



MICHIGAN TIMBER AND FOREST PRODUCTS ADVISORY COUNCIL MEETING

September 22, 2023

Meeting Minutes

Present for the Michigan Timber & Forest Products Advisory Council

Charlie Becker, **Chair**, Lyme Great Lakes Timberlands

Tim Biewer, Timber Lumber

Nick Monkevich, Verso Corporation

Rich Bowman, The Nature Conservancy

Larry Leefers, Michigan State University

Gary Melow, **Vice Chair**, Michigan Biomass

Glen Mroz, Michigan Technological University

Present for the State of Michigan

Brenda Haskill, Michigan Department of Natural Resources (MDNR), Forest Resources Division

Jason Stephens, MDNR-Forest Resources Division

David Price, MDNR-Forest Resources Division

Jagdish Poudel, MDNR-Forest Resources Division

Chris Schmiede, MDNR-Forest Resources Division

Donna LaCourt, Michigan Department of Agriculture & Rural Development

Kim Korbecki, MDNR-Forest Resources Division

Welcome

Charlie Becker, Chair, called the September 22, 2023 Michigan Timber & Forest Products Advisory Council (MTFPAC) meeting to order at 10:05 a.m. and welcomed all in attendance.

MTFPAC Business

1. **Adoption of September 22, 2023 Michigan Timber & Forest Products Advisory Council meeting agenda and June 23, 2023 MTFPAC Meeting Minutes**

Motion: Rich Bowman moved to adopt the September 22, 2023 MTFPAC meeting agenda and the June 23, 2023 MTFPAC meeting minutes; Gary Melow mentioned several edits he would be sending to be made to the June 23, 2023 meeting minutes, and with the changes made, he would support adoption. Both the September meeting agenda and the June meeting minutes were adopted unanimously.

2. **Adoption of 2024 MTFPAC Meeting Dates**

Gary Melow moved to adopt the 2024 MTFPAC meeting schedule as presented; supported by Larry Leefers. The 2024 MTFPAC meeting schedule was adopted unanimously.

Michigan Department of Natural Resources Departmental Update – Jason Stephens, MDNR

Jason Stephens introduced himself to the members and reported he has been in the role of Assistant Chief of Forest Resources Division for one and a half years. Jason gave the following MDNR update.

1. **Forest Resources Division Fiscal Year 24 Overview**
The Forest Resources Division (FRD) is going forward on building its fiscal year (FY) 2024 Spend Plan.
2. **Forest inventory & T-sales**
Annual planning and implementation work will go on as usual. It should be on par as in previous years at around 50,000 acres.
3. **Cultivation & Silviculture**
It has been a big year from the cultivation standpoint. Operational and planning is moving forward. They will be investing further into development and knowledge transfer.
4. **State Forest Management Plan**
Jason reported there was nothing substantive to share. They should have more details to report at the next TFPAC meeting.
5. **Recruitment & Onboarding**
New funding is coming into the MDNR, and they will be marshalling new resources with higher rates of retention and hiring. A lot of resources are being put into it.
6. **Forest Health and Invasives**
They are receiving department level input and they will be appointing a department level strike team (team) to deal with forest health and invasives. The operational details are still coming together. The FRD will have a role in assembling the team. The team will be part of the response from the department on Balsam Woolly Adelgid.
7. **Urban & Community Forestry**
There is a lot of new funding coming to Michigan through municipality grants. There will be around \$7 million to be distributed. Forestry staff has been working with smaller and mid-size municipalities that haven't had their own forest health programs. They are also looking beyond southern Michigan for communities that can use services.
8. **Budget**
General fund will be used to further fund fire work. This will cover 17 employees, with 13 additional Fire Officers, two Mechanics and one Air Pilot. The balance of the funding will go to work on equipment. The FRD has a goal of 20-year replacement of equipment. Jason went on to explain the different types of funding.
9. **Michigan Healthy Climate**
The consensus is that the state is in a time of extremes. They have monitored very closely and there has been unprecedented dryness on the heels of one of the wettest winters per the weather service. In a period of extremes – dry May through July – they had fires that behaved in ways they have never had to deal with before.
10. **Capital Outlay Funding**
There will be a fund balance if FDF is reinvested in facilities and roads and bridges. They have been successful and getting work done on infrastructure, i.e., roads they haven't been able to access for timbers sales. They received \$2.5 million in appropriations in FY21 that expires in December. That will be encumbered by the end of the calendar year. They asked for \$2.5 million in FY24 and were successful. They are now looking at investments they can make.
11. **Appropriations for Mass Timber Building in Newberry**
They will be able to utilize these funds. The groundbreaking is in a couple of weeks. David Price, MDNR-FRD, is going after funding this year that will be more focused on culverts and bridges.
12. **Equipment Funds**
 - a. They will have some additional funds from the \$3.7 million to allocate towards equipment. There will also be \$300,000 from FDF for land management equipment.
 - b. They will make an investment in survey staff to work through a backlog of surveys for timber sales (land surveys).

- c. A \$2.5 million 'ask' from FDF for land equipment in FY24 was successful. There is a working list of items prioritized on some investment in cultivation equipment including skidders. This will also be spent on road & bridge, dump truck excavators, and a pilot in-house drone program.
- d. This was a big year for cultivation. They are working through a backlog. There will be roughly six skidders for 1,000 acres apiece. All spraying has been done under contract. Majority of work will be under contract this year.
- e. They will be shifting some efforts into silviculture and looking on findings from hardwood work they're doing. They are getting regeneration assistance in lowlands and are focusing on cultivation.

13. Trillion Trees Initiative

This was coordinated in the Office of Public Lands. The FRD's tree planting efforts are a component to that. They worked with the Michigan Department of Agriculture and Rural Development and received some grant funding a couple of years ago to pilot a private land tree planting program, but it has been difficult. There have been no funds allocated nationally or via the state to do this.

14. Cultivation

There is a backlog in cultivation. The reason is that some are still working through post-pandemic conditions. They had to move large parcels of acres around to where they'll be most successful. This happened when they were generating a lot of stands. They are now approaching a steady flow of how they'll do things.

15. Recruitment

There are field level teams for entry level positions. They always recruited in universities, etc., and that has been relatively ad hoc. The goal is to be more intentional with their time and efforts. It has been somewhat challenging bringing staff on. The hope is if they do further recruitment and work in communities to develop more interest, they'll be more successful. Younger employees have shown interest in getting involved with recruiting. They will be looking for folks that can think strategically on how to be success on this front.

There have been 60 funded vacancies this year. There has been a constant, if not increased, rate of retirements. They are also looking to hire a few Program Specialists, a Communications Wildfire Defense Grant Specialist, and a few staff on the land management side. They'll be hiring two full time equivalent cultivation staff as two-year limited term positions and will be assisting four Timber Management Specialists. The current Silviculturist position will be split into two positions. There are also management positions vacant from retirements or backfills.

There was a suggestion made for the FRD to gather information on the reasons they couldn't find enough folks to hire. Rich Kobe, MSU, mentioned that Mike Walters is retiring but will remain engaged in current projects for several years. The MDNR is assisting in the process of filling Mr. Walters' position.

Current State of Market/No-bid Rate/Contract Extensions – David Price/Brenda Haskill, MDNR-FRD

David Price shared a graphic presentation. By the end of August, they offered 412 sales and 19% went no bid. During the months of June, July, and August the no-bid rate really shot up. There was a question about the target rate and the response was that about 10% is desirable. The worst of the no-bids were in the western Upper Peninsula at 25%; the eastern Upper Peninsula at over 25%; the eastern Lower Peninsula at 16%; and the western Lower Peninsula is currently sitting in the best situation.

Pine and aspen are moving okay. Things seem to be improving somewhat, but they won't have that data until after the end of September. The Good Neighbor Authority (GNA) sales are affected and in the western Upper Peninsula they have had issues getting sales sold. They provided direction to Unit Managers that if a sale doesn't get picked up within a week, they are to reduce the price and get it back

up. Some discussion ensued. David also reported they had offered all producers a free extension but there hasn't been much of an uptake on that.

Brenda Haskill, MDNR-FRD, discussed a loan default from 2013 to 2023. They had zero repossessions on equipment previously and they now have over seven. There are younger loggers that saw good economic conditions during covid, but some became overextended. Some younger loggers that were trying to get into the business couldn't weather the storm. Those that will be let are the older loggers that already have a background. It is the younger loggers that can't pivot to other markets. Brenda went on to explain where the market participants are right now and the reasons behind it. Donna LaCourt, Michigan Department of Agriculture and Rural Development, expanded on what Brenda spoke about. There are many states and other entities willing to work with loggers on funding and financing. Discussion continued on this topic.

Biomass & Energy Issues Update – Gary Melow, Michigan Biomass

Status on the energy bills in the House & Senate – the energy/climate bill was introduced in the House in April as three bills and in the Senate as seven bills. In June, the bills removed the definition of biomass. The intent was to move all to wind and solar storage and the woody biomass sector would be able to participate. They weren't able to see anyone until August. Two weeks ago, the senate introduced substitute bills that included biomass but added a caveat with the intent to keep new facilities from being built. This doesn't affect any business using it to produce power. They utilize scrap tires that bring cost savings.

The bills were introduced on Sunday with new drafts of substitutes last week and the changes were monumental. They were able to make their case briefly. They were having public hearings on bills that weren't made public. It was narrowed down to four of seven bills including 271. They are calling on all stakeholders to get the word out that they can make renewable energy from wood fuels. They were successful in getting one lawmaker up to Gaylord for a tour. They believe they may have better traction in the House. The Governor wants this done by December.

- a. Gary shared MISO's Plan "2A" (energy flow and markets in a vast region) and what they see over the next 20 years. They are setting ambitious goals for bioenergy. They are seeing more frequent and severe weather. They need to make 37% more power to drive the economy. Charlie asked Gary to send the presentation to the Council and he agreed.

Member Updates

1. Larry Leefers reported that a year ago they would be reviewing the southwest forest resources plan but this year it is still a way off.
2. David Price reported the final internal/external review of the State Forest Management Plan will be next year.
3. Donna LaCourt discussed a trade alert issue. On American hardwood there will be a prohibition for logs destined for veneer production (sugar maples) that are going to the EU. The EU referenced a report with findings of sap streak and sugar maple which caused the state of Michigan to be on the list and they haven't been able to get off it. There is a barrier to trade right now.