



STATE OF MICHIGAN  
DEPARTMENT OF NATURAL RESOURCES & ENVIRONMENT

JENNIFER M. GRANHOLM  
GOVERNOR

LANSING

REBECCA A. HUMPHRIES  
DIRECTOR

March 31, 2010

The Honorable Patricia L. Birkholz, Chair  
Senate Committee on Natural Resources  
and Environmental Affairs  
P.O. Box 30036  
Lansing, Michigan 48909-7536

The Honorable Joel A. Sheltroun, Chair  
House Committee on Tourism, Outdoor  
Recreation, and Natural Resources  
P.O. Box 30014  
Lansing, Michigan 48909-7514

The Honorable Michelle McManus, Chair  
Senate Appropriations Subcommittee on  
Natural Resources  
P.O. Box 30036  
Lansing, Michigan 48909-7536

The Honorable Michael Lahti, Chair  
House Appropriations Subcommittee on  
Natural Resources  
P.O. Box 30014  
Lansing, Michigan 48909-7514

Dear Senators Birkholz and McManus and Representatives Sheltroun and Lahti:

Pursuant to Section 1207, PA 118 of 2009, a report of the Department of Natural Resources and Environment's Timber Workgroup is enclosed.

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

Sincerely,

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

Enclosure

cc: Senate Committee on Natural Resources and  
Environmental Affairs Members  
House Committee on Tourism, Outdoor Recreation and  
Natural Resources Members  
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 A. Humphries, DNRE  
Mr. Frank Ruswick, Stewardship Deputy Director, DNRE  
Ms. Lynne Boyd, DNRE  
Mr. Daniel Eichinger, DNRE  
Mr. Mark Bouvy, DNRE

## **MICHIGAN DEPARTMENT OF NATURAL RESOURCES AND ENVIRONMENT TIMBER WORKGROUP**

In compliance with Section 1207, PA 118 of 2009, and through discussions with the Natural Resources Commission (NRC), the Department of Natural Resources and Environment (DNRE) and the forest industry established a 'Timber Workgroup' comprised of DNRE staff and timber industry, company, and organizational representatives.

The August 13, 2009 and January 7, 2010 dockets for the Natural Resources Commission Policy Committee on Land Management had timber sale agenda items. The August 13th meeting focused on timber management, including an overview of the State of Michigan (state) timber sale process, bidding on state timber sales, bid species, and minimum bids. The DNRE provided an update on the timber workgroup to the Natural Resources Commission Policy Committee on Land Management at their January 7th meeting.

The timber workgroup met October 16, 2009, December 16, 2009, and February 16, 2010. Participants were:

Tom Barnes, Michigan Association of Timbermen  
Paul Call, Weyerhaeuser  
Jerry Grossman, Grossman Forestry Co.  
Brad Homeier, NewPage Corp.  
Kevin Korpi, Michigan Forest Products Council  
Karen Potter-Witter, Michigan State University, Department of Forestry  
Shawn Muma, Muma Logging  
Lynne Boyd, DNRE  
Cara Boucher, DNRE  
Bill Sterrett, DNRE

Meetings were facilitated by Dr. Georgia Peterson, MSU Extension and DNRE.

Meetings were conducted under antitrust guidelines, which preclude any discussion of prices, profits, sales or marketing strategies, and any related matters which are covered by state and federal antitrust laws. The conduct that falls within the restrictions of the antitrust laws is those actions that will affect prices, create boycotts, or divide markets. With this in mind, we focused on the timber sale process, not specific prices.

The group identified several shared values: an interest in healthy, sustainable, and productive forests; that there are multiple interests in Michigan forests; and that timber outputs are an important component for management activities. In addition, parties are dependent upon each other for viable forest products which lead to actively managed forests that support healthy communities and provide multiple benefits.

The group agreed that it is essential to have a timber sale process that is efficient, responsive, transparent, and complies with the state's legal obligations.

The timber workgroup meetings provided an opportunity to review and discuss many aspects of state forest timber sales, such as: timber cruising and estimation, identifying species and products, appraisal factors that affect harvesting individual sales, process for developing minimum bids, available timber sale data, limitations of the computer database (TSale) that track timber sales, bid/no bid species, timber sale specifications, and the timing of bid openings.

We also spent time reviewing Dr. Karen Potter-Witter's Lake States' Timber Sale Stumpage Appraisal Methods Review and Stumpage Appraisal Analysis reports.

The meetings were productive, providing an excellent forum for open communication.

The following recommendations were agreed to and are in the process of being implemented:

- Changing how bid/no bid species are selected on a sale so more species can be bid.
- Adding information to the front of the timber sale bid prospectus in regards to sale access, acreage, and recreational activities to provide more information to prospective bidders.
- Continuing to work on ways to react to volatile markets by altering our sale appraisal process to incorporate a "room to bid" by modifying the use of sale factors.
- Creating a statewide sale map template so that our timber sale maps will be more uniform, complete, and informative.
- Ensuring that bids are let in a way which promotes an even flow of timber sales through the year.

The workgroup discussed what their future role might be since the primary goal of the formation of the group was largely accomplished. Members felt that the dialogue and constructiveness of the group's meetings and outcomes was beneficial, and that annual or semiannual meetings were merited to keep the group connected and allow for follow-up and analysis of the effectiveness of the new proposals.