



STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



JENNIFER M. GRANHOLM
GOVERNOR

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November 16, 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 fourth 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
- Mr. Josh Sefton, Senate Fiscal Agency
- Ms. Viola Wild, 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

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**Department of Natural Resources
Timber Report
Fourth Quarter Fiscal Year (FY) 2008-09**

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.

Fourth Quarter FY 2008-09 Timber Treatments

State forest planning and activities, including timber treatments, are conducted within the framework of SFI and FSC forest certification principles and standards, which take into consideration wildlife habitat and recreation uses.

Each year, timber harvest treatments are prescribed for both softwood (coniferous) and hardwood (deciduous) tree species. Although hardwood and softwood trees often grow together, forest stands are typically coded by the predominant tree species present. The table below reports hardwood¹ forest stands prescribed for treatment by Year of Entry (YOE).

Year of Entry (YOE)	Hardwood Acres Prescribed
2007	34,758
2008	41,144
2009	34,986

The Fiscal Year 2008-09 plan of work identified 64,481 acres that were approved through the compartment review process which could be available for timber sale preparation. Resources were allocated for all of these acres. The total number of inventory acres accomplished was approximately 62,900. These acres included about 3,600 acres of Red Pine Project acres. Previously funded by the Michigan Forest Finance Authority with a 21st Century Jobs Fund allocation, the Red Pine Project was designed to accelerate red pine management treatments and regeneration. On May 5th, the Governor issued Executive Order 2009-22, implementing expenditure reductions which included funding to the Forest Finance Authority. Work on Red Pine Project timber sales was completed using monies from the Forest Development Fund. In addition, mandatory furlough days and the attendant loss of overtime availability reduced the timber sale acreage prepared. Acres not accomplished will be carried over to the next fiscal year.

¹ Hardwood cover types include aspen, birch, mixed northern hardwoods, oak, swamp hardwoods, and lowland poplar.

In FY 2008-09, the Department submitted approximately 57,200 acres for timber sale auction from the state forest system, with an estimated volume of 830,500 cords. This total includes 3,600 acres and about 73,500 cords from Red Pine Project timber sales. A total of 49,158 acres, with an estimated volume of 782,800 cords, were sold in FY 2008-09.

Timber sale marking contracts were awarded for a total of 12,202 acres in FY 2008-09. An additional 349 Red Pine Project acres initially planned to be contracted were not bid because of loss of funding. These will be carried forward and completed as part of the 2010 plan of work.

Changes made to the appraisal and no bid processes developed in FY 2006-07 have continued to help the Department to be responsive to market conditions. The percentage of sales not receiving bids was about 14%. This is a significant drop from 24% of sales not receiving bids in FY 2006-07, but is up from the 9% of sales not receiving bids in FY 2007-08. The table below summarizes the number and percentage of sale offerings with no bids for FY 2008-09.

No-Bid Summary:

FY 2008-09	Total sales offered in the quarter²	Offerings with no bids³	Percent (%) of sales that were no-bid
1 st quarter	90	7	8%
2 nd quarter	219	25	11%
3 rd quarter	194	33	17%
4 th quarter	128	22	17%
Total	631	87	14%

² Includes sales that have been modified and re-offered.

³ Includes sales that were no-bid more than once.