

# Forest Utilization and Marketing

Michigan DNR industry newsletter – January 2020



## Utilization and Marketing Program update

Last year was a tough year for many in the forest products industry due to wet conditions and poor lumber prices. These impacts were coupled with tight competition for stumps and reduced markets for harvest residue chips and mill residues caused by the closure of the Hillman Power Plant and a fire at Cadillac Renewable Energy.

Recognizing industry concern that residue markets may continue to be difficult, the DNR Utilization and Marketing Program will focus on market outlets for residues. With that in mind, we've included some unusual conference and workshop notices in the Events Calendar (page 6) about potential outlets for mill and harvest residues, such as a spring compost conference.

### Program accomplishments for fall-winter 2019:

- Participated in the Northeast-Midwest State Foresters Alliance Forest Utilization Committee meeting and Advanced Woodbasket Analysis Workshop.
- Completed 2018 Primary Mill Survey data collection.
- Sponsored workshops for loggers and sawmills on Business Management and Marketing for sawmills, and log grading and scaling.
- Sponsored three workshops on mass timber construction with WoodWorks.
- Attended the Great Lakes Timber Professionals Logging Expo in Escanaba in September.

- Met with stakeholders in Gaylord in November to discuss options for mitigating tightened markets for whole tree chips and current DNR timber sale contracts with chipping requirements to help mitigate the temporary closure of Cadillac Renewable Energy and permanent closure of Hillman Power Company.
- Provided input at the Forest Service's Northern Region Forest Inventory Analysis Unit Regional Management Team and Users Group meeting in December.

In 2020, staff will host or sponsor workshops on markets for mill and harvest residues, chainsaw safety training, commercial firewood production, softwood lumber grading and urban wood use programs. The DNR will also be one of several sponsors of the Mass Timber Summit April 20-21 at Michigan State University, hosted by the Michigan Forest Biomaterials Initiative.

Additional workshops will be announced in the second half of 2020. Contact Dave Neumann or Brenda Haskill with workshop suggestions and for more information about this newsletter and the Utilization and Marketing Program.

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## Hardwood market update from the *Hardwood Leader* (via [Hardwood Publishing Co.](#))

- Oak and hard maple prices are forecasted to continue declining over the next two months, mostly related to increased winter supply in hard maple, and weak demand/high supply in red oak. Price increases in red oak aren't expected until spring.
- Lumber exports – “Through September, U.S. hardwood lumber exports were the lowest since 2013 to all three major regions—Asia, Europe and Latin America—and the lowest in three years to Canada. As of September, exports of every species were in the red.”
- Most market indices appear to be flat or trending downward in coming months.
- Housing market indicators don't appear to support projections of a significant increase in housing starts, although some forecast increasing numbers of prospective homebuyers entering the market, and longer retention of homes by older folks, causing housing prices to rise. Interest rates for mortgages are expected to remain low throughout next year.

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## 2018 Primary Mill Survey - early results

Michigan DNR staff repeated the primary mill survey in 2019, canvassing known sawmills to update information on mill status, products produced, residues generated and estimates of 2018 processed wood volume.

The DNR has conducted the survey every two years in partnership with the U.S. Forest Service. Individual mill volumes are kept confidential and used to compile a statewide DNR mill survey report and are used to help produce the Forest Service's Timber Product Output report. Staff are in the process of analyzing the data and the state report should be published in late winter of 2020. Early findings include:

- 295 active mills in 2019 – up 13 from the 2016 survey.
- 33 closures, mostly sawmills.
- Mill receipts totaling 4.69 million cords, up 4% from 2016.
- Residue production totaling 4.9 million green tons.

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## Timber cruise update

Work to transfer to new state forest timber cruising software, hardware and field methods continues.

- Mason, Bruce & Girard, Inc. have been awarded a DNR contract to provide [MobileMap cruise software](#). An [overview video](#) is available.
- Field hardware devices (Samsung Active 2 tablets and Note 9 phones) have been deployed to DNR staff. MobileMap only operates on Android devices.
- Contract marking firms and industry/procurement foresters will be invited to training sessions in the UP and NLP in early spring 2020.
- An internal check cruising system will be implemented with the new protocol.
- Full implementation of the new cruising methods and hardware and software use will begin in spring 2020. The first sales with new cruise volumes will be advertised in May/June 2020.
- All FY21 timber sale proposals will be completed with the new system.
- All contracted timber sale preparation with a FY21 completion date will require use of the new cruise protocol.



Send questions to Jason Stephens, [StephensJ@Michigan.gov](mailto:StephensJ@Michigan.gov), or Brenda Haskill, [HaskillB@Michigan.gov](mailto:HaskillB@Michigan.gov).

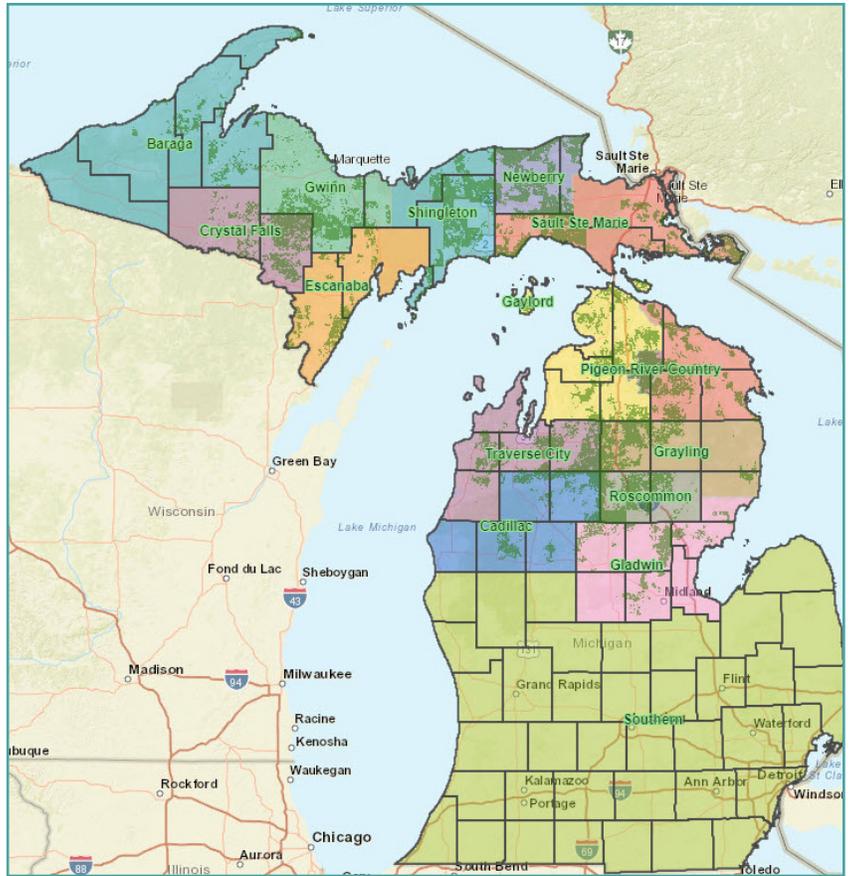
# Forest planning

## Regional State Forest Management Plan revision

The DNR has begun the process of revising Regional State Forest Management Plans last approved in 2013. Changes in management strategies for some forest cover types, adverse forest health impacts and monitoring results have contributed to a need to revise the Management Area Direction (Section 4) components of the plans.

The DNR has contracted with Mason, Bruce & Girard Inc. for professional forest planning and modeling services that will provide harvest level projections that incorporate the many uses and values of the state forest.

Modeling, writing and engagement teams are currently being organized with a goal for the new plans to be approved for implementation in October 2021.



The DNR planning team will provide updates and opportunities for engagement during the two-year process. Send questions to Dan Heckman, [HeckmanD@Michigan.gov](mailto:HeckmanD@Michigan.gov).

## 2020 Forest Action Plan update

The Forest Action Plan lays out goals for Michigan's forests and how we can collectively, achieve them. It's renewed every 10 years and can be updated as needed to account for unforeseen events such as wildfires and impacts from invasive species like emerald ash borer. The process to update the plan began in 2019 and will be finalized in 2020. The landscape assessment, the first part of the plan, is publicly available by visiting "Forest Action Plans" at [Michigan.gov/ForestManagement](https://Michigan.gov/ForestManagement); comments are welcome.

The DNR held four stakeholder workshops in summer and fall 2019. These facilitated meetings generated prioritized issues for each of the five federal cooperative programs: Forest Stewardship, Forest Health, Forest Legacy, Urban and Community Forestry and Community Wildfire Protection. Each of the five areas receive federal funding for activities. Work continued into the fall with five task teams from the cooperative programs developing strategies for high priority issues to include in the new master plan.

The topic of climate change and its impact on each of the five cooperative programs was addressed in a separate workshop in Gaylord. The workshop was organized and facilitated by staff from the Northern Institute of Applied Climate Science.

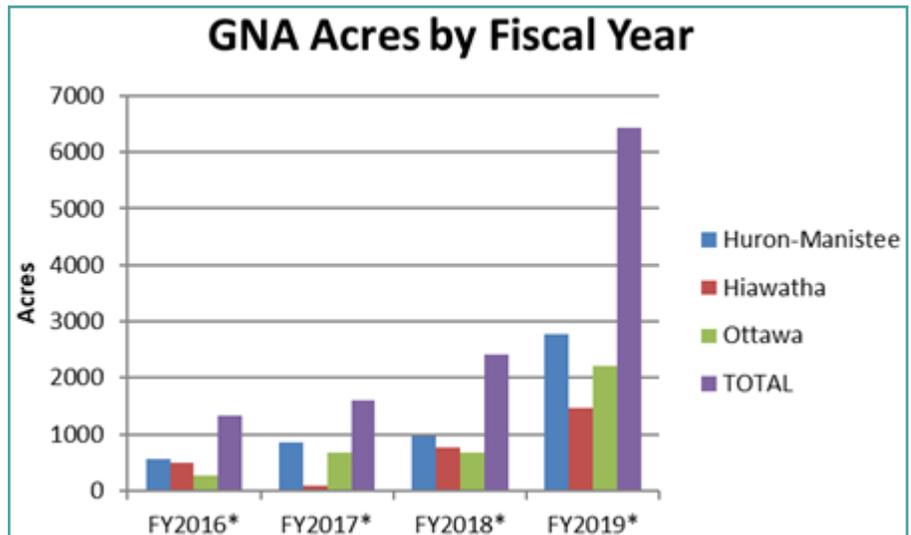
The draft Forest Action Plan will be developed and provided for review, in March 2020.

## Good Neighbor Authority

Under Good Neighbor Authority in 2019, the DNR prepared 6,534 acres with a volume of 105,000 cords and a stumpage value exceeding \$5.4 million. In 2020, the DNR will continue to invest revenues into new timber and non-timber projects on the Huron-Manistee, Hiawatha and Ottawa National Forests.

2020 GNA timber sales are planned on more than 8,000 acres, to be accomplished by both DNR staff and contracted foresters.

Non-timber sale projects in 2020 include land line survey, botany survey, non-native invasive plant treatments and forest planting and regeneration survey.



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## Grants

### Rural Energy for America Program Renewable Energy Systems and Energy Efficiency Improvement Guaranteed Loans & Grants

Deadlines - Jan. 31 and March 31, 2020

[rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency](http://rd.usda.gov/programs-services/rural-energy-america-program-renewable-energy-systems-energy-efficiency)

### Small Business Administration Grants

[SBA.gov/funding-programs/grants](http://SBA.gov/funding-programs/grants)

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## Crane Mats for MAT members

To promote use of best management practices in stream crossings and operations on wet soils, the DNR's Forest Stewardship Program has received a federal grant and is partnering with the Michigan Association of Timbermen to make 300-400 crane mats available for use by the association's members.

Batches of crane mats will be awarded to new MAT members and members attending training at annual meetings 2020 through 2022.

The goal of the program is to help keep sediments out of streams and minimize impacts on soil from timber harvesting.

For more information contact Denise Pallarito from MAT at [DPallarito@Timbermen.org](mailto:DPallarito@Timbermen.org) or Mike Smalligan at the DNR at [SmalliganM@Michigan.gov](mailto:SmalliganM@Michigan.gov).

## Federal \$300 wood heat tax credit extended through 2020

On Dec. 19, 2019, the U.S. Congress passed a spending package that retroactively extended the \$300 tax credit for efficient wood and pellet stoves and boilers to Jan. 1, 2018 and through Dec. 31, 2020.

This is the third retroactive extension in five years, making the tax credit an ineffective tool for both businesses and consumers to drive purchases towards higher efficiency appliances.

The Alliance for Green Heat urges consumers to check with the EPA's [list of certified wood and pellet heaters](#) to confirm the efficiency of a unit and not rely on written or verbal assurances by manufacturers or retailers. Claim the \$300 stove tax credit for wood and pellet stoves that are 75% efficient or higher using [IRS Form 5695](#).

## 2019 timber sale preparation

Timber sale preparation is conducted by DNR staff and private consultants under contract. Timber sale preparation contracts totaling 11,401 acres were awarded to consultants in FY 2019. Through the combined efforts of staff and consultants, 55,021 acres of state forest timber were prepared for sale in FY 2019. The estimated timber volume on those acres is 1,011,221 cords, which averages 18.4 cords/acre.

A total of 60,421 acres of state forest timber with an estimated volume of 1,160,255 cords were sold in FY 2018-2019.

Fiscal Year 2019	Acres	Cords
State Forest Land	55,021	1,011,221
Good Neighbor Authority	6,534	105,105
<b>Total</b>	<b>61,555</b>	<b>1,116,326</b>
<b>Sold FY 2018-2109</b>	<b>60,421</b>	<b>1,160,255</b>

## Attend a Sustainable Forestry Initiative training and receive a \$50 gas card

The DNR's Forest Stewardship Program is working with the Michigan Sustainable Forestry Initiative to offer incentives for loggers and truckers to attend workshops and document use of best management practices for maintaining surface water quality.

The first 500 loggers and truckers who attend a two-day SFI core training or a 4-hour SFI refresher and send in a photo of a best management practice in action are eligible to receive a \$50 gas card. To send in photos or ask a question, contact Scott Robbins at [SRobbins@Michiganforest.com](mailto:SRobbins@Michiganforest.com), Denise Pallarito at [DPallarito@Timbermen.org](mailto:DPallarito@Timbermen.org), or Mike Smalligan at the DNR at [SmalliganM@Michigan.gov](mailto:SmalliganM@Michigan.gov).

## Community Wood Energy and Innovation Program

In the final weeks of the 2019 session, the U.S. Congress included \$5 million in the 2020 budget for the Community Wood Energy and Innovation Program.

The program was included in the 2018 Farm Bill Reauthorization and was intended to promote use of wood-fired heat or heat-and-energy systems by providing competitive community grants for projects that install high efficiency wood heating systems in hospitals, schools, community centers and towns. Eligible projects could include single facility and district heat systems. The program was authorized for up to \$25 million per year for 5 years, but funds were not appropriated in the 2018 and 2019 budgets.

Industry proponents hope that the program will encourage the use of sawmill and manufacturer residues, wood pellets, and potentially wood chips from harvests.

The USDA Forest Service must still develop program guidelines for roll out of the program in 2020. The legislation approved in the 2018 Farm Bill specified limits for grants up to \$1 million, or up to \$1.5 million in special circumstances.

The program could also fund construction of innovative wood-using facilities such as those using nanotechnology or other innovative processes and mass timber manufacturing plants such as those manufacturing cross laminated timber.

Not more than 25% of the funds available in each fiscal year could go toward innovative wood product facilities. For more information, see the enacted federal law, 7 USC 8113: [Community Wood Energy and Wood Innovation Program](#).

# Industry events

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**OSU Lumber Drying Online Self-Paced Workshop**  
[Workspace.Oregonstate.edu/course/Lumber-Drying-Online-Workshop?hsLang=en](https://workspace.oregonstate.edu/course/Lumber-Drying-Online-Workshop?hsLang=en)

**OSU wood-based composite science course series**  
[Workspace.Oregonstate.edu/certificate/Wood-Based-Composite-Science-Short-Course-Series?hsLang=en](https://workspace.oregonstate.edu/certificate/Wood-Based-Composite-Science-Short-Course-Series?hsLang=en)

**U.S. Compost Council 2020 conference**  
Jan. 28-31. North Charleston, SC.  
[CompostConference.com](https://CompostConference.com)

**International Biomass Conference & Expo**  
Feb. 3-5. Nashville, TN.  
[BiomassConference.com](https://BiomassConference.com)

**Indiana Hardwood Lumber Association Convention**  
Feb. 3-5. Indianapolis, IN.  
[IHLA.org/ihla-convention](https://IHLA.org/ihla-convention)

**International Mass Timber Conference 2020**  
March 24-26. Portland, OR.  
[MassTimberConference.com](https://MassTimberConference.com)

**Great Lakes Kiln Drying Association Spring meeting**  
April 30-May. LaCrosse, WI.  
[GLKDA.org](https://GLKDA.org)

**2020 Loggers Plus Expo**  
April 3-4. Bloomsburg, PA.  
[NorthernLogger.com/loggers-expo-2/](https://NorthernLogger.com/loggers-expo-2/)

**Michigan Society of American Foresters spring meeting**  
April 16-17. Grayling, MI.  
[MichiganSAF.org](https://MichiganSAF.org)

**Michigan Mass Timber Summit**  
April 20-21. East Lansing, MI.  
[MIFBI.org](https://MIFBI.org)

**Sustainable Forestry Conference**  
April 23. Florence, WI  
[LumberJackRCD.org/sustainable-forestry-conference.html](https://LumberJackRCD.org/sustainable-forestry-conference.html)

**Michigan Association of Timbermen Annual Meeting**  
April 30-May 1. Gaylord, MI.  
[Timbermen.org](https://Timbermen.org)

**National Firewood Workshop**  
June 10-11. Lebonon, TN.  
[Outreach.cnr.ncsu.edu/ncwood](https://Outreach.cnr.ncsu.edu/ncwood)

**Forest Products Society International Conference**  
June 22-25. Portland, OR.  
[FPSIC2020.com](https://FPSIC2020.com)

