



STATE OF MICHIGAN
DEPARTMENT OF NATURAL RESOURCES & ENVIRONMENT
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

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February 12, 2010

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 1203, PA 118 of 2009, the report of the Department of Natural Resources and Environment's (DNRE) timber treatments, during the first quarter of Fiscal Year 2009-10, 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. 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, DNRE
Ms. Armina Koch, DNRE
Mr. Rodney Stokes, DNRE
Mr. Daniel Eichinger, DNRE
Ms. Lynne Boyd, DNRE
Mr. Mark Bouvy, DNRE

Department of Natural Resources and Environment
Timber Report
First Quarter Fiscal Year (FY) 2009-10

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. Certification under both protocols is for a five year period, and both certification certificates expire this December, 2010. The Department of Natural Resources and Environment (Department) has initiated a procedure to obtain a favorable third-party re-certification of the State Forest Program relative to the standards of the aforementioned certification systems.

Forest certification protocols require public participation in forest management planning and forest operations. 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.

The Department's investment in forest certification strengthens Michigan's forest products sector. Certification is essential in order for primary wood producers in Michigan to have continued access to national and international markets.

First Quarter FY 2009-10 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 FY 2009-10 plan of work currently identifies 64,836 acres for timber sale preparation that were approved through the compartment review process. Managers have developed work plans to put up for sale 61,539 acres with current resources. Final numbers for the work plans may change slightly.

Timber sale preparation is done by Department staff and through timber marking contracts with private consultants. In the first quarter of FY 2009-10, 2,094 acres of timber sale preparation-marking contracts were awarded. Contracts for an additional 3,893 acres are expected to be in place later in the fiscal year.

The Department submitted 2,865 acres of timber sales, with an estimated volume of 44,001 cords. Typically, fewer acres are prepared for sale during the first quarter of the fiscal year than during subsequent quarters due to seasonal management activities.

The percent of no bid sales for the first quarter dropped from the previous year's average. Of the 151 sales offered, 135 sold on their initial offering. This 11% no bid percentage can be compared to the third and fourth quarters of FY 2008-09 when 17% of sales received no bids, and the whole of FY 2008-09, where 14% of sales received no bids. Changes in the appraisal and no bid sale processes contributed to this improvement. While no bid sales fluctuate, 99 percent of all offerings eventually sell.

FY 2009-10	Total Sales offered in the quarter	Offerings with no bids	Percent (%) of sales that were no-bid
1 st quarter	151	16	11%