

***Board of Forestry Meeting***  
***Virginia Beach Resort Hotel and Conference Center***  
***August 23, 2013***

***Board Members and VDOF Staff Present:*** Tommy Barnes, Nadine Block, Ervin Bielmyer, Don Bright, John Burke III, Joel Cathey, Dean Cumbia, Thomas Evelyn, Carl Garrison, Todd Groh, Ron Jenkins, Frank Myers, Greg Scheerer, Glen Worrell, Becky Woodson.

Chairman Scheerer called the Board of Forestry meeting to order at 1:30 p.m.

***Roll Call by Becky Woodson:*** Board members listed above were present at the meeting. Mr. Morgan, Dr. Smith and Ms. Beals gave prior notification that they would not attend this meeting.

***Adoption of Agenda:*** Mr. Myers made motion to approve the agenda as presented and Mr. Bielmyer seconded the motion.

***Hearing of Citizens:*** None

*Carl thanked Virginia Loggers Association and Jim Mooney for making arrangements for the Board meeting.*

***Guests:*** Susan Jennings & Susan Seward of Virginia Forest Products Association; Chad Shelton, Virginia Loggers Association Board; Harvey Darden, Director of State Lands & Debbie Howe Human Resources Director of VDOF.

***Approval of April 10, 2013 Minutes:*** Motion was made by Mr. Bielmyer to approve the minutes and Mr. Myers seconded the motion.

**State Forester's Report**

Certification of State Forest Lands - Harvey Darden, VDOF Director of State Lands

Mr. Darden presented examples of products with special labeling, such as Forest Stewardship Council (FSC) and SFI. Certification is about sustainability, which is defined as "the stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfill, now and the in the future, relevant ecological, economic and social functions at local and national and global levels, and that does not cause damage to the other ecosystems." Sustainable forestry is about balance of what demands are today and the demands needed in the future and preserving forests today for needs of future. Mr. Darden referenced Surry Lumber Company began in 1873 with logging communities built up because of Surry Lumber Company. They became the largest producer of southern yellow pine in the eastern US but their philosophy was cut and get out. They closed in 1927 because they had depleted the timber in the area. Non Industrial Private Forests (NIPF) were being harvested beyond sustainable levels.

There are three major Certification Systems in the US and all three systems have guidelines on-line:

*American Tree Farm* <http://www.treefarmssystem.org/third-party-tree-farm-certification> – created in 1941 (certified in 2008 to the Program for the Endorsement for Forest Certification (PEFC) standards) by industry over concerns that NIPF were being harvested beyond sustainable levels. American Tree Farm System uses eight standards and 14 performance measures.

*Sustainable Forestry Initiative* <http://www.sfiprogram.org/> – created in 1994; under SFI you can certify your forest timberland for forest management or if a mill certify by chain of custody (tracks raw material from its source through the chain to the mill to end product); can also certify for fiber sourcing (certify that raw materials come from legal and responsible sources.) SFI used 14 principles and 114 different indicators; certified under PEFC.

*Forest Stewardship Council* <https://us.fsc.org/> - began in Mexico in 1994; came to US in 1995. Forest management certification and chain of custody certification. FSC has 10 principles and 56 criteria.

Why is Forest Certification important? Consumers are demanding certification; manufacturers are seeing advantage of green labeling; suppliers need it for access to markets; landowners need it to compete in the market; and last, certification is the right thing to do.

VDOF has 23 State Forests covering 68,360 acres. The bulk of State Forests are in Central Virginia – Appomattox Buckingham State Forest (19,000 acres) and Cumberland State Forest (16,000 acres). VDOF should certify the State Forests because we are scrutinized by the public and will pursue certification under the American Tree Farm and Sustainable Forestry Initiative certifications. VDOF currently has application in under SFI. The State Forests are open to the public for public use, public recreation and are used for demonstration areas. We will be able to demonstrate to NIPF the importance of certification. Most importantly, State Forest certification helps Virginia become the state of choice for forest products industries looking for high levels of certified wood sources.

#### **Annual Membership Fee for VDOF State Forests (68,360 acres)**

ATFS is \$0.02 cents per acre; total annual fee: \$1,367.20

SFI is \$0.075 cents per acre; VDOF minimal membership fee of \$1,000.00.

FSC is \$0.01/.004. Estimate VDOF membership to be about \$500.

Certification Audit Fees: estimate will cost VDOF \$10,000.

Annual Surveillance Audit: something less

Recertification audit every three years.

The financial benefit for landowners is that some mills may pay a premium for certified wood. Many mills do not subject certified wood to delivery quotas.

VDOF will continue to talk to other State agencies (Department of Conservation and Recreation, Department of Game and Inlands Fisheries) about certifying their lands.

Mr. Worrell asked about submitting applications for ATF certification. Mr. Darden stated that an application is not needed for ATF certification. VDOF needs to be sure to use an accredited auditor that can certify through any of the systems. Once completed, that auditor will notify ATF that we have completed the audit and ATF will notify VDOF in return.

Mr. Myers asked, what will he have to do different when harvesting timber from State Forests? Mr. Darden states probably nothing in dealing the VDOF; what we're doing fits in with the standards. We have 10 year management plans for all State Forests; we know in advance what we expect to harvest on the State Forests.

How does each organization handle certification of loggers? Ms. Block referenced chain of custody.

Mr. Barnes asked about restrictions on amount of clear cut acre size. SFI would prefer (and we would write into our plan) that the clearcut be no greater than 250 acres. The average clearcut size the first year VDOF was certified was 79 acres.

Mr. Bright asks about restricting areas in State Forests to logging. Mr. Darden says that this is not all about harvesting. This looks at entire acreage and there might be areas of significance that will never be harvested. Has Department done a study looking at all of the forests in production now? What would meet certification requirements currently and what is just paper requirements? What is certifiable as a whole other than just State Lands? The Department has not looked at this for the entire state. Utilization and Marketing Manager Charlie Becker with VDOF has received a grant and will look at obstacles for certification for landowners. There will be landowner workshops scheduled throughout the state within the next year to explain certification and the value of certification.

Mr. Garrison and Mr. Darden have been approached why VDOF is not FSC certified. Right now we're doing what we think we can currently meet the standards. Mr. Garrison has had conversations with industry that prefer FSC – OK to mix standards. Mr. Biemyer: SFI/FSC, there is a world of difference between the two - FSC seems more detailed to be certified, so generates the differences? Harvey said they are coming closer together as time goes on and are allowing for regional differences.

Mr. Garrison asks for feelings from the Board if VDOF is going in the right direction with certification. Mr. Cathey thinks we're going the right way but need to still look at FSC. Mr. Scheerer noted that it is good that we're leading the way for other State agencies. Mr. Burke applauds the VDOF for practicing what it preaches and stated noted that VDOF is critically important to lots of landowners in Virginia who struggle with how to manage their property. Ms. Block says that nine states are SFI certified. VDOF is to audit first two weeks in November

Ms. Block passed out the Sustainable Forestry Initiative (SFI) Annual Report.

### **Overview of Work Force Plan – Debbie Howe, VDOF Director of Human Resources**

The Work Force plan was started in 2004 and makes agency look at what is going on. In 2004, VDOF had 325 people; currently at a Maximum Employment Level (MEL) of 287 positions. We have 226 employees as of June 30, 2013; once dust settles with current positions being advertised, we should be up to 234. Mr. Garrison preferred to reduce staff through attrition vs. losing positions. Ms. Howe states that we are gaining more people than we've lost. We have long serving employees in our agency – VDOF longest serving employee has 43 years with state. The average length of service for VDOF is 16.7 years (average length of service for state employees overall is 14.6.) The VDOF currently has 38 employees eligible for full retirement. Within the next five years, 68 employees (30.1%) will be eligible for full retirement.

Employees leave VDOF for two primary reasons: 1) money; 2) little or no promotional opportunities (particularly technician positions.) The overall turnover rate 6.6 percent, which is significantly below the state turnover rate. This turnover rate has stayed within a point of two of this for the last three or four years.

In July 2012, VDOF reorganized its field operations from a county model to a work area model with 23 work areas. This was done to address the reductions in field positions due to the budget cuts. Each multicounty area has a Senior Area Forester (SAF), who is a working supervisor with forestry duties.

Mr. Evelyn asks about response time in getting back to landowners – Carl gives direction that response should be made in 24 hours of time, at least in returning a phone call. Management Plans can sometimes take 6-12 months if county is backlogged.

VDOF has been working on hazardous duty service credit for technicians since 2008. The State has retirement supplements in law enforcement positions (State Police, Corrections). VDOF is unique in that we have firefighters who do not get this credit. The JLARC report recommended that retirement be changed to include VDOF.

Mr. Bielmyer asks about bringing in younger, new employees. Carl asked the Board for creative ideas of how we could interest employees with five years or less to stay longer. Mr. Burke asks about cooperating with local firefighting resources so we don't have to use foresters to fight fires. We have about 250 part-time firefighters. Mr. Garrison referenced how NC Forest Service formed their organization with two sides: forest management and fire management. VDOF organizes itself that everyone does everything.

Mr. Scheerer asks about hiring a person with a two year degree and training them to get a four year degree. There is more turnover from technician position. VDOF posts forester positions internally first to give promotional opportunity.

*Salary Equity Review:* Former Secretary of Agriculture and Forestry Mr. Robert Bloxom supported obtaining more money for the agency to do equity adjustment; Department of Human Resources Management (DHRM) and Department of Planning and Budget (DPB) supported the equity adjustment but unfortunately in 2007 the economic collapse started. VDOF has identified money, when we can, in the agency for increases which focuses on higher performers. DHRM report says that state employee salaries are 26 percent behind other states and non-profits. State can't compare to private industry.

Mr. Garrison asks for creative ideas on how to retain employees with five years and under of service. Mr. Worrell says they have had similar experience in his company and that the new generation expects more. Mr. Bright says there are more forest jobs out there today than there were three years ago. It's harder to find a forester now. He thinks the five year number will go up in coming years.

#### **Agency Updates:**

Mr. Garrison gave update on the National Association of State Foresters (NASF) meeting to be held at The Homestead in September. There are currently 43 State Foresters attending, with 187 total registrants. Mr. Garrison thanks the companies around that table that have helped sponsor the meeting and is looking forward to the meeting. He noted there is a great agenda and have good speakers lined up. He is hoping that Governor McDonnell will attend (it is on his calendar). If the Governor is not there, Secretary Haymore will attend. The Secretary of Agriculture has been invited, but the Deputy Under Secretary will definitely attend. The Chief of US Forest Service will attend as well.

Fire Season – Western US: VDOF has crews and single resources mostly in Washington, Idaho, Oregon. Congress only appropriated 900 million last year to go towards fire season and is predicting a 1.6 billion dollar fire budget this year. As of last week the Chief of the US Forest Service is looking to pull back about 600 million from the US Forest Service budget over the next two to three weeks. Their goal is to pull back 200 million by Tuesday (August 27); another 200 million in two weeks, and another 200 million within the next several weeks. They are predicting it could go over 700 million. Out of 600 Million, 12 million will be pulled back from State and Private funds, which means all of our programs that we get funded will be looked at. If

they cannot get it from unobligated funds, the next thing is to start pulling funds that have already been obligated. Fortunately for all of the States in the South, including Virginia, we had already obligated all of our funds. Some VDOF funds could still be tapped.

**Growth Drain Issue: *Forest Resources Sustainability Task Force* (Mr. Marc St. John is Chair). Mr. Garrison, Mr. Cathey, Mr. Scheerer and Mr. Worrell are on the Task Force.** The Task Force has had two meetings so far and is also working with the VFA Task Force. Mr. Cathey gave the following report:

- Landowner education: hopeful to have landowner education packet, with more specific information that landowners can get. Suggests VDOF involvement to pass info to landowners. We need to make sure that landowners have good information when they are harvesting timber.
- Give financial modeling; practices can or can't do; or should or shouldn't do.
- Land use taxation: maybe there are some things that can be done statewide.
- Biggest thing talked about is full funding for RT into Governor's budget; make sure it stays in budget.
- Help with staffing for VDOF to utilize funds.

Mr. Scheerer says need better info on what is being turned into strip malls or parking lots and we need to know how much is regenerated naturally. Ms. Block asked about data coming from Task Force. How to quantify – add more tracking into IFRIS. Where's the gap between what's planted and not planted? Mr. Groh referenced partial cuts. Mr. Garrison thinks data is already available and need to start pulling out in different way.

**Legislative and Budget Updates:** Governor has announced surplus and provides state agencies the opportunities to identify budgetary amendments to their base budgets. The VDOF has budgetary needs in several areas and will seek the support of six budgetary amendments. Mr. Garrison, Mr. Farrell and Mr. Jenkins are putting together some decision packages, or budgetary amendments to add to the agency's base budget. Mr. Garrison will share conceptual ideas – needs valued input from BOF. Types of things we're asking for (six budget packages):

- *Ask for 1:1 match for RT Program and Resource Staff*: \$1.6 million in forest products taxes were collected in 2013, but the General Assembly approved \$947,510 in General Funds. VDOF is asking for \$700,000 over and above the current general fund amount to make the 1 to 1 match. The Board agrees that it makes sense to have one package for RT general fund match request and for the staffing request to support the RT program and forest resource. The priority would be the 1:1 match for RT program followed by staffing to VDOF. Agency looked at where workload was sufficient to make request for additional funding and determined it necessary to request funding for 12 field staff plus four additional staff (technical support staff.) Field people would be firefighting capable. Staff will be located in pine growing areas. Need feedback from BOF.
- *Virginia Tech Center for Natural Resources Assessment and Decision Support* (the Center): will support forest products industry economic decision making for the Commonwealth of Virginia. The Center is supposed to be a self supporting Center; once the Center is fully up and running, it will supported by industry. However, the Center needs additional funding and the DOF is requesting the Commonwealth provide general funding for fiscal year 2015 and 2016. The Center has already hired a couple of people. DOF is requesting \$100,000 for each year of the next biennium (2014-2016).
- *Emergency Equipment and Replacement*: Budget reductions over the years have forced VDOF to go from a 20 year rotation on dozers to a 25 year rotation. This is not adequate to keep tractors in peak performance; prefer to go back to 20 year rotation. Close to 50 percent of our fleet is near rotation age. We have engaged the Secretary's office to look for a dedicated funding source for equipment. We continue to make annual requests for money but receive less than needed to bring the fleet up to current rotation. The current administration has supported funding for some replacements and the agency has

used those funds to replace the oldest and worse equipment. VDOF uses approximately \$500,000 of its operating funds to replace equipment, plus small amounts previously granted by separate appropriations. We are putting proposal together to make request to start bringing out fleet into 20 year rotation. Guidance received from Deputy Secretary Travis Hill directed VDOF to put together a list of needs to bring the agency's fleet up to date. The funding to bring the agency's fleet completely current with rotation schedules is over \$13 million dollars for the two year biennium, or \$6.6 million each year for next two years to get caught up to FY2017. After that we would be rotating on new 20 rotation and then asking for \$1.05 million annually after that.

- Need better *VDOF database management system* to provide the information we need. Increase IT maintenance costs; more analysts; asking for \$240,000 annually for increasing IT support. (Since the BOF meeting, the agency has decided to complete its update of IFRIS, NIMS / IMS, and review its ongoing future audits before asking specifically for this budgetary amendment.)
- *Easement/Stewardship Coordinators*: VDOF holds the 2<sup>nd</sup> largest number of easements for a state agency; Virginia Outdoors Foundation (VOF) is #1. The easements need annual inspections and monitoring. We have 80 tracts in program and two people drumming up business and have to add the requirements of monitoring easements as an additional duty to field service staff. We have been trying to monitor in house with existing folks, which is now overloading field people work schedules. We are asking for two full time employees: one Conservation Specialist to promote conservation easements in the western portion part of Virginia; and one person to do easement monitoring - \$240,000 for each year.
- *Increase in fire suppression budget*. We have not increased this line item for over 15 years. Every year we put aside \$500,000 in the budget for fire suppression activities (bucket drops, etc.). The 10 year average shows that we overspend by \$144,000; we then need to find that money in our budget somewhere else to pay the overrun. We are asking for an increase in annual budget line item from \$500,000 to \$812,000.

Mr. Garrison asked have we hit the points the BOF wants and where should we add or take away? How does BOF support VDOF? We need to prioritize funding requests. Mr. Burke asks if there is a clear understanding in Governor's Office of the RT Program and what the funds are used for. The members of the BOF asked about the budget development process, schedules for budget development and general questions about their involvement. The BOF was advised about potential ways they could forward their concerns, interests and support, as well, as specific details about the budget development process. BOF members indicated that they would like to get involved and show support for the VDOF to the Secretary and to their legislators. Mr. Cathey thinks that there will be some lobbying efforts through the Forest Resources Sustainability Task Force.

Mr. Worrell asked about the normal number of monitoring staff for easements. The Virginia United Land Trust (VAULT) procedures indicate that an organization should have one easement monitoring staff for 50 to 100 easements. The VDOF will have over 100 easements by the end of 2013 and no single dedicated staff person to manage. In addition, the agency has no one dedicated to promoting easements in the western part of Virginia.

Mr. Scheerer asks is there is anyone on the Board that does not support these packages and asked what is the best way for the Board to show support? Again the staff advised the BOF about the budgetary and legislative development process. The BOF members were also advised that once the agency's requests are approved/disapproved, any specific requests approved by the Secretary becomes the Governor's Confidential Working Papers and would not be released until the Governor released his budget proposal for 2014-2016 in December 2013. The BOF members discussed their options of talking with the Secretary, Governor's staff and to individual legislators. Mr. Jenkins suggested that the Board send a letter to the Secretary and /or the Governor, stating the Board's thoughts, suggestions and support of the needs of the agency. Once the budget is

made known to the public, the BOF members could make their position of support known to finance and appropriations' committee members and to individual legislators representing their home districts. Mr. Worrell suggests it might be more powerful to visit the Secretary and to also to write a letter. The question was asked of the members – how many of the members would go to Secretary's office? Carl suggests that Nadine has experience than many of the members with legislative matters. Ms. Block suggested that more people attending the meeting with Secretary Haymore and Deputy Secretary Hill would be best to show a united front. Time Frame: Deputy Secretary Hill wants info by September 12. The Board members that would like to visit the Secretary's office are Mr. Cathey; Mr. Bright. Make info available for constituents to get behind this request. Mr. Scheere will arrange a meeting with the Secretary's office Mr. Garrison and Mr. Jenkins will provide talking points for this meeting. *Since the Board meeting, a meeting with Secretary Haymore and Deputy Secretary Hill has been arranged for Tuesday September 10 at 10:00. Those planning to attend are Mr. Barnes, Mr. Bielmyer, Mr. Cathey, Mr. Morgan, Mr. Scheerer and Mr. Worrell.*

#### **RT Program: (Handouts were provided to the Board Members)**

- *Final FY 2013 Project Accomplishment:* 1,011 projects on 39,508 acres; total funding including the forest products tax and the general fund match was just over 2.3 million
- *Final FY 2013 Regional Allocations:* The Regions collectively spent 98 percent of the funding that was allocated to them. Nearly 1.3 million in cost share incentives were provided to landowners for reforestation of pine species.
- *Final FY 2013 Budget Report:* \$326,963.07 of FY2013 funds will be carried over to FY2014. The primary reasons for the carryover was a collection of over \$202,000 more forest products tax being collected than was estimated in June 2012, the tree improvement program didn't use all of their budgeted allocation and the Department didn't use all of its budgeted program allocation.
- *Interim Project Report as of July 1, 2013:* As of August 19, 2013 there are a total of 295 RT projects signed up for 13,028 acres. These figures are probably lower than the actual accomplishments because of the "lag time" that the applications get from the field to the headquarters report. All the practice cost share rates remained the same, except for Practice #2, site preparation and planting loblolly or Virginia pine. Practice #2 increased by \$10 dollars per acre, from \$60 to \$70 per acre, to continue promoting the importance of site preparation prior to planting.
- *Interim Regional Allocations:* The Department was able to allocate nearly \$1.5 million to the three DOF Regions to make available for landowner incentives. Of that \$1.5 million, nearly \$450,000 or 30 percent, of the funding is already obligated for landowner projects.
- *Interim Budget Report:* The RT program is projected to receive almost 2.7 million from a combination of the forest products tax, the general fund and the FY 2013 carryover. The projected expenses include ~\$189,000 for the RT Program Fiscal upgrade; ~\$14,000 for VITA support of the fiscal upgrade; ~\$183,000 for the tree improvement program; ~\$12,000 for the Tax Department's collection of the forest products tax; ~\$456,000 for DOF program costs administering the program; and ~1.5 million to landowners incentives. This left a balance of ~\$330,000 which is the FY 2013 carryover funding. The DOF is not allowed to allocate the carryover funding until we receive additional spending authority from the Department of Planning and Budget.

- *Forest Products Tax Collection:* As mentioned earlier, the FY 2013 forest products tax collection revenue was higher than the projection. It appears that timber harvesting, and tax payment is beginning to increase and becoming stronger.
- *Federal Cost Share Programs:* Virginia landowners are also receiving incentives through several federal cost share programs to implement their forest management practices. Through the 2013 Environmental Quality Incentives Program (EQIP), nearly \$1.2 million is going towards pine and hardwood forestry practices with the Natural Resources and Conservation Service.

Glen Worrell asked about last year's VDOF program cost and this year's VDOF program cost going down. Mr. Groh referenced there has been some increase in accuracy of VDOF time reporting in IFRIS so this budget item may fluctuate as VDOF staff gets used to the new reporting. Mr. Scheerer talked about tax collection. Are we getting the tax collection increase with the biomass movement? Ron noted legislation has passed to allow VDOF and others to request access to Tax Department information that we have not been able to access before. The VDOF is hopeful that we will be able to work with the Tax Dept. to answer future questions from the Board. Mr. Myers said that the Virginia Logger's Association is planning to invite Ron to their next meeting to discuss who is responsible for paying the forest products tax.

**Action Items:**

Greg will set up meeting with Secretary Haymore for Board members to attend to ask for support of VDOF budget packages. Since the meeting, the date of September 10 has been set for this meeting.

**Position Statements:**

Dr. Smith suggests drafting position statements on other subjects. Carl suggests that the Board document positions on different subject such as resource sustainability issue.

*Cobb Creek Project:* A position statement has been drafted on Cobb Creek Reservoir. This project is on track and is currently with Henrico County Court. The Board does not feel like we could make action; too far going forward. VDOF has the authority to receive money for use for forestland conservation. Board members should E-mail position statements to Greg Scheerer.

**NEW BUSINESS:** Budget issues already addressed.

Board members agreed that it is a good idea to schedule the April Board of Forestry meeting in conjunction with Virginia Forestry Association meeting. This meeting will be at held at Kings Mill in Williamsburg.

The August 23, 2013 Board of Forestry meeting was adjourned at 5:26 p.m.

Respectfully Submitted: Becky Woodson, Acting Secretary