

Missouri Forest Resources Advisory Council

Council Meeting

MDC Headquarters Auditorium, Jefferson City, MO

March 10, 2011

10:00 a.m. – 3:00 p.m.

AGENDA

Welcome, Introductions, and Housekeeping – Wayne Lovelace welcomed everyone to the meeting and introductions were made. The following council members were in attendance:

Lisa Allen, Mo. Dept. of Conservation
Bob Ball (Vice Chair), Forest & Woodland Assoc. of Mo.
Anastasia Becker, Mo. Dept. of Agriculture
Peter Becker, Eastern Ozarks Forestry Council
Scott Brundage, Walnut Council
John Burk, National Wild Turkey Federation
Martha Clark (Secretary), Mo. Community Forestry Council
Fred Crouse, Tree Farm Committee
Gene Garrett, Mo. Center for Agroforestry
Nate Goodrich, Natural Resources Conservation Service
John Heckmann, Quail & Upland Wildlife Federation
Mike Hoffmann (alternate), Mo. Dept. of Conservation

Steve Jarvis, Mo. Forest Products Assoc.
Shelby Jones, Mo. Consulting Foresters Assoc.
Shibu Jose, Mo. Center for Agroforestry
Ed Keyser, Conservation Federation of Missouri
Brandon Kuhn, Pioneer Forest
Wayne Lovelace (Chair), Mo. Nurseryman's Assoc.
Steve Mahfood, The Nature Conservancy/Tatanka Resources
Dave Murphy, Conservation Federation of Mo.
Harlan Palm (alternate), Walnut Council
Gus Raeker, Mo. Society of American Foresters
Kelly Smith, Missouri Farm Bureau
Hank Stelzer, MU Extension
Robert Stout, Mo. Dept. of Natural Resources
Richard Stricklin, Top of the Ozarks RC&D
Jerry Van Sambeek, USFS Northern Research Station
Dave Whittekiend, USFS Mark Twain Nat'l Forest

The following other interested parties were in attendance:

Dennis Baird, Mo. Dept. of Agriculture
Rich Blatz, Mo. Dept. of Conservation
Teresa Chase, USFS Mark Twain Nat'l Forest
Hank Dorst, Mark Twain Forest Watchers
Donna Baldwin (Recorder), Mo. Dept. of Conservation
Mike Hubberd, Mo. Dept. of Conservation

Jason Jensen, Mo. Dept of Conservation
Stuart Miller, Mo. Dept. of Conservation
Brian Schweiss, Mo. Dept. of Conservation
Barbara Tormoehlen, USFS, State & Private Forestry
Steve Westin, Mo. Dept. of Conservation

Minutes Read and Approved – Wayne Lovelace asked if anyone had changes to minutes to the December 9, 2010 meeting. With no changes noted, the minutes were approved as written. Donna will send to Martha for posting on the website.

Old Business

Bylaws Revision - Scott Brundage noted that according to the bylaws, when it came to various

officers, each organization only has one rep and alternate. Proposed change is to increase that to up to 2 members for each organization and one alternate (it will still be only one vote per organization). Scott noted he sent a draft of the changes to all members. Steve Mahfood made a motion to accept the changes as written; Fred Crouse seconded the motion. The motion was approved unanimously.

Scott noted we are looking at adding some new member organizations (Mo Nut Growers, Soil & Water Conservation Service, and the Forest and Woodland Association of Missouri). The executive committee will know by our next meeting if these entities will be added. Mike Hoffmann suggested adding the Missouri Fire Council if/when they get organized.

FWAM Website Update – Bob Ball distributed a handout that gives an overview of activities of the website committee. He noted the Association feels the website is a critical tool in achieving MoFRAC's goals. They assigned a committee to design and establish a website that meets the intent of the Conservation Federation of Missouri grant proposal to support the Association and meets the needs of FWAM clients to better manage their forest resources. He noted there is a lot of work yet to be done, but current activities are focused on providing a framework for the website. It will be part of CFM website. Bob noted they welcome input. Please send your comments to Bob prior to the next website committee conference call scheduled for April 1st.

Woody Biomass Delivered Prices – John Tuttle has been looking into and surveying counterparts in the 20 NE states. He distributed a handout that includes chip prices (dirty and clean) for several regions in the U.S. John added that tree length pulpwood is selling for \$28/green ton in southern Missouri. The scragg-block industry in southern Missouri is purchasing short bolts (44-52" long, 6" and greater on the little end) for \$28/green ton. The small diameter short bolt wood has not been sold for several years in Missouri since the charcoal kilns quit purchasing this type of wood.

Hank Dorst asked about a particular company and what they are paying for round wood. Steve Jarvis noted MFPA is concerned about sharing delivered prices and wants it in writing that it is a conflict of interest for him to participate in discussing prices.

Unidentified Logging Trucks – Steve Jarvis did research on requirements and penalties for logging truck identification and distributed a handout. He noted he has been working with MoDOT, who has been diligently collecting information and compiling report. He noted that fine structures are set by county; if they don't have a structure, there is a minimum fine. He further reported that truck identification should include owner or company name, location, and gross vehicle weight. Steve noted the fine for not having proper identification is \$83. He added that MoDOT has an information brochure for the farm industry and will create one for logger trucks.

Bob Ball asked how this information is shared with folks. He suggested posting it on website for viewing and printing. The group also suggested it be included in a future issue of *Green Horizons*.

NEW BUSINESS

MoSAF Position Statement on Woody Biomass in Missouri – Gus Raeker distributed a handout showing MoSAF's position statement on woody biomass in Missouri. He noted it includes several recommendations. MoSAF has adopted this position statement, and would like

to get this to the Legislature for their consideration and information.

Scott noted that MoFRAC's position came out at the March 2009 meeting and is similar to this one. He added that when talking about sustainability, MoFRAC's position statement recommends landowners have a management and harvest plan that follows BMPs established by the BMP working group, and third party verification. Hank Dorst noted it's a great position statement and thanked Gus. He added that all statements (MoFRAC, CFM, and MoSAF) are basically on the same page. Peter Becker added that at the time MoFRAC's was developed, the Master Logger Certification Program did not exist. He suggested that a recommendation to use Certified Master Loggers for the harvest of woody biomass should be incorporated into the MoFRAC position statement.

The Center for Agroforestry's Roadmap to 2020 – Shibu Jose and Gene Garrett put together a strategic plan called "Roadmap to 2020: A Visioning Document for the Next Decade". Gene distributed a handout and Shibu thanked the group for opportunity to share. He noted this document will be available on The Center for Agroforestry's website soon.

Shibu reported they went through a strategic planning process to come up with the document. They then took another 6 months to solicit feedback. It has since been modified and finalized.

He noted that in the beginning, agroforestry was called "multi-cropping". Gene Garret was the North American advocate. The Center formally became the Center for Agroforestry in the 1970s. Now it's a signature program under MU's School of Natural Resources. It is one of two in the world – the other is in Kenya.

The Center has some advantages over the center in Kenya. Here it is with University of Missouri so they can do academy programs, along with research, and outreach. Sites for many of their projects include the HARC center in New Franklin, Southwest Center in Mount Vernon, Wurdack Farm in Cook Station, Greenley Research Center in Novelty, the Allen Research & Education Farm in Laurie, Newport Farms in Novelty, and the Mark Twain watershed project in northeastern Missouri.

Their vision is to be a preeminent global center in Agroforestry research, education and technology transfer with comprehensive programs that encompass ecological and economic sustainability, commodity production, environmental conservation and stewardship and integrated management. Mission is to support the long term future of rural and urban working farms and forests by achieving economic, environmental and social sustainability.

In their Road Map 2020, they came up with strategic goals, objectives, actions and performance measures. There are a number of action items and multiple objectives. For instance, under outreach one objective is to build a research learning center at HARC, and they hope to make that happen. They also wanted to start an agroforestry academy for mid-career professionals, and it was launched this semester (four new on-line courses).

International Year of Forests – Lisa Allen reported that most folks have heard by now that 2011 is the International Year of Forests. She directed folks to the website www.celebrateforests.org. A federal grant was secured, and the Kentucky State Forester worked with a consulting firm to develop the website. She noted the website includes a list of

events and you can also submit events. The site also includes some tool kits (includes several documents to use, fact sheets, press releases, etc.). She encouraged folks to use the website to promote activities in Missouri.

The International Year of Forests campaign was launched in New York City. The official launch is March 30th in Washington, DC, and will include a congressional reception. The President has been invited, and the State Foresters are hosting. As a part of that, in the U.S. we have set aside May 21st as National Walk in the Woods Day and all states are encouraged to hold event on that date. Fortunately for us, that is also Tree Farm Day (event to be held at Dave Murphy's farm). There will be other events throughout the state. She added that if May 21st doesn't work for your event, feel free to select another date. It's all about talking to people about benefits of forests – most are public benefits provided by private forest land. There is also a need to talk about sustainability. The theme is the "role of trees and forests in our healthy lives". Official tagline is "Celebrate Forests, Celebrate Life".

Report from USFS State & Private Forestry, Northeastern Area – Barb Tormoehlen, Field Representative, US Forest Service, thanked the group for allowing her to attend. She noted she's currently stationed in St. Paul, but spent the first 30 years in Indiana with a little time in the Upper Peninsula. She spent 20 years with national forest system as Silviculturist, and ended up as a Planning Officer on Hoosier National Forest. She was also District Ranger on the Kenton District.

If you are not familiar with Northeastern Area, it has the same footprint as the Eastern Region of the national forest system. It includes 20 states and Washington, DC. State forestry agencies implement the state and private programs. The northeastern area is divided into 3 field offices: New Hampshire, Morgantown, and St. Paul.

The Forest Service has worked closely with the Northeastern Area of State Foresters (NAASF) to take a new view of the stewardship program and how it's delivered. They began working on the project with state foresters a couple years ago to identify how we could do things differently. They have come to a landscape method of planning and looking at those land management entities within a geographic area (issues and opportunities).

Major emphasis is work in helping develop the Forest Resource Assessment & Strategy (FRAS). Work being done in Missouri has set the bar for quality of work that can be done. In order to provide support for implementing the strategies identified in FRAS, they have looked at ways to competitively distribute funds. Funding is on hold until federal budget is approved.

Program/Committee Reports

MU Boiler – Hank Stelzer noted MU is in the process of getting RFQ. It was released to 15 entities, and they received 12 responses which are being ranked now. They will then develop the RFP. Hank distributed a handout with sustainability considerations from Jim Wimberly in Arkansas. Please send suggestions on wording to Hank.

Scott noted that in the RFQ, as it originally went out, contained a minimal statement concerning sustainability and BMPs, and nothing about 3rd party verification. This new statement is a step upward. He suggested MU look at their position statement and specifically mention BMPs and

3rd party verification. He thought it would behoove MoFRAC to request our Chairman send a letter to MU, noting MoFRAC's position and suggest MU consider that in their proposals. It doesn't hurt to re-affirm that position. Gene further recommended the letter first be complimentary, then identify MoFRAC's position and ask they include our recommendation in the RFP.

Steve Jarvis made a motion for MoFRAC to send support letter to MU; motion was seconded by Ed Keyser. Scott suggested the MoFRAC position be included. The motion was unanimously approved.

Woody Biomass Coordinating Committee – Robert Stout noted they were mandated to convene as a smaller group and bring back recommendations. He apologized to Gene Garrett and Shelby for not being included in the meeting.

They met on February 18th, and started by discussing what's going on around the state in the way of woody biomass harvesting. Hank gave them an update on the MU boiler project. They also talked about the Doe Run project in Virburnum and their refining process. Dave Whittekiend talked about the "virtual power plant concept".

He further noted the group talked about what is reasonable for them to accomplish and came up with the following recommendations:

1. MoFRAC should review the states that have similar regulatory processes to Missouri and develop 3rd party verification process for buyers, brokers, and end users to consider.
2. MoFRAC should maintain GIS map showing where facilities are developing and sourcing attached to them. Link to CARES website.
3. Develop a biomass project fact sheet defining gold standard for woody biomass processing facilities. Provide to future developers.

Robert made a motion to continue with Woody Biomass Coordinating Committee and pursue recommendations. Steve noted the recommendation on verification will take a fair amount of work. Scott thought that he remembered MDC will do a training session for verifiers (consulting foresters). Lisa noted she remembers MDC being asked to assist with training once the verification system is established, but not developing the verification system. Stuart Miller added that he does not think MDC has constitutional authority to certify professionals third party verifiers – MDC could be part of the process, but not certifying body.

Kelly Smith noted that all of us have a vested interest in BMPs for forestry; however, as we discuss these things, we need to bounce it off non-forestry people that will be affected. Often when we try to regulate the big players, it trickles down to the smaller ones. Need to find happy medium, and as we move forward, involve more people.

Lisa suggested the Woody Biomass Coordinating Committee send the recommendations out and allow time for feedback. First step is research as defined in recommendation #1 and find out what would be workable in Missouri. The biomass committee will then report back at next meeting.

Carbon Credits Update – Steve Mahfood noted that rumors of the death of carbon trading is

greatly exaggerated – it's still alive. California is driving the market. It's coastal money coming to the Midwest. Foresters need to be aware of this and to incorporate it into planning. In California, protocols are established and being tweaked. New ones come along (bio-char). Folks involved now are hunting clubs, tribal interests, family owned conservation easement properties. It will have to filter out to smaller landowners.

Steve encouraged folks to look at Action Registry website – it is going on and landowners can benefit. There is a great opportunity to be part of it. <http://www.climateregistry.org/>

Bob Ball asked what we can do now to get ready for this. Steve noted that having a management plan in place, managing your forest, will help you be ready. Basically just another step/tool to be considered.

Third Party BMP Verification Committee Update - The group discussed who is on the 3rd party verification committee as defined at the December meeting. Unfortunately, a chair was not appointed so the group has not met yet. The committee will be Lisa Allen/John Tuttle, Fred Crouse, Steve Jarvis, Shelby Jones, Clayton Lee/Rick Merritt, Kelly Smith, Hank Stelzer, Dennis Baird/Tony Stafford, Nate Goodrich, and Scott Brundage will chair. The group will report back at next meeting.

Report on Woody Biomass Conference at MU Center for Agroforestry - Shibu Jose reported the 2nd Annual Agroforestry Symposium was held January 12th in Columbia, and it included numerous speakers. Mr. Steve Flick was keynote speaker. R. Bill Berguson from Minnesota talked about opportunities with short-growing crops, and Dr. William Rooney, Texas A&M, talked about opportunities with sorghum. Dr. Michael Blazier from Louisiana State University talked about their research using agroforestry approach with poplars and switchgrass in mixed species. Dr. Hank Stelzer gave an update on the BCAP program. Meeting was attended by 140 people, and broadcasted to about 60 sites national wide. Broadcast is now available on Center for Agroforestry's website at <http://www.centerforagroforestry.org/events/sym2011.php> .

Recent developments in the state – Hank Dorst distributed a handout on news releases from the Columbia Tribune, KSMO Radio in Salem, and Salem News that discuss Salem's decision to cease negotiations and decline all proposals by ProEnergy to locate a biomass plant in Salem.

Legislative Update – Peter Becker updated on HB613 and SB422.

HB613 – This bill repeals and re-establishes provisions regarding the renewable energy standard including standards recently enacted by Proposition C in 2008. In its main provisions, the bill: (1) Increases the solar energy percentage requirement of the existing standard from 2% to 10%. This provision will apply to Empire District Electric Company which is exempt from the other provisions of the bill; (2) Specifies new criteria for how an electric utility, which is defined as a utility regulated by the Missouri Public Service Commission under Section 386.020, RSMo, complies with the renewable energy standard by earning renewable energy credits. Prior to January 1, 2013, energy credits may be purchased from anywhere within the United States for compliance purposes. Prior to January 1, 2017, energy credits may be earned for any energy delivered to Missouri from anywhere in the United States. After January 1, 2017, energy credits may only be earned for energy directly produced or as the result of an approved interconnection or net metering agreement. The commission must allow a 25% enhancement in the amount of

credits for renewable energy produced from the interconnection agreements between utilities and renewable energy generators located in this state or for new generation of renewable energy under the net metering provisions for residential consumers under Section 386.890, as well as for renewable energy produced in this state if the credits are not purchased or transferred between utilities located in this state or any other state. A utility must pay a penalty of at least twice the average market value of renewable energy credits for failure to comply with the existing energy standard deadlines. The penalty must be distributed to public schools as specified. Compliance with the standard is proportional to the size of the electric utilities and is capped at a maximum cost recovery of \$2 billion. The methods of cost recovery for compliance with the standard are specified in the bill; (3) Specifies the criteria for 10-year mandatory interconnection agreements between electric utilities and third parties that generate renewable energy. After these initial contracts expire, interconnection agreements will be governed with standard freedom to contract principles; (4) Establishes general rulemaking authority for the commission to regulate all provisions of the bill. The commission is authorized to fully or partially waive the energy standard requirement based on various specified economic considerations. The commission must not approve future rate increases for the purposes of compliance with the standard once 15% or \$300 million, whichever is less, of the aggregate retail sales to end-user consumers is reached by certain specified large industrial consumers; (5) Requires each electric utility to provide, beginning January 1, 2012, and each year thereafter, a compliance plan to the commission. The plan will be a public record and posted on a web site determined by the commission; and (6) Grants the commission jurisdiction over all disputes arising under these provisions among or between electric utilities, the commission, renewable energy generators entering into interconnection agreements with electric utilities, and other parties with legal interests. Upon a final judgment of the commission, any party may appeal to a circuit court of appropriate jurisdiction and then to any appellate court allowed by law and the rules of civil procedure.

SB422 – act modifies the state's renewable energy standard. Under current law, each kilowatt-hour of renewable energy generated within the state can be counted as 1.25 kilowatt-hours for purposes of meeting the renewable energy standard. The act increases this weight factor to 1.75 kilowatt-hours. The act specifies geographic sourcing requirements for the energy and renewable energy credits (RECs) used by an electric company to meet the renewable energy standard. During the years 2011-2016, the energy and RECs must be generated within the territory of regional transmission organizations that serve Missouri electric companies. After the year 2016, the energy and RECs must be generated either within Missouri or any contiguous state. The use of RECs to comply with the renewable energy standard will not be allowable after December 31, 2022. The act requires that, in meeting the renewable energy standard, an electric company must not incur annual net costs greater than 1% of the annual revenue requirement set by the Public Service Commission at the company's latest general rate proceeding. The act specifies how the annual net costs must be determined.

Peter suggested MoFRAC send letters to Representative Holsman and Senator Jaques and incorporate 4 essential elements as follows: 1) Adhere to MDC's Woody Biomass Harvesting BMPs in their entirety, 2) Third-party verification of such adherence, 3) Use of Certified Master Loggers during harvest in conjunction with both forest management and harvest plans, 4) A minimum efficiency of wood energy conversion such as Massachusetts's 60%.

Scott added that one of MoFRAC's original positions was that we were not going to get directly

involved with legislation, but we could/should let legislators know about MoFRAC and our position still serves that purpose. Peter noted we need to grow into an advisory organization that legislators would come to for proper language. Robert Stout noted that the issues leading up to this legislation are not looking at woody biomass issues at all. It's about rate cap. It would probably be productive to engage with legislators involved, and state the value of those 4 elements.

Steve Mahfood noted he did not feel this would come up for vote this year. He encouraged folks to be familiar with the issues – also to get on the Public Service Commission's website – what you think is not connected is indirectly connected.

Scott made a motion that we have the chairman draft a letter to go to the House & Senate committee, and the Public Service Commission reiterating MoFRAC's position on woody biomass harvesting (amended to include use of Certified Master Loggers); Steve Jarvis seconded the motion. The motion was unanimously approved. Bob Ball recommended that the chairman ask Peter to draft the letter and share it with MoFRAC before drafting the final version that is to be sent.

Liaison Reports & Updates

Forest & Woodland Association of Missouri – Dave Murphy noted that they continue to work toward bringing this organization to life. The initial draft MOU has been re-written based on discussions with executive committee of CFM. It has not signed yet but is getting close. It will be a 3-year agreement.

Lisa added that the FWAM board met at the CFM annual convention. There are currently 70 FWAM members. The funding support for part time executive director needs to be put in place (part of agreement), but also other funding partners (Tree Farm Committee, MFPA, American Forests Foundation). Need to get all parties involved and get monies transferred. Then an executive director can be hired. Bob Simpson with American Forest Foundation is coming to Missouri on March 15th to meet with MDC, MFPA, Missouri Tree Farm Committee, and CFM to hopefully get the agreement approved (three years @ \$15,000). Rick Merrit attended the National Tree Farm Conference and learned that the American Forests Foundation is interested in the FWAM model and are also looking at us as one of 4 pilot states for a much larger program.

Missouri Tree Farm Committee – Steve Jarvis noted they are delighted that FWAM is formed and are looking forward to the day they can pass the torch for administering Tree Farm.

Missouri Forest Products Association - Steve reported they are trying to develop a statewide logger directory. MFPA members have been hearing from MoDOT and OSHA on regulatory enforcement activity. Inspection costs mills \$3000 to \$5000 per pop.

MoDOT's Comprehensive Safety Analysis (CSA) program ranks truck drivers on safety. There are new paperwork requirements and a much higher level of responsibility for truck drivers. MFPA has set up a CSA workshop on trucking regulations in Fredericktown with MoDOT on April 19th to be held at the Black River Electric Cooperative.

MFPA is seeking a Certification and Education Manager to lead these key programs for the

Association. Contact Steve for a job announcement.

Missouri Department of Conservation – Lisa Allen reported on retirements and filling vacancies. Most of Forestry's leadership is in place; will continue to fill jobs as staff is promoted and vacancies are created.

MDC is looking at implementing the action items of FRAS. As we change stewardship planning on a landscape basis, staff will need more training. Scott asked if it was the Stewardship Committee who will be working on that. Lisa noted it's still in the development stage, but suspects it will be brought forth to that group for comment.

We are wrapping up salvage operations of May 2009 windstorm. Have 2-3 still going. Up to 21MM board feet salvaged off 28,000 acres. We are now getting back to normal timber sale operations.

FIA data doesn't always provide best information for making decision. We are installing our own CFI system that's similar but more intense. Looking at putting in 462 permanent plots on MDC lands over a five year period with one-fifth of the plots re-measured annually.

Exciting event – had our first Firewise recognition event (program is similar to Tree City USA). Includes nine communities in southwest Missouri that make up the Reddings Mill Fire Protection District.

Missouri Department of Agriculture – Tony Stafford noted that he just heard that the Governor is interested in some forest education programs. Missouri Value Added grant program is being awarded later this month. Received over 15 applications – most dealt with biomass (not just woody) components.

Missouri Department of Natural Resources – Robert Stout noted that they have a new Director - Sarah Parker Pauley. She has been in place for about a month. Big challenges in the future are budget. Fees that expired in January need to be reinstated to operate programs, most notably clean water program. Programs are operating on contingent funds, hoping to get fees restored. If not, some programs would go back to EPA.

U.S. Forest Service- Dave Whittekiend noted that a year ago, the Department of Energy came and looked at facilities on Mark Twain for the development of a virtual power plant. The resulting feasibility study indicated that individually, facilities did not qualify, but as a group they do. They will put out notice of opportunity for contractors looking at facilities for development of virtual power plant or smaller facilities to provide heat and power. Expect to have notice of opportunity out by end of April.

Natural Resources Conservation Service – Nate Goodrich reported their biggest change in agency is Bob Ball's retirement. Sorry to lose him but it's nice to see him involved here. His replacement is Dwaine Gelnar. Dwaine was previously the Assistant State Conservationist for Programs. EQIP signup last fall was overwhelming. Field office has March 25th deadline to get contracts established. Dave Murphy asked about their funding, and Nate noted most cuts are related to travel and personnel expenses.

Next Meeting – June 23rd at Conservation Employees' Credit Union in Jefferson City. Peter Becker asked that the MoFRAC website and logo be discussed at the next meeting.