



Board of Forestry Meeting

February 21, 2017
Charlottesville, VA

Call to Order

The Board of Forestry meeting was called to order at 9 a.m. by Chairman Smith at the Central Office, in Charlottesville, VA. Chairman Smith reminded the Board of the Anti-trust acknowledgement and policy.

Roll Call

Board of Forestry Members Present:

Anne Beals, Don Bright, Joel Cathey, Keith Drohan, Beth Flippo Hutchins, Franklin Myers, Dr. David Smith, Greg Scheerer, Glen Worrell, Ken Morgan Jr., James Harder, John Burke III and William Snyder

Members Absent:

None

Recognition of Guests and Visitors

Virginia Department of Forestry Present:

Bettina Ring, State Forester; Rob Farrell, Deputy State Forester; Andy Alvarez, Chief of Administration; Ed Zimmer, Chief of Operations; Terry Lasher, Eastern Regional Forester; Dean Cumbia, Director Resource Management; Mary Weaver, Executive Assistant

Recognition of Guests and Visitors:

Kurt Christensen, Landowner; Ariel Brown, Virginia Farm Bureau Federation; Shannon McCabe, Virginia Forestry Association; Susan Seward, Virginia Forest Products Association

Adoption of Agenda

Chairman Smith requested to add to the agenda the appointment of a nominating committee for Chair and Vice Chair. Greg Scheerer and Anne Beals were appointed and will report nominations at the next regular meeting.

A motion was made to adopt the agenda as presented; seconded. All present were in favor.

Hearing of Citizens

None

Approval of Minutes

A motion was made to approve the January 12, 2017 meeting minutes as presented; seconded. All present were in favor.

Secretary of Agriculture and Forestry Update

None

State Forester's Report

Ms. Bettina Ring welcomed everyone and introduced Fernanda Crandall the new finance director for VDOF. Bettina reviewed the FY2018 budget reduction strategies and confidential process that did not allow discussion with VDOF employees, the Board of Forestry or partner organizations until after the governor's announcement.

A January board meeting was held to discuss the budget reductions that were announced; a combination of eliminating positions, using \$300,000.00 of RT funds, and creating a fee associated with timber harvest notification. There was opposition from the forest products industry and the community as it relates to both the fees and the reduction of RT and the impact that would have on industry and landowners in the state. The stakeholders came together and united in opposition but also recognized that the department could not afford to take additional cuts in personnel.

Two budget amendments have been introduced on the House side and Senate side to restore that funding. The stakeholders have been meeting with the legislators and have been very clear that they don't feel they should come back to VDOF for the funds as they cannot afford to have additional layoffs. The budget amendments are currently being considered and appear that they will be approved, with funding outside the agency.

Bettina explained that there is chance money that was to be returned to our non-general fund (State Forests and Nurseries), which was swept for FY17 cuts until we could sell the designated property, may be taken to cover the state deficit vs. returned to the VDOF.

A question was raised regarding the impact of losing these funds. Since the State Forests and Nurseries are self-sustaining and have annual obligations, they will enter the money with a reduced budget. The group discussed private and state nurseries producing seedlings; noting that the closest commercial nursery to VDOF is in North Carolina. VDOF tries to look 3-5 years out for production demand and plan accordingly.

VDOF had the opportunity to display VDOF emergency response equipment at Darden Gardens near the State Capitol and General Assembly Building during the session. This provided us the opportunity to thank the administration as well as the state legislators for their support. A new dozer, engine and pick-up with Smokey were on site. Governor McAuliffe and Secretary Gooden joined the event to share remarks along with Senator Ben Chafin, who introduced a Senate resolution commending VDOF fire prevention and suppression efforts this past fall. In addition, seedlings were delivered to all state legislators in celebration of the 100th Anniversary of VDOF nurseries. As a result of this action, Senator James Edmunds has offered to submit a House Resolution commending our 100th Anniversary. Senator Ruff recognized the inaugural class of Century Forest Landowners in the Senate Chamber that same day.

Bettina discussed the very active fall fire season VDOF and our neighboring states had. A meeting is being held in early March with state forestry leadership and USFS supervisors, deputies and fire officers from all southern states. The purpose of this meeting is to evaluate what happened during the fall fire season in the southern region and integrate any learnings moving forward. VDOF staff in the Western Region had a number of fires, including one in Tazewell County that they controlled quickly and prevented it from spreading into a designated wilderness area where it could have greatly increased the total acreage.

The question was asked if there is an evaluation done by VDOF or USFS that would identify problem areas. Bettina noted that we have a software program called SouthWRAP that helps us identify those problem areas most at risk. VDOF foresters work with county planning and homeowners association to put preventive measures in place to address these areas.

Board discussed the devastating loss of ash trees and the money value that is being lost. Virginia has 42 counties that have Emerald Ash Borer (EAB). There was discussion on several different ways and opportunities to educate the public on ash trees. Lori Chamberlin attended an interagency EAB committee meeting and discussed opportunities for collaboration

in terms of EAB management, especially on the Delmarva Peninsula. VDOF has submitted a large USFS grant to help address EAB in Virginia. The forest health program would not be possible without federal funding.

A number of VDOF staff attended “meet and greets” when USFS Region 8 Regional Forester Tony Tooke was in Virginia. VDOF works closely with USFS. The USFS is exploring bringing the VICC center back to Charlottesville. We are also exploring signing a Good Neighbor Authority agreement with the George Washington – Jefferson National forest, which allows VDOF to work with the USFS on actively managed National Forest System lands for hazardous fuel reduction purposes, forest health, etc. VDOF is also working with the USFS to identify areas where we can share office facilities.

Bettina attended the NASF Executive Committee meeting in DC recently. Priorities included; the Wildfire Funding Fix, National Forest Reform, the Good Neighbor Authority, the 2018 Farm Bill and federal appropriations for state and private forestry. Congressman Westerman from Arkansas gave an update on the fire and national forest reform legislation. Rita Hite of the America Forest Foundation joined the group to discuss the Farm Bill as did Senator Daines’ aide and Interior Appropriations staff. In addition, Federal Forest Reform Coalition Executive Director Bill Imbergamo and former Board of Forestry member presented on national forest reform.

Former Deputy Secretary of Agriculture and Forestry Sam Towell recently accepted a new position in the Attorney General’s office. Sam was very supportive of the forestry community and the VDOF, and he will be missed. Cassidy Rasnick is serving as the new Deputy Secretary.

The agency is working on revising the strategic plan and will reach out to board members for input. We will be looking for creative solutions for the future. William Snyder mentioned that the board doesn’t want to lose sight of the concept of insulating the department from budgetary swings.

Informational Items

Legislative and Budget Update:

Mr. Andy Alvarez, chief of administration, updated the board regarding the current status of the receipt of our MELP equipment. This fiscal year we have acquired:

- 18 Dozers/Transports
- 37 3/4ton pickup trucks
- 3 SUVs
- 4 mechanic’s trucks

Older equipment is going to be sold as surplus.

Forest Product Tax:

Mr. Charlie Becker, utilization and marketing program manager, gave a presentation on the forest product tax. Charlie reviewed the Vision and Goal of the Utilization and Marketing Program. If we don’t keep healthy sustainable forests, we don’t have a forest industry. If we don’t have forest industry, it’s hard to keep healthy sustainable forests. Virginia is one of the oldest states to be exporting forest products. Currently, there are more than 1,500 forest products businesses in Virginia contributing more than \$17 billion to the Commonwealth annually. Exports of Virginia forest products exceeded \$440 million in 2014. Charlie discussed the following projects in the utilization and marketing program and how they affect sustainable forestry:

- Forest Resource and Industry Information
- Forest Products Promotion and Economic Development
- Biomass Energy
- Improving Hardwood Utilization and Markets
- Urban and Interface Wood Utilization
- Emerging and Non-Timber Forest Markets
- Special Projects and Activities
 - VDOF representative for various state, regional and national committees and associations
 - Grant and project development
 - Training and education/outreach

Mr. Becker also discussed the following constraints of this program:

- One-person program – intermittent help when grant and other resources available.
- No dedicated USFS funding.
- Limited ability to take advantage of opportunities to improve information and assistance to industry and other stakeholders.

Updates to the Forest Products Tax data have been completed. This provides opportunities to:

- Assess the effect of the new biomass category on tax collections.
- Address questions to determine if all are paying their fair share.
- Identify educational needs to improve compliance.
- Identify tax issues that may impact RT distributions.
- Provide educational materials/workshops.

Mr. Greg Sheerer inquired about a current Virginia Forest Products Business Directory. There is a South-wide site that has every mill with a primary and secondary section listed. Mr. Becker will send the link out to the Board. The accuracy of the Forest Products Tax data is No. 1 priority. Mr. Becker is looking at the possibility of using Virginia Tech interns to assist with special projects to help relieve his current workload.

Mr. Zimmer explained that 50% of the Forest Products Tax goes back to the county from which it originated. Mr. Becker and the Board discussed the process of knowing who was paying and not paying the forest products tax. The volume of forestland removed should match very closely, the volume of forest products that is reported at the end of the fiscal year

Forest Health Program Manager Lori Chamberlin discussed where the Emerald Ash Borer (EAB) has spread in the state. Most efforts focus on outreach and slowing the spread. You can treat ash trees. We are treating ash trees on public and state lands to protect the seed source. We expect to lose a large portion of the ash trees in Virginia but we also have a relatively low population of ash. Hopefully, at that point, biocontrol will be able to manage the much lower incidence of EAB. EAB also attacks white French trees. Research is being conducted to locate ash trees that are resistant to EAB and collect those seeds to propagate genetically-resistant ash seeds.

Reforestation of Timberlands (RT) Program:

Dean Cumbia, forest resource management director, reviewed the history of Reforestation of Timberlands. Mr. Cumbia reviewed with the Board the FY 2017 RT program Interim budget, regional allocations and the project accomplishments. There is no marketing program for RT; our potential customers are pretty much defined. VDOF is looking at different ways to reach unengaged landowners to make them aware of services. The board discussed putting signage up when planting (year planted, replanted) as an incentive when using the program. This would be a great way to get the word out and watch them grow. Mr. Cumbia will research the cost of reviving the “Watch Me Grow signs” and report back to the board. Good opportunity to promote and provide outreach to landowners. Mr. Burke suggested checking with the Tree Farm System in regards to the signage and cost. VDOF will bring some ideas about a pilot program for signage at the next board meeting.

Mr. Zimmer discussed that we are working on putting information in IFRIS to better track landowners that are looking to sign up for RT program.

Mr. Cumbia spoke in detail in regards to the RT regional allocations and accomplishments. The Board discussed if there is an incentive or disincentive for foresters to sign up landowners for the RT wait list in order to demonstrate the demand.

Mr. Kurt Christensen inquired about the total cost of Herbicide Site Preparation. Cost per acre depends on what you want to impact.

Action Items

None

Committee/Liaison Report

Reforestation of Timberlands (RT) Subcommittee:

Mr. Greg Sheerer shared with the Board the accomplishments of the RT subcommittee meeting of January 19, 2017. The subcommittee discussed:

- ◆ **Forest Products Tax** - recommended that the report be presented at the subcommittee meetings and not at each Board of Forestry meeting. An annual summary report will be provided to the Board, rather than the quarterly reports.
- ◆ **Interim Budget Report** – current budget revenues and expenditures were summarized. The total Tree Improvement budget is \$680,231. RT contributes \$250,000 or 37%. The RT program supports about 27,000 acres of pine planting of the approximate 60,000 acres planted in Virginia each year, or 45% of the total planting.
- ◆ **Nurseries** – discussed the status of private tree seedling nurseries in NC and SC. Talked about how many seedlings VDOF should be producing each year. Talked about what tools VDOF has to predict the number of seedlings needed each year. Discussed the ability to tease out whether thinnings or clear cuts that are reported to correlate and get a stronger match between the number of seedlings needed and the harvest data.
- ◆ **FY 2018 Project Rates and Acreage Maximum** – It has been a goal to push herbicide site preparation versus herbicide release. The current FY17 interim accomplishments show VDOF has met that goal. Herbicide site preparation allows your trees to grow faster, which would increase pine production over time. The current site preparation project #4 (Herbicide) incentives is 51% of average treatment cost and 35% for project #6 (Release).
- ◆ **FY 2018 Rate Recommendations** – At time of the subcommittee meeting, proposal was to cut \$300,000 out of the RT budget. The committee discussed how to spread out the funds to help as many landowners as possible. They looked at the numbers and recommended:
 - Keep the acreage cap at 100 acres per tract (or acreage footprint)
 - Lower Practice #4 – Chemical Site preparation to \$55
 - Lower Practice #6 – Release Spray to \$20
 - Increase Practice #2 – Other pine planting to \$60

Despite higher funding this year, there still remains a backlog of around \$400,000. Based on the current level of sign-ups, the reduction in Practice #4 would make an additional \$105,000 or 2,000 acres available in that practice, and the reduction in Practice #6 would make an additional \$23,000 or 1,150 acres available. The increase in Practice #2 would add approximately \$4,000 in additional costs.

The reason behind raising the cost of other pine planting was mainly due to the low planting requests and other programs offering better incentives.

Don Bright expressed a concern in regards to forest conversion and the possibility of hurting the landowners' value. Need to be looking into forest conversion of either pine to hardwood or hardwood to pine. It's important to know how much of the total harvested acreage are thinning or select cuts because reforestation doesn't play a role and this could also help project seedling needs. Mr. Cumbia mentioned that he could provide that analysis at a future meeting. IFRIS had been changed to better record pine vs. hardwood and thinning vs. clearcutting, but that information is just beginning to be collected. More pine volume growing could lead to more industry entering the market.

We need to be thinking about where we want to be strategically to ensure we have sustainability and look out for the landowners.

- ◆ **General Lumber Pine Market** – Not what it used to be – seeing a lot of unthinned pulpwood stands clearcut instead of thinning model. Subcommittee talked about how that plays into RT and how to account for that. Also discussed stocking levels, how many trees per acre you plant. It's not a one size fits all prescription across the landscape.

Mr. Scheerer mentioned that there was a lot of good discussion at the subcommittee meeting. Would like to see when data is available how much of RT funding comes from pine harvest, hardwood harvest and fuel chips. Dr. Smith would like to see if there is any historical data, where we are going and from whence we came.

Dr. Smith would like to propose – if the Board feels it appropriate – to come forward with a motion at the next meeting to codify the RT subcommittee into a standing RT committee of the Board of Forestry. It will become the first standing committee of the Board of Forestry. Dr. Smith tasked Mr. Scheerer and Mr. Worrell to have a point of discussion at next meeting in regards to making the RT subcommittee a standing RT committee.

Mr. Scheerer made a motion to adopt the proposed RT project descriptions and rates as shown below. Mr. Morgan seconded:

◆ FY2018 PROPOSED RT PROJECT DESCRIPTIONS AND RATES

- Project 1 – Tree Planting – Loblolly pine-- \$25 per acre
- Project 2 – Tree Planting – Other pines -- \$60 per acre
- Project 3 – Site Preparation Mechanical – \$60 per acre
- Project 4 – Site Preparation – Herbicide – \$55 per acre
- Project 5 – Site Preparation – Prescribed burning – \$35 per acre
- Project 6 – Herbicide Release by Air – All Pines except white pine – \$20 per acre
- Project 7 – Herbicide Release by Air – white pine – \$45 per acre
- Project 8—Herbicide Release by Ground – all pines – \$45 per acre

There was discussion prior to the motion on whether there is any more room for further reduction to capture more acres. Mr. Farrell suggested not doing too much at once. It is important to know what we are growing and converting. Mr. Harder expressed how important it is to build out the RT wait list and use that to communicate to the legislators and governor, the importance of RT funds.

Staff followed up and was able to confirm that the number on the RT waiting list for the Eastern region alone was 144 projects or 5,979 acres for a total of \$243,926.

Motion was passed by a unanimous vote.

VDOF is beginning to work on the strategic plan in March and would like to get input from all the Board members but would consider a subcommittee from the Board. Chairman Smith said anyone interested in serving on the subcommittee send a memo to Bettina by Tuesday, February 28, 2017. There will be an input process for everyone. This process will assess where VDOF is headed long term in addition to how we look at budget cuts in the future.

Chairman Smith congratulated all stakeholders and board members for reacting to our meeting in January. That set the stage for coming together and solving problems. He thanked everyone who was involved. He mentioned that even though we don't have final results, we are much better off than we were.

There are four Board members who are up for reappointment and all are eligible. Mary Weaver will send out the information to those members to submit. All appointments are for four years.

The next board meeting will be May 24 in Waynesboro. We are considering at holding a tour at McCormick's Farm the afternoon before with dinner in the evening and possibly visit the Augusta Nursery after the meeting.

The following meeting will be held in conjunction with the Virginia Loggers Association in Blacksburg, August 18.

Unfinished Business

None

New Business

None

Adjournment

Chairman Smith called for a motion to adjourn; motion was made to adjourn the February 21, 2017 meeting at 2:22p.m. and seconded. All present were in favor.

Minutes recorded by Mary Weaver, Executive Assistant