

Meeting Minutes

Wisconsin Council on Forestry
Forest Products Lab – Madison, WI
September 16, 2008

Members Present:

Bill Horvath, Ken Ottman, Paul DeLong, Jim Hoppe, Bob Rogers, Fred Clark, Joel Nilsestuen representing Sen. Kathleen Vinehout, Fred Souba, Jane Severt, Mary Jean Huston, Tim Gary representing Rep. Don Friske, Mark Rickenbach representing Jeff Stier, Rep. Mary Hubler, Jim Heerey, Geoff Chandler representing Jeanne Higgins

Members Absent:

Sen. Kathleen Vinehout, Leon Church, Dennis Brown, Michael Bolton, Jeff Stier, Rep. Don Friske, Sen. Bob Jauch, Troy Brown, Jeanne Higgins

Guests Present:

Darrell Zastrow, Gunnar Bergersen, Mary Brown, Steve Dinehart, Gerry Mich, Lynn Wilson, Robert Peterson, Henry Schienebeck, Earl Gustafson, Tony Langenohl, Bob Manwell, Avery Dorland, Tom Boos, Steve Niemuth, Richard Lathrop, Doug Kemmerley, Bob Mather, Joe Kovach, Sarah Herrick, Eunice Padley, Elroy Zemke, Allison Hellman, Bill Gilbert, Mike Prouty, Bryn Scriver, Carmen Wagner, David Mladenoff

Welcome and Introductions

Chair Fred Souba called the meeting to order at 9:35 a.m. The members and guests introduced themselves. Fred passed out a letter of thanks that Jane Severt received for providing her input at the Land and Water Conservation Board meeting in August, where she represented the Council.

Invasive BMPs: Public Meeting Results – Fred Clark with Darrell Zastrow and Tom Boos, WDNR

A draft set of Forestry BMPs for invasive species was approved by the Council in June. The Advisory Committee finalized a draft manual to go public with in July. The approved draft was taken through the public listening session process. Darrell and Tom, Invasive Species Coordinator in the Office of Forest Science, briefed the Council on the process and results of the sessions.

The public comment period was from August 5th to September 5th. Public listening sessions were held from August 18th to 22nd in Rhinelander, Wausau, Stevens Point, Spooner, and Fitchburg. Morning sessions were with DNR folks, and were attended by 20; afternoon ones were with the public, and were attended by 21. Comments were received from ten individuals or organizations whose main concerns were:

- Voluntary vs. mandatory adoption
- Cost of implementation
- Workload
- Post-activity monitoring

The major comments received concerned:

- MFL implications
- Certification implications
- Implementation
- Education and training

There was some confusion, as public hearings were held for invasive species rules during this same week. Darrell summarized the comments by dividing those specific to BMPs into three sets:

1. Comments on the implications of implementing BMPs (“What if?”).
2. Comments on the cost of implementation, with respect to MFL and certification.
3. “How does this integrate with the Invasive Species Rule?”

BMPs were not the focus of major discussions and comments. The relationship between the BMPs and NR40, the Invasive Species Identification Classification and Control Rule, was a common topic throughout the sessions.

Under this rule, DNR has enforcement discretion in situations where reasonable precautions are not undertaken to prevent the transfer, transport, introduction or possession of invasive species. Enforcement decisions as to whether reasonable precautions have been taken could be influenced by landowners' adoption of BMPs. The rule contains specific language for BMPs in the section concerning reasonable precautions. The comments will be taken into consideration by the Advisory Committee in October, and any necessary revisions will be made. The finalized manual will be presented to the Council for approval in December. Pending approval, training would be the next step.

Fred gave an update on the other BMP tracks. The Urban Forestry and Right-of-Way tracks kicked off early this year and are just developing their structures. The Recreation BMP Advisory Committee will be meeting in November to finalize a draft set of BMPs, which will be brought to the Council for approval in December.

DECISION ITEMS:

- Fred Clark will bring the finalized version of *Wisconsin's Forestry Best Management Practices for Invasive Species* to the December Council meeting for approval.
- Fred Clark will present a draft set of recreation BMPs for invasive species to the Council for approval at its December meeting.

Woody Biomass Harvest Guidelines Update – Jim Hoppe with Eunice Padley

Since Jim's last update at the June Council meeting, Paul DeLong and Darrell Zastrow met with the Voigt Intertribal Task Force to address concerns over the impact of biomass harvesting on treaty rights, and the Advisory Committee reviewed and revised a second draft of the *Woody Biomass Harvest Guidelines* (WBHG). This draft was taken back to the stakeholder groups for their comments, which were reviewed by the Technical Team and incorporated into a third draft in August. The Advisory Committee reviewed it, and found consensus on all of the guidelines except for 3.A, concerning retention of fine woody debris on site following harvest. Some thought the amount retained should be more, some thought less, and some felt more research or monitoring was necessary to determine the correct amount. Jim distributed the draft WBHG to the Council in advance of today's meeting, and is asking the Council to decide on moving it on to public review, and on recommending that the Water Quality BMP Advisory Committee address the water quality related topics. After consideration of comments received during public review, a final draft would be prepared for approval at the December Council meeting. If approved, a decision would be needed on whether to incorporate the WBHG into the Forest Management Guidelines. If so, final approval by the Natural Resources Board would be required.

Eunice Padley, Carmen Wagner, and Joe Kovach are the core group from the DNR Technical Team that developed the WBHG. Eunice discussed the general and site specific guidelines in detail. She pointed out that there are valid reasons to deviate from the Guidelines, and that it is recommended that those reasons be documented.

General Guidelines:

1.A – Follow Silviculture Handbook – Chapter 24 – Marking Guidelines.

This guideline was based on a Corrective Action Request, and is not very controversial.

2.A – Retain and limit disturbance to down coarse woody debris already present, except on skid trails.

3.A – Retain fine woody debris on site following harvest.

This guideline, based on Minnesota's, has generated the most controversy.

4.A – Do not remove the forest litter layer, stumps, and/or root systems.

5.A – No more than 3% of the harvest area should be occupied by permanent roads and landings that remove forestland from production. Roads, landings and skid trails should not occupy more than 15% of the harvest area.

The 3% specification was added in anticipation of more vehicle traffic in stands.

Site Specific Guidelines:

1.B – Protect and sustainably manage species of greatest conservation need and sensitive ecosystems.

2.B – Salvage: If salvage operations that include the harvest of fine woody material are intended in stands that have been severely disturbed.

3.B – Do not harvest fine woody material on shallow soils where bedrock is within 20 inches of the surface.

4.B – Do not harvest fine woody material on nutrient-poor soils.

5.B – Do not harvest fine woody material on soils classified as dysic Histosols (wetland soils with at least 16 inches of organic material that are nutrient-poor with a low pH).

There are significant holes in the scientific literature. Research needs have been identified in the areas of:

- Course and fine woody debris
- Tree and snag retention
- Soil nutrients

The WBHG will be revised in response to new information as it becomes available.

Earl Gustafson said the Wisconsin Paper Council does not fully support Guideline 3.A because uncertainty about the amount pulpwood that can remain on the job site and the amount that can be removed raises concerns about how pulp markets will be affected. He hopes there will be better numbers available in the future.

Lynn Wilson, speaking on behalf of Plum Creek, said that they don't consider the Guidelines voluntary, as documentation is required to deviate from them under MFL. The guidelines requiring monitoring would be hard for them to comply with because of the expense. They do not support Guideline 3.A because they find the retention of five tons per acre of fine woody biomass following harvests in even-aged rotations unacceptable and based on too narrow an interpretation of limited science. There are too many grey areas. There need to be more specifics. The WBHG do not address the subjects of fiber farming, fertilization to meet any potential negative impact on forest productivity, the economic impact of harvest constraints on developing a viable long-term biomass market, or the potential for increased competition among other wood users for existing wood. Plum Creek wants to be actively involved in developing guidelines that support bioenergy and sustainability.

Fred Souba noted that with parcelization and smaller timber sales, the specification that no more than 3% of the harvest area be occupied by permanent roads and landings could be an issue with biomass harvesting, and might be hard for NewPage and other companies to comply with.

Chair Souba thanked Jim, the DNR Technical Team, the Advisory Committee, and all members and stakeholders who have actively participated for their hard work. The process has been very useful in giving the Council an understanding of the issues and obstacles involved.

DECISION ITEMS:

- A motion by Bob Rogers (seconded by Jim Heerey) that the Council direct the Water Quality BMP Advisory Committee to address the topics relating to water quality passed unanimously.
- A motion by Fred Clark (seconded by Bob Rogers) that the Council accept the recommendation that the draft *Woody Biomass Harvest Guidelines* be taken to public listening sessions passed unanimously.
- The public listening sessions will take place between now and December.
- Jim will bring a final draft of the *Woody Biomass Harvest Guidelines* to the December Council meeting for approval.

Wisconsin Initiative on Climate Change Impacts – Darrell Zastrow with Dick Lathrop and Avery Dorland

Darrell introduced Dick Lathrop, a DNR Research Scientist and Co-chair of the Wisconsin Initiative on Climate Change Impacts (WICCI) Science Council, and Avery Dorland, DNR Forest Geneticist and Nurseries Specialist. Dick gave an overview of WICCI. Unlike the Governor's Global Warming Task Force, which focuses on mitigation, WICCI is a collaboration between the DNR and University of Wisconsin to assess the impacts of climate change and recommend adaptation strategies. It accepts that climate change is happening. The Global Warming Task Force was charged with producing a report and making recommendations, whereas WICCI's process is meant to be dynamic and ongoing. The structure was put in place in the summer of 2007 by a group of DNR and UW Gaylord Nelson Institute staff. It is headed by a diverse 15-member Science Council. There are working groups that look at available information in the context of how Wisconsin's climate is going to change and affect various areas such as tourism, forests, agriculture, and fish. The Center for Climatic Research on the UW campus provides the bulk of the data. Operations and Outreach is run by the Nelson Institute and provides logistical support and communications. The Advisory Committee, just being formed, provides feedback from various organizations. A synthesis report will be produced within the first two or three years, then future adaptive assessments will be produced as new information becomes available. Dick was struck by the tremendous synergy created by harnessing all the state's resources in comparison with the results of individual efforts.

Avery talked about the Forestry Working Group, a collaboration between the DNR Division of Forestry and the University. It is using a proactive approach to deal with the uncertainty surrounding biomass, and is looking at what we can do about proactive management. It hopes to have a system set up, and a base ready to go when needed. The group has met once so far, and hopes to have a Charter Meeting to scope out the work with new members in October or November. The Draft Charter outlines the intent to use this collaborative research for adaptive management. The first thing the Working Group produces will be a risk assessment, identifying what the most sensitive factors could be in forests in regard to climate change. It will need to identify what information exists and where the information gaps are. In the long-term, it will hopefully see the information gaps being filled and adaptive management strategies being produced, with policy available for decisions.

Darrell, who is a member of the Science Council, said that a letter is being drafted to invite a Council member to serve as a representative on the Advisory Committee.

Biomass Commodity Exchange – Steve Dinehart

Steve is with Heartland Business Consultants working as a consultant to CleanTech Partners, Administrator of the Biomass Commodity Exchange (BCEX). The idea for an exchange in the upper Midwest had its genesis with the Council's Woody Biomass Task Force in a paper generated by Rob Benninghoff. A proposal by CleanTech Partners was sent to the Department of Energy, but was not funded. When WE Energies wanted to convert its Presque Isle facility to burning biomass, it had no idea what to expect for prices or how to find out, so it went to CleanTech and offered to put up half the money for an exchange if CleanTech raised the other half, which it did. The DNR added USDA Wood to Energy Program dollars. Focus on Energy, Wisconsin Public Service Corporation, NewPage, and the Biorefinery Development Collaborative all contributed as well. CleanTech got a study up and running in November of 2007, and is about three fiscal quarters into the process now. An Advisory Committee has formed, and is currently working on a Business Plan to:

- Define current and projected market needs
- Design a product addressing those needs
- Test product design to assess success
- Analyze financial viability from both operational and investment perspectives

The Business Plan is expected to be finished in the second half of 2009, at which point a decision will be made as to whether or not to proceed with the BCEX.

Major changes are expected to occur in the Market this year. Additional supply needs are anticipated in the Pulp and Paper Industry, the Market's primary driver. Because pellet mills are on the increase, a significant relative price change for wood fuel is expected. Social demand and technology have changed. Billions of dollars are being spent to convert cellulosic materials into fuels. The EPA is pushing hard for ethanol, especially ethanol derived from cellulosic sources. Biomass prices now between 35 and 40 dollars-per-ton in the upper Midwest are expected to climb to between 175 and 200 dollars-per-ton.

We are looking at a market where a significant increase in demand and the number of players is expected. A market using individually negotiated, ad hoc supply and demand coordination methods has a distinct inability to grow. It is costly and takes too long to coordinate. It is expensive to find buyers and sellers. The conclusion was drawn that this market is in definite need of an exchange.

The intent is to develop a cash market exchange that will facilitate growth in the marketplace and ultimately bring in a futurity and array of stock. The BCEX will reduce the cost of trade. By providing trade facilitation, transaction uncertainty as well as search and negotiation costs will be reduced. Trade prices will be disseminated. Ultimately, trade costs and uncertainty will be minimized.

Traders will be able to look at a screen each day where prices and credentials can be checked. Contract verifications, delivery notifications, inspection services, and settlement confirmations will be provided. A BCEX portal including a Listing Platform is in the design phase. Final testing is expected to take place in the first quarter of 2009. The BCEX has a forum at www.biomasscommodityexchange.com, and is looking for input.

MFL Task Group Report – Bob Rogers

The MFL Task Group was formed at the December 2007 Council on Forestry meeting at the direction of the Council to examine the effect that a recent change that prohibited leasing on lands under the Managed Forest Law had on the MFL Program itself. The Task Group presented a report to the Council at its March 2008 meeting, which the Council accepted, which recommended that the Legislature and the Department take a closer look at the action taken to prohibit leasing in light of the variety of stakeholder opinions documented in the report. The Council asked the Task group to continue its work and to come back to the Council in June to recommend actions that the Council could take to demonstrate the benefits of the MFL program. The Task Group needed more time, which it was granted. Bob presented to the Council an interim report entitled, “Managed Forest Law (MFL) Issues, Benefits, Actions” to update the Council on findings thus far, and to ask for a recommendation from the Council on future work. The report focuses on information from four important sources:

1. References to the MFL Program in a 2002 Legislative Audit, which the DNR responded to in 2003.

The Legislative Audit Report recognized the importance of forests to our citizens and refers to the MFL as:

- Having the most stringent requirements of any tax program in the Midwest.
- Combining tax breaks and tax deferrals.
- The single most important program for ensuring capacity of private forest lands to produce public benefits.

It referenced an ongoing study by the University of Wisconsin, expected to be finished in late 2008, to determine the effect MFL has on local property taxes.

2. Testimony on AB 781 given by Paul DeLong on February 12, 2008 at the State Capitol.

Paul DeLong’s testimony made it clear that MFL is a program that unquestionably provides the people of Wisconsin with a wide array of social, economic, and ecological benefits, and that balancing public and private interests and determining who will share the cost presents its greatest challenge. The leasing issue has brought this challenge into a much sharper focus.

3. Deliberations of the Private Forestry Summit held on April 9 and 10, 2008.

The Private Forestry Summit was an outgrowth of the 2004 Governor’s Conference on Forestry, and occurred at the recommendation of the Council. Its objectives were:

- To convene people involved with private forestry.
 - To look at the benefits and challenges of sustainably managing Wisconsin’s privately-owned forests.
 - To identify opportunities and solutions that can be implemented to manage private forests sustainably now and in the future.
 - To engage the forestry community in developing the opportunities for managing forests sustainably.
- Participants thought of over 100 opportunities to meet the challenges identified during the Summit, and organized them into five categories, three of which specifically referenced the MFL:
- 1) Keeping Forest in Forest - the impacts of fragmentation and parcelization on our woodlands.
 - 2) Markets and Forest Industry – what’s happening in the forest industry and what it means to us.
 - 3) Forest Landowner Experience – experiences and challenges of three Wisconsin woodland owners.

A work group, coordinator, priority areas, and ideas generated were listed within each category.

4. A position paper by Bill Horvath from September 3, 2008 entitled, “MFL: It’s Time for Change”.

Bill’s position paper conveys his opinion that the MFL Program needs to be brought up to speed because of the unanticipated changes that have occurred since its inception 23 years ago. He proposes routes to a solution to address those changes:

1. Ask the Legislature to create a Legislative Council Study on MFL and changes in population growth ownership, parcelization, taxation, growth of county government, and hunting leases, and on global warming, forest certification, and environmental benefits of MFL.
2. Ask stakeholders to form their own study group to recommend changes.
3. Develop legislation in a piecemeal fashion.

He concludes his report with the observations that nonindustrial private lands are becoming more difficult to manage because of increasing parcelization and fragmentation, and that MFL is not acceptable to county and town governments. Both issues need to be addressed.

Because the University of Wisconsin study on MFL and how it affects local taxes won’t be available until the end of the year, and the reports from the Private Forestry Summit aren’t due until October 31st, Bob asked that the

Task Group be permitted to continue its work, and defer making recommendations until it is able to receive the benefit of the information contained in these important documents. Chair Souba granted the request.

ACTION ITEMS:

- The MFL Task Group will continue its work and come to the Council's December meeting with recommendations for action, provided it has obtained all information needed from the reports by then.

State Forester's Report – Paul DeLong

State Budget Shortfall

The closeout material from the last fiscal year isn't available yet, but by the middle of October, we will have a good indication of what we'll need to do this coming fiscal year. The relatively inactive fire season should prove helpful. Paul expects that we will be entering the next biennium without a shortfall.

FY '09-11 State Budget – Sept. NRB Item

The DNR Budget will be out by September 24th, when it goes to the Natural Resources Board (NRB) for approval. Paul can't provide specific information until then. It is a very modest budget, reflecting the current fiscal realities of the State. An influx of funds would be necessary for the Department to continue functioning at it does now. After NRB approval, the Budget will go to the Department of Administration (DOA). The Governor's Budget will be released in February. After discussion, the Council decided that it should send the letter that it sent to DNR Secretary Matt Frank and Chief State Forester Paul DeLong, communicating the Council's Budget priorities, to the NRB, and then possibly to DOA as well.

DECISION ITEMS:

- A motion by Bob Rogers (seconded by Bill Horvath) that the Council send the letter that it sent earlier to Paul DeLong and Secretary Matt Frank concerning Budget priorities to the NRB and DOA passed unanimously.
- The letter concerning the Council's Budget priorities will be sent to the NRB without revision.
- A motion by Representative Hubler that the Council send the letter to DOA without revision if the NRB takes no action was not seconded.

ACTION ITEM:

- Paul DeLong will share the details of the DNR Budget with the Council after the NRB meeting.
- Paul DeLong will arrange a meeting of the Council's Executive Committee during the week of September 22nd to decide on any adjustments to make to the letter on Budget priorities before sending it to DOA

FY '09 Federal Budget – Fire Borrowing

To cover the costs of the early fire season in California, \$11,000,000 was permanently removed from Northeastern Area State and Private Forestry, affecting twenty states, including Wisconsin, and resulting in the loss of our core Forest Health Funding and part of our State Fire Assistance. We have communicated with our Congressional Delegation and the Forest Service. There is some dialogue taking place between Congress and the Administration about a supplemental appropriation through Congress that would restore funding. Right now, the Forest Service has to fund fire through its regular budget. The FLAME Act would remove emergency fire fighting costs from the regular budget of the Forest Service. The State Foresters are working to get it passed, which would require action by both Congress and the Administration.

Certification Update

Paul distributed copies of a letter just being sent out to landowners under the MFL notifying them of the DNR plan to expand the MFL Certified Group to include certification under Forest Stewardship Council (FSC) standards as well as the current American Tree Farm certification standards, outlining their responsibilities, and informing them of their right to opt out if desired. The addition of these two million acres to Wisconsin's FSC certified lands represents the largest FSC group certification in the world. It is a very positive step and another way that Wisconsin can increase its competitiveness both regionally and globally.

Also this week, FSC and SFI auditors are here doing a recertification of the State Forests, which received dual certification under both FSC and SFI five years ago. They are also collaborating on an initial audit of our other

State lands, including wildlife and fishery areas, flowages, State Parks, and State Natural Areas, the addition of which could add up to another million acres of certified land.

Emerald Ash Borer Update

Since the initial sighting, workers have been involved in doing intensive survey work with DATCP, delimiting, and taking down traps. The borer won't move now until next summer. The Forest Service, DATCP, DNR, APHIS, and the UW Extension will be working together on assessing the best strategy for dealing with a known infestation. We should know more by December. Paul will keep everyone informed.

ACTION ITEM:

- Paul will gather and send some statistics and information on mill closings, fiber production, and wood fiber demand to Council members.

Legislative Issues – Tim Gary

The Assembly Committee on Forestry met in August and considered a rule that included the annual rate changes for stumpage. It also had a request in for a definition of “consideration for leasing” as it pertains to the MFL Program. The Committee requested modifications to the definition and let the rate change go through.

December Meeting agenda

The next meeting will take place on December 16th in Madison. Tentative agenda items include:

- MFL Task Group Report, including a report on the impact of MFL on local taxes (Rickenbach Report)
- Decision item: Approval of *Wisconsin's Forestry Best Management Practices for Invasive Species*
- Decision item: Approval of the draft set of Recreation BMPs for Invasive Species
- Possible decision item: Approval of draft *Woody Biomass Harvest Guidelines*
- Statewide Forest Assessment
- State Forester's Report
- Legislative Update
- Forestry Invasives Advisory Committee – review of comments from listening sessions
- Cellulosic Ethanol
- EAB Update

The meeting was adjourned at 2:25 p.m.

Submitted by:
Mary Brown, WDNR