

Dr. Storer commented that things are moving forward again. They are still pushing the mass timber and feel the extra cost will be worth it in the long run. By the time they get to building, there may be more experienced contractors out there. There's a company working on a project in Marquette on the waterfront that is interested in mass timber. With more experience you get the 30% increase in experience and efficiency.

**Chair Melow will see about the status of the building codes in the Legislature. The FMAC could send a letter to the sponsor of the committee and encourage them to act now or in 2021. Dr. Kobe added that other states have adopted 2018 codes and have just taken mass timber provisions from the 2021 code. They may have to have an interim meeting to vote on the one item.

VIII. State Forester's Report –Jeff Stampfly, MDNR

- **Newberry's Mass Timber Building Update**

Mr. Jeff Stampfly, Acting Chief and State Forester, MDNR, reported there was approval of a \$5 million dollar capital outlay investment in the fiscal year (FY) 2021 budget for the construction of a new mass timber Customer Service Center/Forest Management Unit office at Newberry. The project has been championed by Deputy Director Shannon Lott. Beyond some initial sketches, there's no design yet and the different divisions involved will be discussing their specific needs for the new facility.

- Timber sales numbers for FY20 are not complete yet, but Forest Resources Division (FRD) does expect to prepare 50,000 acres of timber for sale on state forest land.
- As of Monday, FRD had nine single resources and three engines out west working on western fires. In 2020, despite COVID and all the challenges involved, the FRD has been able to put out 42 resources, 8 engines and 60 crew to staff those engines, with most of the assignments coming in late August and September.
- Legislative Updates – [July 16, 2020](#), [August 13, 2020](#), [September 10, 2020](#), [October 8, 2020](#). The updates were provided to the committee with no discussion needed.

IX. Action Items/ Follow-up

- **Consideration of new Members** (Kenny Wawsczyk, Paul Jernberg)

There are two volunteers who have shown interest in joining the ranks., Mr. Kenny Wawsczyk – currently Regional Trail Coordinator for North Country Trail, and Mr. Paul Jernberg – currently with Parks and Recreation Trails Committee.

A motion was made to have both candidates put forward for nomination; moved by Dr. Storer; seconded by Dr. Kobe. All were in favor of electing both as new FMAC members. Motion passed unanimously.

Dr. Ellen Holste resigned from the committee. Ms. Kim Korbecki was asked to draft letters of 'thanks' and 'welcome'.

ROUNDTABLE:

- **Andrew Storer:** educational institutions – started classes a couple of days early; are testing students for COVID upon return; continued with in-person classes; have 42 students meeting and have not stayed free of COVID. They have had to isolate some students (less than 5%).

They are planning to have students return again after Thanksgiving break. They have so many project-based classes, it's important for them to return after Thanksgiving. They are in the process of doubling COVID testing. They are planning spring to include bringing students back and testing them all again in January. They aren't canceling spring break.

Enrollments have dipped a bit at university level, but at college level they are up 8% including forestry majors.

- **Makayla LaButte:** Michigan United Conservation Club's OTT program is on the ground. They have already planted 2500 trees in the past month. It was funded by a grant from Consumers Energy. They have one more volunteer event coming up; 90 native fruit trees are being planted in Kalkaska. That is the last event of the calendar year. They are planning a full calendar of volunteer events in 2021.
- **Ben Schram** – The Michigan Department of Agriculture and Rural Development's conservation programs had a crazy budget experience. The Forestry Assistance Program fared pretty good overall with a 50% reduction. During the beginning of the pandemic they had a position go vacant and since the budget was passed, they cannot fill it, so they are down from 20 to 19 grants.

It's been a good year for the Qualified Forest Program (QFP). They got 75% of their total acres for the year in the last 3 weeks in August, for a total of about 71,000 acres. There are 720,000 acres overall. Every acre is closer to weaning off general funds.

In the midst of budget cuts, MDARD was given \$5 million to reauthorize the Conservation Reserve Enhancement Program (CREP), in particular watersheds. The original 'ask' was around \$10 million. The CREP was in suspension for the last few years because they ran out of funds.

- **Rich Kobe:** Because of the corona virus, in August MSU decided to move entirely to online instruction. They have been getting really good feedback from it – teachers are guiding students in a teaching direction of their own choosing. Enrollment numbers are up again – about 80 students are enrolled in the Bachelor's in Forestry Program.
- **Leslie Auriemmo:** They had cutbacks in their timber program due to COVID. They did deliver about 55 million boards this year in the Huron-Manistee. Next year they are looking at 84 million to up to 100 million feet. They are grateful to the state for its assistance.

All their folks are in the field and the Supervisor's Office is open to the public. There has been a lot of changes in their sustainable recreation strategy. Even with Coronavirus they have been mobbed. They are hoping a key player will be the State.

Congress passed the Great America Outdoors Act; the Forest Service will get a sizeable chunk of money and they have several projects in the Huron-Manistee they are working on,

The Manistee office has moved to Wellston, to the old nursery site. They have revamped one of those buildings and are trying to figure out what to do to acknowledge it. They would love a grand opening celebration as it's a cool site. It currently has 16 historic buildings on it. They

are looking to take an old fire tower they have and move it there and open it up to folks. They are also hoping they can open to the public and talk about the district as it is right now.

- **Gary Melow** – Cadillac Renewable Energy has been up and running since August. It's been just under a year since the fire and Grayling remains down. They are knocking on wood as they hope to be back up and running by November. They had a spring outage, but they ramped back up and had a ground fault in the generator and are now in the process of rewinding it.

PSC has launched a workgroup on how to appropriately value energy diversity within the energy resource process. They started with an initial meeting and have another scheduled for later this month. The first meeting focused on scoring. The idea is to find some metrics and make holistic choices in their energy portfolio. There are also some ancillary benefits such as forest stewardship, materials management, waste management etc.

The Governor's Clean Action Plan calls to reduce the state's carbon footprint, and to be carbon neutral by 2040. They are putting together a Climate Solution Council to see how the state would start to achieve those things.

- **Bill Botti:** The Michigan Board of Foresters is now in the first renewal period since the changeover from Licensing & Regulation to the MDNR. Cost has gone up substantially -- from \$80 to \$200 biennially. Most people are renewing although some have said they are getting old and it's more money than they can justify; others are saying they are leaving, period.

Ms. Brenda Haskill, of the MDNR at Gaylord, is serving as secretary and is doing a very good job of keeping them informed.

- **Warren Suchovsky:** An organization called "Timber Professionals Cooperative" has been created under Wisconsin law.

X. **Standing Discussion Items** (none were discussed at this meeting)

- Trails
- Communications from the Field
- [Registered Forester Board](#)
- Timber Harvest Numbers
- FMAC Member Program Updates (see previously).
- Michigan Timber and Forest Products Advisory Committee Update – Gary Melow

XI. **Next Meeting Date**

Meeting Date: January 13, 2021 (Tentative)

Location: Michigan United Conservation Clubs or Microsoft TEAMS Meeting

XII. **Future Agenda Items**

Interim exchange on building codes.

Gary adjourned the October 14, 2020 FMAC meeting at 3:16 p.m.