



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN

DEPARTMENT OF NATURAL RESOURCES

LANSING



REBECCA A. HUMPHRIES
DIRECTOR

February 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 first 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
517-335-3276

Attachment

cc: Senate Appropriations Subcommittee Members
House Appropriations Subcommittee Members
Ms. Jessica Runnels, 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

**Department of Natural Resources
Timber Report
First Quarter Fiscal Year 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.

First 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. 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 2008-09 plan of work currently identifies 64,456 acres for timber sale preparation that were approved through the compartment review process. Managers have developed work plans to put up for sale 61,445 acres with current resources. Final numbers for the work plans may change slightly. The acres include 3,360 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. In the first quarter of Fiscal Year 2008-09, 6,462 acres of timber sale preparation-marking contracts were awarded. Contracts for an additional 5,168 acres are expected to be in place later in the fiscal year.

The Department submitted 3,195 acres of timber sales with an estimated volume of 44,923 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 such as wildlife management during deer season.

The number and percent of no bid sales continued to drop from previous years during the first quarter. Eighty-nine of 96 sales sold on the initial offering; this 7% no bid percentage can be compared to the first quarter of 2008 when 15% of sales had no bids on the initial bid offering, and 28% in the first quarter of 2007. Changes in the appraisal and no bid sale processes contributed to this improvement.

FY 2008-09	Total Sales offered in the quarter	Offerings with no bids	Percent (%) of sales that were no-bid
1 st quarter	96	7	7%