

# **Board of Forestry Meeting ~ February 19, 2014**

## **The Patrick Henry Building in Richmond VA**

**Board of Forestry Members Present:** Tommy Barnes, Anne Beals, Ervin Bielmyer, Don Bright, Joel Cathey, Thomas Evelyn, Ken Morgan, Greg Scheerer, David Smith

**VDOF:** Rob Farrell, Ron Jenkins, Dean Cumbia, Todd Groh, Becky Woodson

**Guests:** Secretary of Agriculture and Forestry Todd Haymore, Deputy Secretary of Agriculture and Forestry Travis Hill, Andrew Smith-Virginia Farm Bureau, Susan Jennings-VFPA, Paul Howe-VFA, Jim Mooney-VLA, Susan Seward-VFPA

The meeting was called to order at 10:00 by Chairman Scheerer followed by roll call by Becky Woodson. Dr. Smith moved to approve the agenda as presented; Ms. Beals seconded motion to adopt the agenda.

**VDOF Introductions:** Rob Farrell, Ron Jenkins, Dean Cumbia, Becky Woodson

**Hearing of Citizens:** No comments

**Approval of August Meeting Minutes:** Add Mr. Cathey in attendance to August minutes; Dr. Smith made motion to approve minutes as corrected, seconded by Mr. Cathey.

**State Forester's Report and Agency Overview – Acting State Forester Rob Farrell**  
(see attachment for details from Mr. Farrell)

The new administration recognizes need to fill open positions and is quick to approve open positions when the agency has available funds.

Mr. Morgan asked about articles in newspapers about events for 100<sup>th</sup> anniversary. Mr. Farrell will follow up with John Campbell about articles.

***VDOF Spray Program:*** Chairman Scheerer points out that letter sent to landowners from spray contractors needs to be monitored to ensure it doesn't imply VDOF has looked at the landowner's pine stand and is recommending the application. Mr. Farrell suggests that VDOF will never be separated from the spray program but the less involved the better. Mr. Morgan asked about comparison of burning and site preparation regarding timing of sprouts. VDOF encourages chemical site preparation. Mr. Bielmyer suggests letting the sprouts grow two or three seasons before site preparation and planting. Mr. Cumbia and Mr. Farrell said we are changing the traditional practice of planting, followed by release spraying and retraining VDOF personnel to encourage site preparation spraying before planting.

***Stewardship Training:*** Mr. Farrell thought our management recommendations in Stewardship Plans were too big and too broad. We will now give landowners better management specifics and how to achieve a desired future stand. We are asking foresters for more data collection as back up to support the management recommendations. The new Stewardship appendix is a great improvement over the last version that was updated in 2008. Mr. Bright asked about the promotion of Stewardship Plans. Mr. Cumbia stated that forest land use taxation drives a lot of Stewardship Plan development. Mr. Evelyn pointed out that the Agricultural Forest

Districts (AFD) in New Kent require a Stewardship Plan. VDOF will, once again, be providing individual stand plans for free.

Cobb Creek Mitigation Project on Cumberland State Forest: the mitigation deal is complete and the funds have been placed into a mitigation account. The funds are for land conservation and the money will go into buying new State Forests and helping fund conservation easements. (see Mr. Farrell's report for more detail on this).

In preparation for a new State Forester, Mr. Farrell has asked each of the VDOF program managers to look at their programs to identify the important things that we do and to provide their opinion on what we should be doing. He will give this report to the new State Forester upon his or her arrival to review. VDOF will also work on productivity numbers and goals for employees in each work area.

Mr. Scheerer asked where the #1 priority area is for purchasing a new State Forest. Mr. Farrell believes that the northern Virginia area in or around Orange County would be a good area to concentrate our efforts. There are several good tracts of former industry land that would be great for a State Forest.

Dr. Smith asks about salary equity and growth drain issue and stated his belief that the VDOF is not competitive and the salary compression issue needs to be addressed. Mr. Farrell stated that there will be a question on interview panel for the new Human Resources Director asking how they would address this subject.

Mr. Morgan asked about the issue of growth versus harvest in the Southside of Virginia and asked Mr. Farrell to please keep the Southside issue in the forefront. Mr. Farrell asked if the VDOF has the words "economic development" in the new VDOF strategic plan? He then followed up with the question, "What is VDOF's role in economic development?"

**Legislative and Budget Update (Mr. Jenkins):**

The Secretary and Deputy Secretary have been supportive to the agency.

Dan River/Coal Ash Bill: Mr. Jenkins said that he has info about the bill, if anyone wanted it.

HB 858: State Forest Bill – This bill would move authority to set forest user activities and fees from the legislative process to the regulatory process. This has been approved by the Governor.

SB 545: This bill affords additional protection to State Forest revenues from timber sales and user fees. This bill passed with no opposition in Senate.

HJ Resolution 14: 100 year anniversary of VDOF. Delegate Edmunds was the patron. The Resolution has now been delivered to the VDOF for framing.

HB 1168 Cobb Creek mitigation: Legislators don't want a repeat of this issue in Virginia again. This issued brought together agency staff from VDOT, wetland mitigation banks, VDGIF, TNC, VDOF to find a resolution. Delegate Faris did a good job making sure everyone has a win: 1) public sector would not compete with private sector; 2) state would never go into land already protected to receive credit. This prevents the State from ever going to their own lands for mitigation credit unless it would insure that the land on which the credits were being created were private lands that the State had purchased. This bill was left in Finance Committee.

HB 983: Bill submitted by Patron Benjamin Cline. This Bill involves increasing retirement credits for firefighters who actively participate in firefighting. This was tabled due to fiscal impact.

BUDGET- House and Senate Budget Versions: The funding and language for the RT Program and the VDOF equipment rotation has remained intact from former Governor McDonnell's budget. There are two different versions on the VDOF capital project (garages for tractors/transport) request for \$750,000 for 24 garages. The Senate keeps this in; while the House version either alters it or eliminates the request. Secretary Haymore is aware of this and supports us working to get this back into the House version.

Chairman Scheerer opened floor to guests with questions regarding legislation.

Paul Howe: The proposed tax on paper and plastic bags has gone by the wayside and will not be acted upon.

Ms. Seward: Worker's Comp: two Bills in House (Hugo – business community): put Worker's Compensation payment on a fee schedule. 44 states have a fee schedule. The Hugo Bill was tabled in Committee with the understanding that hospitals and doctors will have one more year and is not the "M" (Medicare)" word based.

Andrew Smith asked about how the fireworks bill (Senator Garrett) could affect fire safety and VDOF. Mr. Jenkins did not follow firework bill closely but can get information if needed.

Secretary Haymore and Deputy Secretary Hill arrived at 11:00 for their presentation.

### **Secretary Todd Haymore – Overview**

Secretary Haymore stated that Governor McAuliffe said he wanted to continue the work done for agriculture and forestry under the McDonnell administration and was appreciative of the business template that was built. The last four years have been an "appetizer" for things to come. The new Governor has done everything he promised with regard to Ag and Forestry. Secretary Haymore is pleased and Governor plans to build on successes we have had with a strong focus on developing more opportunities domestically. Secretary Haymore wants more projects and investment in agriculture and forestry.

Exports: Secretary Haymore will continue to work hard and look at high growth areas in the world for agriculture and forest products (China, Latin America, and Canada). Virginia is going from the product export infrastructure building phase to the utilization of the infrastructure phase. He will be looking at SE Asia, Vietnam, and North Africa.

The United States has 10 percent of the world's consumers and 90 percent of the world's buying power. The US needs to bring together buyers and sellers and facilitate growth and opportunity. Mr. Haymore will spend a lot of time facilitating this.

The new administration will focus on farm and forestland preservation. The Secretary thinks we need to set goals for protecting working lands that are generating tax revenue, etc. VDOF has the largest number of easements this past year, other than Virginia Outdoors Foundation.

Chesapeake Bay Agreement: Deputy Secretary Hill will focus on water quality issues, making sure agriculture and forestry have a seat at table with EPA, etc. and making sure cost share is available. This administration is more willing to tap into federal dollars.

Secretary Haymore has enjoyed working with new Secretary of Natural Resources Molly Ward. Russ Baxter has been named Deputy Secretary of Natural Resources and there should be a good partnership with natural resources and this is viewed as positive.

### **Budget/Legislative (Deputy Secretary Hill)**

State Forester Vacancy (Secretary Haymore): The Secretary has received the book of resumes for potential State Forester candidates and has started the process of reviewing them. A number of people have reached out and shown interest; there has been more interest shown in State Forester position than for Commissioner for VDACS. Chairman Scheerer will be part of interview panel for the new State Forester as well as former Deputy State Forester John Carroll. There is a strong need for confidentiality in this process. The process of filling the position will begin in full as General Assembly wraps up.

Secretary Haymore asked Board members for comments. Mr. Morgan asked about timeline to announce new State Forester; Secretary Haymore said by first quarter (March). The Secretary will continue to work with Mr. Jenkins and Mr. Farrell.

The hiring freeze is being lifted (not formalized yet) and as a result the VDOF will have more resources and man power. Governor McAuliffe will let the Secretary make the decisions about the positions to be filled. Governor McAuliffe wants Agriculture and Forestry to be taken care of and he is familiar with the RT Program.

### **Reforestation of Timberlands Program – Todd Groh**

1. Mr. Groh reviewed several reports within the meeting packet including the interim budget, accomplishment and Regional allocation figures.
2. Accomplishments: Mr. Morgan asked about the shortleaf planting acres. Mr. Cumbia replied shortleaf planting is modest this year but there is some work being done. In the 2013 planting season, 40 sites were planted with Shortleaf pine for 328 acres
3. Mr. Bielmyer asked if projects in 2014 will exceed projects in 2013. Mr. Groh answered that it may be a struggle to do so. Mr. Bielmyer stated that as we have been appealing to the legislators for money, we need to spend the RT money that VDOF has. The VDOF will do it's best to make sure the field staff know that money is available. Another question was asked, "Are landowners being signed up for cost-share if they went straight to planting contractor?" Mr. Scheerer suggests that contractors are good carriers to get info about cost-share to landowners. Mr. Morgan suggested that this could be a great public relations tool to elevate awareness that funds are available. VDOF needs to get news articles out and Mr. Morgan suggests that rural newspapers are good avenue to get info out. Mr. Bright added that boots on the ground may have some effect on planting.

Per Mr. Groh, an article recently went out in Virginia Forestry Association magazine on cost-share and planting. Mr. Jenkins suggested to the Board Members that VLA, VFA, VFB, etc. could assist the VDOF with spreading the word about cost share. Mr. Cathey suggested that the VDOF could improve internal communication since he has heard that the RT Program was out of funding. Mr. Farrell stated that he will talk to the Regional Foresters regarding internal communications and Mr. Farrell will also talk to John Campbell about a potential new release.

Mr. Bright suggested that the VDOF target landowners regarding cost-sharing when they are notified about their logging operation. Mr. Cathey suggests doing a mailing to landowners. VDOF needs to make sure landowner knows that they can get cost-share, even if a contractor is doing the planting with no prior VDOF involvement. Currently, logging notification and forest management activities are not linked in IFRIS, but they will be in the future. Mr. Bright asked if IFRIS is available to the public, and the answer was no.

Recently, Senator Watkins asked if the VDOF tracks landowner properties that receive RT funding to determine what products come off of land the has received RT funding and where those products go. Per Mr. Cumbia, the VDOF has no formal audit system in place but that VDOF foresters report if projects are not kept in forest. Mr. Bielmyer asks if Forest Stewardship and RT are linked in IFRIS – Mr. Farrell responded that we are working towards that.

4. Comparison of RT and EQIP rates: Mr. Groh stated that the federal Environmental Quality Incentives Program (EQIP) cost share rates have been very good toward landowners over the last couple of years which is drawing them away from RT and toward EQIP. For the last several years the NRCS has been developing and using regional (several states) practice rates. The EQIP is a multi-year, multi-practice program which funds projects over a two to three year period; while RT is one year project. He then explained two spreadsheets that compared the incentive rates between the two programs and the history of RT and EQIP contracted acres over the last five years. Mr. Cathey stated that EQIP has tress stocking density constraints. Mr. Farrell added that if any money is left on table, it should be EQIP money; not RT money.
5. Mr. Cathey suggested increasing the maximum acreage cap since seven percent of projects have maxed out at 100 acres. Mr. Bright questioned the need to have an acreage limit beside what is listed in the Code. Mr. Bielmyer says that the acreage limit put into place was when funds were limited. Mr. Farrell said that he has heard that there is concern that RT is seen as a cost-share for wealthy landowners. The overall goal of the RT Program is to increase production; to get more trees in the ground. Mr. Morgan's suggest that the 100 acre maximum limit is dated and suggests that VDOF make recommendations to the Board at the April meeting for changes to take effect on July 1, 2014.
6. Recently, the VDOF has had a breakthrough with the Tax Department as result of 2013 legislation. Over the last month, there is an agreement in place with DOT and VDOF to get information from the Tax Department that will allow the VDOF to see who is or is not paying the forest products tax. This agreement will go a long way in determining if the tax is being collected equitably across the forest industry. Mr. Groh and Charlie Becker, VDOF Utilization and Marketing Manager are working to develop the VDOF's interpretation of the Code on exactly who pays the tax. The Code currently states that the primary processor is responsible for paying the tax. Once the VDOF leadership agrees with the interpretation, Mr. Groh will send it to the Department of Taxation to see if they concur, and finally it will be sent to the Attorney General's Office for their ruling. Mr. Cathey thinks that the primary user should pay the tax.
7. Mr. Morgan made the suggestion to give VDOF the authority to prepare draft recommended changes to the RT and Forest Products Tax Act portion of the Code. Currently, there is a document already prepared back in July of 2011 by RT Board that shows the changes that the RT Board recommended.

Mr. Groh will send the 2011 documents to the Board Members via E-mail. Mr. Bright suggests reviewing what was done and then make a motion.

8. Mr. Cumbia suggested that the Board give VDOF their initial thoughts regarding changes to rates now, and then the proposed changes will be presented at the April 2 Board meeting. Mr. Scheerer suggests 300 acre cap; Mr. Morgan suggests 500 acres. Mr. Cathey asks if the cap is raised to 500 acres, will cost-share be on a first come first serve basis. Mr. Cumbia said that the Code states that the RT Program is to be administered on a first come, first serve basis. Mr. Farrell stated that the VDOF will look at size of harvest jobs, but he doesn't think there are a lot of 500 acre tracts. The overall consensus of the Board is that they want the acreage cap to go up without shortchanging landowners. Mr. Scheerer said that in the last 15 years the planting cost was double what the seedling cost was. Now the seedling cost is more because producing and planting higher genetic seedlings costs more money. Mr. Morgan suggested that VDOF add an incentive for the Southside and to have different project rates for Southside. Mr. Cathey suggests having release spray at a higher value. Mr. Cathey also stated that he thinks chemical site prep is more important if following pine with pine.
9. Mr. Bright asked, what is the target for the RT Program or do we want to encourage particular practices? Mr. Groh explained that the Code only allows a maximum of \$90 per acre per project. Chairman Scheerer asked, if we could have site prep by itself. The question was raised, "What is the definition of project?" Mr. Jenkins stated that he has posed that question to the Attorney General's Office and is awaiting their interpretation. Mr. Bielmyer suggests that if landowner is reluctant to put money back into the land then he suggests that higher percent on spraying could help entice the landowner to do the work. Per Mr. Groh, EQIP funds will only increase significantly with the new Farm Bill.

Mr. Cumbia stated that the hardwood portion of forest products tax goes for protection and other things and has never gone for hardwood practices.

#### **Old Business:**

Mr. Scheerer reported on a meeting in September that he and other members had with Secretary Haymore that lasted 1.5 hours. Discussion topics included RT funding, VDOF additional positions, IT needs, and the salary review that was done in 2007.

#### **New Business:** *Goals for the Board of Forestry for 2014:*

Chairman Sheerer suggested proposing changes to the RT Code for 2015 legislative session.

Mr. Morgan said to be sure that our personnel are taken care of and competitive salary.

Mr. Bright suggested promotion of VDOF and visibility of VDOF. What is VDOF focus? Is there more industry focus in other states? Dr. Smith suggests getting information from North Carolina, and Wisconsin to see how they are doing business – the more you can see from the outside, the better you'll be. This may be a good time to do this with new State Forester coming in. We need to identify vision for agency and what resources do we need.

Mr. Jenkins provided a last minute report from the Attorney General regarding the RT Code interpretation: the Assistant Attorney General for VDOF has opined that each management activity can be considered an individual project (reference #9), even though VDOF has previously grouped certain activities. For example, VDOF formerly considered site preparation and planting as one project. Going forward, VDOF can consider

each as separate projects for purposes of RT incentive payments. The impact will be the ability to provide more incentives to landowners.

*The next Board meeting will be April 2, 2014 in Williamsburg in conjunction with the VFA Forestry Summit – 11:00 to 3:00 at Kingsmill Resort in Williamsburg.*

The Board of Forestry meeting adjourned at 3:15 p.m. with motion by Mr. Morgan to adjourn which was seconded by Dr. Smith.

Respectfully Submitted by Becky Woodson, Acting Secretary

APPROVED