



STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



JENNIFER M. GRANHOLM
GOVERNOR

REBECCA A. HUMPHRIES
DIRECTOR

May 13, 2009

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 804, PA 252 of 2008, the report of the Department of Natural Resources (DNR) timber treatments, during the second quarter of Fiscal Year 2008-09, is attached.

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

Sincerely,

Sharon M. Schafer, Chief
Budget and Support Services
517-373-1750

Attachment

- cc: Senate Appropriations Subcommittee Members
- House Appropriations Subcommittee Members
- Mr. Bill Bowerman, Senate Fiscal Agency
- Dr. Kirk Lindquist, House Fiscal Agency
- Mr. Robert Emerson, State Budget Director, Department of Management and Budget (DMB)
- Mr. Jacques McNeely, DMB
- Ms. Jennifer Harrison, DMB
- Director Rebecca Humphries, DNR
- Ms. Arminda Koch, Resource Management Deputy, DNR
- Mr. Rodney Stokes, Chief of Staff, DNR
- Mr. Daniel Eichinger, Legislative Liaison, DNR
- Ms. Lynne Boyd, DNR
- Mr. Mark Bouvy, DNR

NATURAL RESOURCES COMMISSION
Keith J. Charters, Chair • Mary Brown • Hurley J. Coleman, Jr. • John Madigan • Timothy L. Nichols • J. R. Richardson • Frank Wheatlake

STEVENS T. MASON BUILDING • P.O. BOX 30028 • LANSING, MICHIGAN 48909-7528
www.michigan.gov/dnr • (517) 373-2329

Great Lakes, Great Times, Great Outdoors!

**Department of Natural Resources
Timber Report
Second Quarter Fiscal Year 2008-2009**

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. 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.

Second Quarter FY 2008-2009 Timber Treatments

State forest planning and activities, including timber treatments, are conducted within the framework of SFI and FSC forest certification principles and standards. Timber treatments in a given year are based on decisions made two years prior to the treatments through the compartment review process.

The Fiscal Year (FY) 2008-2009 plan of work currently identifies 64,481 acres for timber sale preparation that were approved through the compartment review process. Managers have developed work plans to put up for sale all of these acres with current resources. These acres include 3,552 acres of Red Pine Project acres. Funded by the Michigan Forest Finance Authority with a 21st Century Jobs Fund allocation, the Red Pine Project is designed to accelerate red pine management treatments and regeneration.

Timber sale preparation is done by Department staff and through timber marking contracts with private consultants. Through the second quarter of Fiscal Year 2008-2009, 9,067 acres of timber sale preparation-marking contracts were awarded. Contracts for an additional 3,484 acres are expected to be in place this fiscal year (all but 142 acres of the additional 3,484 acres are already in place as of May 1).

Through the second quarter of Fiscal Year 2008-2009, the Department submitted 7,233 acres of timber sales with an estimated volume of 111,235.5 cords. Typically, fewer acres are prepared for sale during the first half of the fiscal year than during subsequent quarters, due to seasonal management activities, such as wildlife management during deer season.

Of 309 offerings to-date through the second quarter, 32 received no bids. This 10% no bid percentage is down slightly from the first half of FY 2008 and significantly below 28% for the first half of FY 2007. Changes in the appraisal and no bid sale processes contributed to the improvement since FY 2007. Bidding activity and the bids themselves have been fairly consistent since FY 2008, despite deepening economic problems in FY 2009.

FY 2008-2009	Total Sales offered in the quarter	Offerings with no bids	Percent (%) of sales that were no-bid
1st Quarter	90	7	8%
2nd Quarter	219	25	11%
Total	309	32	10%