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Board of Forestry Meeting – September 11, 2014 Matthews State Forest ~ Galax, VA

The Board of Forestry meeting was called to order at 9:00 by Chairman Scheerer at Matthews State Forest in Galax, VA. Chairman Scheerer asked for a moment of silence to remember what happened 13 years ago, September 11, 2001.

Board of Forestry Members Present (roll call by Mary Weaver): Ervin Bielmyer, Don Bright, Joel Cathey, Keith Drohan, James Harder, Ken Morgan, Franklin Myers, Greg Scheerer, Dr. David Smith, Glen Worrell.

Members Absent: Tommy Barnes, Anne Beals, John Burke III

Virginia Department of Forestry Present: Bettina Ring, State Forester; Rob Farrell, Deputy State Forester; Ron Jenkins, Assistant State Forester – Policy; Dean Cumbia, Director Resource Management; Chris Asaro, Forest Health Specialist; Ed Stoots, Regional Forester; Zach Olinger; Mary Weaver, Administrative Specialist

Adoption of Agenda: Mr. Ken Morgan motioned to adopt the Agenda as presented and Mr. Frank Myers seconded. All present were in favor.

Recognition of Guests and Visitors: Susan Seward, VFPA; Fred Hebard, The American Chestnut Foundation; Dr. Jim Nuckolls and Jim Baxley, Matthews Foundation; Paul Howe, Virginia Forestry Association

Hearing of Citizens: None.

Approval of Minutes: A motion was made to approve the June 17, 2014 meeting minutes and seconded. All present were in favor.

Secretary of Agriculture & Forestry Update: Deputy Secretary Travis Hill was unable to attend. No update.

State Forester's Report: State Forester Bettina Ring welcomed the new Board members and expressed the importance of Board orientation and if there are any specific topics you would like to hear about to not hesitate in asking. Forest Health is the discussion today by request of Mr. Ken Morgan. Very exciting to see all our guests and partners here as Ms. Ring is a big believer in collaboration. Secretary Haymore along with Bettina attended the VFPA annual meeting last week and stayed for the duration, approximately 200 attended. There will be a field trip in the afternoon of the Matthews State Forest with the Department of Forestry and the American Chestnut Foundation.

Ms. Ring thanked those who attended the reception at the Governor's mansion celebrating the DOF's 100th Anniversary. Ms Ring also celebrated Smokey Bear's 70th birthday at the Chrysler Museum. The Department of Forestry has been asked by the Governor to showcase the DOF's 100 years through holiday decorations at the Governor's mansion in December. These are some great opportunities to highlight forestry.

Ms. Ring informed the Board of an invitation by Delegate Ed Scott, to participate in a House Agriculture committee retreat in October to showcase the agency's priorities and needs moving forward. In addition, we are working closely with the Virginia AgriBusiness Council and conducting five roundtables around the state. Mr. Ken Morgan expressed the importance of these meetings and the participation of forestry. Forestry is an important industry in the state, we are currently number three.

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Forest Protection and Fire is extremely important to this agency, our next meeting will be at our nursery to discuss lifting seedlings, reforestation, sustaining the forest resources and fire emergency procedures.

We are addressing sustaining VA resources through increasing our seedling production to 28 million seedlings to make sure we can provide and meet the demand. We are trying to do our part with FIA and working with Virginia Tech on the CeNRADS project. We are also looking very strongly at water and land conservation and how we can do more to make that connection between forest and forested watersheds and the importance of clean water to all Virginians. Have had great accomplishments with water quality. The penalty fund for water quality dropped in past eight years from \$142,000 to a little over \$2,000. This wouldn't be possible without the cooperation of loggers, the forest products industry and landowners. We still have goals to meet with the Chesapeake Watershed Agreement but we are three years ahead of schedule as it relates to BMP implementation

Ms. Ring shared a document with a vision of where she believes Forestry is headed.

Mr. Ken Morgan asked Ms. Ring to put more information out there to remind loggers of their responsibility and importance of the state RT tax.

Ms. Ring introduced and welcomed Mary Weaver the new Administrative Staff Specialist to the Department of Forestry.

Chairman Sheerer welcomed new Board members and asked other members to introduce themselves.

Legislative/Budget Update: Mr. Ron Jenkins, Assistant State Forester, reviewed with the Board an abbreviated form of our financial resources, how we receive funds and where they come from. A little over 50% are general funds (taxpayer money) while other funds are Special Funds, Federal Funds, and Trust Funds.

Mr. Jenkins discussed the current funded areas, which funds are used for those areas and the 2014 Savings' Targets; 5% in FY15 and 7% in FY16. He also discussed the 2015 Budget for the Forest Conservation, Wildfire and Watershed Services and how it was developed. Most budget reductions will come from this budget service area. Information Technology is a rapidly growing area and financially difficult to keep up with. There were several requests that were unfunded at the end of the FY14 Budget year in this area.

Mr. Jenkins reviewed with the Board the cost of our equipment, the rotation process and explained that 47% of the agency emergency equipment is currently past its replacement time due to lack of funds.

Mr. Ken Morgan inquired on specifics of where we stand with budget cuts compared to other state agencies in other states. Ms. Ring will check NASF office to see if there is a report with this information. Mr. Ken Morgan expressed the need to up our concentration level and our diligence in talking with our legislators on what they can do for us. The Board discussed and would like to see how we compare to other agencies and states on our funding for employees and equipment. Ms. Ring will have that information at the next board meeting. The Board questioned the possibility of creating partnerships with professional foresters to help train our foresters to save costs. Ms. Ring replied that is something that we can definitely look at in the future.

Reforestation of Timberlands (RT) Tax Update: Ron provided an update on the *Forest* Products Tax Statute. As a result of our discussions with Department of Taxation, industry members and industry representatives, DOF and VTAX understand that current tax statutes do not match the current business practices. All of us now realize that it will be necessary to amend the current forest products tax statutes to conform to modern industry practices. The stakeholder group has been very instrumental in developing good solutions. Tax Department is

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very interested in making changes to ensure the statute is in line with forest business practices. A draft is currently in the Secretary's office. We believe the draft will be shared with stakeholders once the policy office approves. The Tax Department and DOF hope a bill will be submitted as legislation in 2015.

Reforestation of Timberlands (RT) Program and Other Program Updates: Mr. Dean Cumbia, Director Resource Management, gave a brief history of the RT Program; a collaborative effort to increase pine and hardwood reforestation that industries benefit from. Mr. Cumbia reviewed the following with the Board:

- Code of Virginia RT tax codes included in the Board packet.
- FY 2014 RT Program Accomplishments.
- FY 2015 RT Program Budget Report, projected revenue and general fund amount set aside.
- FY2015 RT Program Regional Allocations
- Restructuring of program.

The Board discussed planting and management practices and the demand for seedlings. It was mentioned to consider looking at a 100 acre limit unless additional funding is available. RT program is a first come - first serve customer based incentive program. Code requires at least half of RT money to go back to the county which it came from. Program costs reflect the cost of actual hours of staff doing work for foresters, engineers, admin etc. Approximately 2.3 – 2.8 million dollars are available to RT program going forward into FY 15. The exact amount could not be determined until the final tax collections are reconciled by TAX. The Board discussed possibilities of reducing the cost of seedlings. Ms. Ring mentioned not to give up on the match just yet; we are committed to the RT program, it is not part of the reduction plan and the Governor is behind us on that.

Board would like to revisit the cut to growth ratio geographically to begin formulating a plan at the next Board meeting. Ms. Ring said that would fit in nicely with our plan to have the next Board meeting at the nursery. Can get real time data and see how we can use our harvest data.

Old Business:

Follow-up on Hardwood Management: Chairman Scheerer was unable to get a meeting together with Delegate Edmunds. He would like to parlay follow-up into new business either for this meeting or next.

Board agreed to have a working lunch to finish up meeting and allow time for the field trip.

New Business:

Forest Health Status Report: Mr. Chris Asaro, Forest Health Program Manager, reviewed with the Board the current forest health status for the following:

- Oak Decline is state wide in Virginia; predisposing factors, inciting factors and contributing factors.
- Virginia's SPB Prevention Program, 60% cost-share with NIPF landowners for pre commercial thinning.
- Hemlock Woolly Adelgid
- Dogwood Anthracnose, mainly a problem at higher elevations >2,000ft.
- Beech Bark Disease (BBD), three beech varieties in Virginia, only one is susceptible to BBD.
- Thousand Cankers Disease
- Status of the Emerald Ash Borer in Virginia

Follow-up on Hardwood Management: Chairman Scheerer will try to set up a meeting prior to the next Board meeting.

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Setting of 2015 Board of Forestry Meetings: To meet requirements the Board needs to meet at least three times a year with one being at the headquarters office. The Board scheduled the meetings for 2015 as follows:

- February 17, 2015 with February 24, 2015 as a weather date in Sussex County, VA at the nursery.
- April 14, 2015 in Charlottesville, VA at the headquarters office.
- September 15, 2015 to possibly be held at Occoneechee State Park with a visit to Morgan Lumber Company
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Adjournment:

Chairman Sheerer called for motion to adjourn; Mr. Ken Morgan motioned and Mr. Frank Myers seconded. All present were in favor.

The Board of Forestry meeting adjourned at 1:30 p.m to participate in the guided tour of the Matthew State Forest.

Mr. Zach Olinger, VDOF and Fred Hebard, The American Chestnut Foundation will give a guided tour of the Matthew State Forest with information on the Old Growth Hardwood Stand, Hardwood Management and the Chestnut Orchard.

Ms. Ring mentioned the need and desire to replace some of the weathered signs on the grounds.

Minutes recorded by Mary Weaver, Administrative Staff Specialist