

**FOREST MANAGEMENT ADVISORY COMMITTEE MEETING
MEETING MINUTES
June 26, 2013**

FMAC MEMBERS PRESENT

Mr. Bill Botti, Chair, Michigan Forest Association
Mr. William (Bill) Manson, Jr., Michigan Snowmobile Association
Mr. Scott Heather (representing Bill O'Neill), Michigan Department of Natural Resources (MDNR)
Ms. Margaret Spagnuolo (substituting for Kimberley Korbecki), FMAC Assistant, MDNR
Ms. Amy Trotter, Michigan United Conservation Clubs
Dr. Daniel Keathley, Michigan State University
Ms. Dr. Donna LaCourt (via phone), Michigan Economic Development Corporation
Dr. Terry Sharik, Michigan Technological University
Mr. Warren Suchovsky, Suchovsky Logging
Ms. Lauri Kay Elbing, The Nature Conservancy

FMAC ADVISORS PRESENT

Mr. Barry Paulson, United States Forest Service (USFS), Huron-Manistee

PUBLIC PRESENT

Mr. David Price, MDNR
Ms. Lou Ann Fedewa, MDNR
Mr. Don Johnson, MDNR
Ms. Kathy McGonagle, MDNR

I. Welcome

Chair Botti called the June 26, 2013 Forest Management Advisory Committee meeting to order at 1:00 p.m. He asked each person to introduce themselves.

II. Action Items

• **Adoption of June 26, 2013 FMAC Meeting Agenda**

Dr. Sharik requested to add a Biomaterials Initiative Update to the Public Comment part of the agenda. **Mr. Scott Heather** requested MDNR presentations be first on the agenda, followed by a Timber Advisory Committee Update.

Motion: Ms. Elbing motioned to adopt the June 26 FMAC Agenda as amended; seconded by **Mr. Suchovsky**.

Motion to adopt the June 26, 2013 FMAC Meeting Agenda passed unanimously.

• **Adoption of May 15, 2013 FMAC Meeting Minutes**

Chair Botti asked for changes to the minutes from last meeting, and **Dr. Sharik** had changes and forwarded them to the FMAC assistant for inclusion.

Motion: Ms. Elbing moved to adopt the May 15 FMAC Meeting Minutes with updates; seconded by **Mr. Suchovsky**.

Motion to adopt the May 15, 2013 FMAC Meeting Minutes was passed unanimously.

III. FRD Budget Presentation

Ms. Lou Ann Fedewa gave a presentation on DNR, Forest Resources Division's (FRD) budget (see attached). **Ms. Fedewa** explained that a budget appropriation is equivalent to authorization to spend, much like a person's credit card limit. She further

explained that Funding Sources are like a person's income, which in FRD are primarily restricted funds and user pay fees. The MDNR receives one of the least amounts of general funds in state government. **Ms. Fedewa** said if FRD does not make what is appropriated, it cannot spend it. For FY 14, FRD received an extra \$750,000 in general fund money. This will offset the costs of fire suppression which usually comes out of the Forest Development Fund (FDF). The FRD is projecting a \$2 million carry-forward after FY 13 books are closed; however, the year started with a \$4 million carry-forward. **Ms. Fedewa** explained that the carry forward is similar to your personal bank account. If it was not for this bank account, FRD would be operating with a \$2 million deficit. This structural imbalance needs to be corrected.

Mr. Suchovsky asked what the timber sale enhancements included, and **Mr. Heather** responded it includes: 1) portable tablets that foresters carry in the field which are expected to fail, for which there are no funds to replace; and 2) the computer program that receives timber data is behind being updated, which Microsoft will no longer support in 1.5 years. **Chair Botti** asked that a copy of Ms. Fedewa's presentation be sent to the committee. **Ms. Elbing** asked if FRD took in more money, would it be able to spend above the appropriation. **Ms. Fedewa** responded that it could not spend above the appropriation, but in that case, FRD could ask for a supplemental.

Mr. Suchovsky asked how the fast deterioration of ash/beech/spruce/tamarack affects revenues. **Mr. Price** responded FRD is trying to capture value before the resource deteriorates, trying to keep ahead of diseases, and prioritizing stands to get the most value. **Mr. Heather** added that the regeneration is where additional value will be lost.

Chair Botti asked if it was difficult to determine how forest health affects budget. **Mr. Price** responded that not all northern hardwoods are affected by disease. There is no beech in the western Upper Peninsula (WUP), and less ash. In the northern Lower Peninsula, and eastern Upper Peninsula, there is an issue with disease. The WUP is king to northern hardwoods, and there is less impact in those areas. **Ms. Fedewa** said staff has to forecast revenue, and it is tough to project.

Ms. Fedewa stated MDNR's FY14 budget was signed by the Governor, which tried to "true up" the appropriation (i.e. authorization) to actual revenue for next year. **Chair Botti** asked the significance of the \$3million reduction in the FY14 budget, and **Ms. Fedewa** said the appropriation is down, but it is simply authorization. The FRD typically does not earn revenue up to the appropriated amount anyway, comparing it to a high credit card limit that you cannot spend unless you make enough income to pay for it.

Mr. Suchovsky asked for the status of the red pine project. **Mr. Price** responded that FRD is well through the project and past peak so we are reaping dividends, but red pine resource originating from the plantings in the 1930-1950's is going to be exhausted some day and this is significant because it is a "cash cow" for timber sales.

Mr. Suchovsky asked what role FMAC can play to lobby for more funding for FRD. **Mr. Heather** responded that FRD will start building a request which will go to the Governor in December. Then the Governor's budget goes to the legislators and finally

to appropriations committees. The FMAC can voice its concerns at appropriations meetings. **Mr. Heather** will check with **Chief O'Neill** as to when FRD's requests go to the Director and will ask the Chief to share this information with the FMAC.

Chair Botti suggested that the funding issue be added to November's Agenda for FMAC to support.

Dr. Sharik asked what the funds would be saved for, and **Mr. Heather** said that FDF goes to forestry and to the fire program, and general fund for the fire program.

Mr. Suchovsky asked if funds for the cooperative forestry program went to the Michigan Department of Agriculture and Rural Development (MDARD). **Mr. Heather** responded that DNR has a memorandum of understanding with MDARD which gives money over a 2-year period.

Mr. Heather explained that over the last 2 years, costs have risen drastically because departments/divisions are now required to take over expenses for post-employment benefits (i.e. health, dental and vision) for retirees, which is 24% of all current salaries. **Ms. Fedewa** added that another increase was a 1% pay increase for state employees either as a lump sum or built into their base.

Dr. Sharik asked if there was any other program in DNR that generates larger portions of funding. **Mr. Heather** said Parks and Recreation Division gets excess mineral sales revenue and user fees; and Wildlife and Fisheries Divisions receive user fees and federal funds.

Dr. Sharik asked if there have been past discussions on who should pay for fire suppression on private lands. **Mr. Heather** responded that FRD has talked to legislators and they are not able to support any wildfire protection fees, but will support general funds in the fire program, adding that as costs go up the fire program has no outside support group, such as the snowmobile users, for example.

IV. FRD Fire Program Update

Mr. Don Johnson gave a presentation on FRD's resource protection program (see attached). He said this year has been quiet compared to last year. The number of fires is lower than the 10-year average. To date, there have been 188 fires and 32 prescribed burns.

Mr. Johnson stated the Forest Fire Experiment Station in Roscommon produces/builds equipment, and FRD has acquired a new fire skidder in Baldwin and a new tractor plow build. Regarding national mobilization, **Mr. Johnson** said FRD sent two overheads to Wisconsin and next week expects requests for suppression assistance out west.

The FRD's Resource Protection program also administers the Federal Excess Property program and Fire Fighter program, which provides excess military equipment to both the DNR as well as local fire departments. The FRD also provides assistance to local fire departments through mutual aid agreements and Volunteer Fire Assistance grants which are used for purchasing small equipment and for training.

The FRD is building a new experiment station in Roscommon which expects to be completed by late summer/early fall. This facility builds our specialized wildfire equipment. A part of the old building will be preserved for a firemen's memorial.

Mr. Suchovsky asked what agreements MDNR has with the national forests.

Mr. Johnson responded that it has a cooperative agreement for first burning and then the funds move back and forth. The agreement is broader than fire suppression, including joint prevention efforts. **Mr. Paulson** said the USFS fire unit protects some private land but it depends on the protection area jurisdiction. The USFS has had 112 fires within their protection boundary, mostly federal and some private. **Chair Botti** said he was driving in the state forest and noticed a fire officer sitting in a truck doing paperwork on standby, and **Mr. Johnson** said FRD often shifts equipment to zones on standby on very high and extreme fire danger days to reduce the time it takes to attack these volatile fires. The FRD uses a time travel map to see how long it takes from a station to a fire.

V. Forest Planning Update

Mr. David Price gave an update on the regional state forest plans and provided a chart timeline showing progress and approval path. The plans were presented to the Natural Resources Commission (NRC) in April. In May, FRD held a series of public meetings around the state with stakeholders and one tribe (Keweenaw Bay). Attendance was the best in Marquette and Gaylord with more attendance at the day sessions than the evening sessions. Many public comments stated that having additional public meetings at the beginning of the process would be beneficial, and FRD is taking that into account for next time. The public meetings served to provide understanding and feedback.

Mr. Suchovsky said the Newberry public meeting had good discussion but no industry representatives were in attendance. **Mr. Price** said some industry attended the Marquette and Lansing sessions. **Ms. Trotter** asked if the NRC engaged at all informally and **Mr. Price** responded that Bill O'Neill gave an update to the Director, and there was no feedback from the commissioners. **Mr. Suchovsky** asked about the NRC's current authority in light of all the organizational changes in the DNR. **Mr. Heather** indicated the NRC's authority is to advise the Director.

Mr. Price stated the planning team is resolving issues from the comment period with final edits expected to be done by mid-September. The decision maker on the plans is the Director and he will bring it to the NRC for information. Plans should be approved by the end of the year.

VI. Standing Discussion Items (part 1) – Timber Advisory Committee (TAC) Update

Mr. Heather said the Forest Products Summit was a big success. Information from the summit was synthesized and 6 priorities would be given to the TAC on Friday: exports, marketing/utilization & data analysis, value added/processing, private lands, USFS management/supply, and Biomass. White papers are being developed and will be presented at the TAC meeting on June 28. They should be available early next week for those interested in receiving a copy. **Mr. Heather** said the Governor focused heavily on the issue of exports.

Mr. Heather also reported that Chief O'Neill recently attended a forestry conference in Wisconsin along with representatives from Wisconsin DNR, Minnesota DNR, congressmen and legislators, including Congressman Benishek. Chief O'Neill was very impressed with the group and said they are involved and active in forest management issues.

Chair Botti referred to a copy of his May 20, 2013 letter to TAC's Chairman, J.R. Richardson, offering the assistance of the FMAC.

VII. Public Comment - Biomaterials Initiative

Dr. Sharik gave background information on the concept for the Biomaterials Initiative conference which is being planned for some time in October, to formulate an educational process around biomaterials. The conference will include landowners, industry, academia, legislators, and key private industry people from Virginia, North Carolina, Maine and Oregon. Dr. Sharik wants to align resources in government and universities to the industry sector. Key people from states would share how they function to be successful in biomaterials.

Bernie Hubbard is the lead on the conference, and he is getting estimates from a community college in Traverse City as the venue. **Dr. Sharik** asked the group for input on which days of the week the legislators would be more apt to participate. **Dr. Sharik** said he plans to attend the TAC meeting in Gaylord on Friday.

Ms. Trotter suggested each state should learn more about other states' issues before the conference so they can incorporate the comparisons and contrasts into their presentations.

VIII. Standing Discussion Items (part 2) - Legislative Update

Ms. Trotter reported the Qualified Forestry (QF) bills have been signed. All parties did not get everything they asked for. There was an increase in the minimum acreage, increase in productive forestry to 80%, and no increase in cap of the program--it stands at 1.2 million acres. The MDARD is the oversight entity. The MUCC wants to make the QF program more known and bring a group together to promote it because it is of interest to its members. Conservation Districts are not ready yet to take calls on program.

Ms. Trotter reported that the hunting and fishing license package bill passed to House for concurrent vote before going to the Governor's desk. The ORV license fee was not amended or passed to the Governor. **Ms. Trotter** also reported that the Payment in Lieu of Taxes Bill, HB 4285, is not moving.

Mr. Suchovsky inquired about Senate Bill 163 on Wetlands and indicated that it could be an area of concern which the committee needs more information on regarding forestry and the EPA perspective. The DEQ can give an update because they are the lead. **Mr. Suchovsky** asked that an update from DEQ and DNR on interface of bill with forestry be put on the agenda for the next meeting.

In reference to a report that was distributed at the meeting, **Mr. Price** stated *Managing Michigan's State-owned Forests: Harvest Levels, Market Trends and Revenue Realities*, by the Michigan Environmental Council (MEC), contains errors. **Mr. Price** indicated that Chief O'Neill and Deb Begalle, Manager, Forest Planning and Operations Section, FRD, met with Brad Garmon (MEC) to discuss the report's factual inconsistencies and incorrect conclusions about the market forces. **Mr. Price** pointed out that this publication was released without the MDNR's review although the MDNR did provide some of the data it contains. One inconsistency is the report states jack pine is used for Christmas trees. Another is that timber markets are not a factor that determine the level of MDNR timber sales (we sell timber regardless of high or low timber prices). Also, relying upon growth and removals of timber as the only metric for sustainable management is not valid.

IX. Next Meeting

September 4, 2013, Marquette OSC.

X. Agenda Items

Forest Products Summit – 6 priorities

Update on Wetlands bill 163, from DEQ & DNR on interface of bill w/ forestry

For November meeting, funding issues for FRD

XI. Adjournment. The June 26, 2013 FMAC meeting was adjourned at 3:30 p.m.