

SMC Policy Advisory Meeting

August 18, 2016 9:00 a.m., Port Blakely Tree Farms Office, Tumwater, WA

Present

Organization	Representative(s)
BC Ministry of Forests	Louise deMontigny (Teleconference)
Bureau of Land Management	George McFadden
Campbell Global, LLC	Dave Hamlin
Olympic Resource Management	Ryan Schlecht
Port Blakely Tree Farms	Gareth Waugh (Policy Vice-chair), Eric Cohen
Quinalt Indian Nation	Jim Plampin (Teleconference)
Rayonier Forest Resources	Candace Cahill (Policy Chair)
Roseburg Resources	Tony Powell, Eric Dinger (Teleconference)
University of Washington	Tom DeLuca (SEFS Director), Eric Turnblom (Acting SMC Director), Rob Harrison, Megan O'Shea, Jason Cross, Mason Patterson, Bob Gonyea
Weyerhaeuser Company	Greg Johnson (Teleconference)

Absent

Organization	Representative(s)
American Forest Management, Inc.	Jesse Saunders
Cascade Timber Consulting	John Jayne
Green Crow	Jenny Knoth
Green Diamond Resource Co.	Eric Schallon
Hampton Resources, Inc.	Dale Claassen
Hancock Forest Management	Burt Dial
Lewis & Clark Tree Farms	Kathryn Olson
Lone Rock Timber Co.	Bryan Nelson
Oregon Department of Forestry	Tod Haren
Pacific Denkmann Co.	Allen Staringer
Stimson Lumber Co.	Margaret Banks
TimberWest Forest Corporation	Shawn McLennan
Washington DNR	Scott McLeod

Agenda

1. Call to order / Approve agenda
 - [1.1 Accept nominations for next SMC Policy Committee Vice-chair] (Amendment received / approved 18 Aug '16)
2. Transition in SMC
 - a. How UW/SEFS supports SMC
 - b. Long term research / Strategic plan
 - 1) Analyses - what kind(s) do we want?
 - a) How do you produce product "x" most efficiently?
 - b) Climate change?
 - 2) TAC structure
 - 3) Collaboration with other co-ops
3. Proposal to modify annual meeting format
4. Budget
 - a. 2016 year-end projection
 - b. 2017 financial outlook
 - c. Dues structure
5. Adjourn

1st Draft Policy Advisory Meeting minutes

Acting SMC Director Eric Turnblom welcomed SMC Policy Committee representatives both via conference call and attending in person, then solicited committee approval for the agenda. Item 1.1 was added. Upon approval the meeting convened.

Ryan Schlecht, Olympic Natural Resources was the sole nomination received for the position of Policy Vice-chair. Ryan accepted the nomination. Further nominations will be solicited from the floor at the next regular SMC Policy Committee Meeting (Thursday, September 22nd) at which time the formal vote will take place.

Turnblom provided a brief overview of the multiple transitions within the SMC over last 20+ years. These have included migration of the SMC database from SIR to MS Access, transitioning from recording measurements on paper to hand-held electronic data capture devices (several types over the years), staffing changes and temporary salary reductions over the lean years of the economic down turn when membership formula dues were cut 20%, as well as there being three different SMC Directors at the helm over the same period.

School of Environmental and Forest Sciences (SEFS) Director Tom DeLuca was in attendance and said a few words in support of his choice for the next SMC Director now that Dr. Greg Ettl has stepped away from this role. Turnblom will be given release time from teaching: instead of the faculty average three courses per year (Turnblom is currently teaching four), he would be teaching just two. There will also be documentation in the faculty promotion process giving proper recognition for the role of SMC Director. DeLuca also mentioned that the Corkery Family Endowed Chair in Forest Resources formerly held by SMC Director David Briggs and currently held by former SMC Director Greg Ettl, will be open for applications from and awarding to a SEFS faculty member in June 2017. SEFS Director DeLuca also mentioned he will be leaving SEFS at the end of this year, so he will provide all this information to the next SEFS Director, for which a nationwide search will begin soon. The Policy Committee might play a role in “guiding” the new SEFS Director at the appropriate time in awarding the Corkery Family Chairship to a SEFS faculty member.

Turnblom summarized how SEFS supports the SMC through faculty salary allocations, pertaining in particular to both Harrison (Nutrition Project Lead) and Turnblom (Silviculture Project Lead). Nine months of every year, SMC faculty salaries are paid from the WA state budget. The conventional Faculty Effort Distribution is 40% Teaching, 40% Research, and 20% Service, meaning that SMC related faculty can spend up to 3.6 months (40% of 9) of their state-line faculty salary on SMC research. Harrison and Turnblom typically receive support from the SMC in the form of 1.5 to 2.0 months summer salary, depending on directly-funded SMC research projects underway that year. Therefore, SMC faculty typically work on SMC related projects for a little over 5 to 7 months per year at a cost to the SMC of 1.5 to 2.0 months salary. The SMC Director receives a stipend (termed an Administrative Supplement in UW parlance) from the SMC for his/her work in that role (\$500 per month for 11 months of the year).

Research in the longer term was discussed. The SMC has a Strategic Plan, approved by the Policy Committee several years ago, however, deviation from it was necessitated by the recent economic down turn. Further, the SMC By-Laws have been updated several times over the period for which the Strategic Plan was operating, which has led to a few inconsistencies in the two documents. Revisiting the Strategic Plan at a future date will be pursued further.

The types of analyses currently desired by SMC members and where we might direct future research questions were discussed. The recommendation was that major effort should be spent analyzing / modeling data already contained in the SMC Database. Several SMC projects of this type are currently underway with results to be reported in the “SMC Working Paper” series. Other areas of analysis / research suggested were western hemlock and mixed stands. Developing a western hemlock Type I sunset protocol was also suggested.

1st Draft Policy Advisory Meeting minutes

The structure of the Technical Advisory Committees (TACs) in Modeling, Nutrition, Silviculture, and Wood Quality was briefly discussed. No great opposition to the current structure surfaced though it was pointed out that their function has changed over the years. In the past, the TAC membership included a significant number of people with disciplinary expertise within the agencies represented in the co-op, whereas now the expertise occurs mainly in the faculty at UW and other Universities. Thus, the TACs serve mainly to guide what types of analyses are needed. One suggestion arose to add a “Remote Sensing” TAC.

Collaborations with other regional cooperatives were summarily discussed. Several potentially fruitful collaborations were suggested: Vegetation Management Research Co-op, Precision Forestry Co-op, Inter-mountain Forestry Co-op, and the PNW research group (Connie Harrington, etc.). Turnblom mentioned he recently collaborated with Harrington on a proposal to the Northwest Climate Science Group to investigate how and where a silvicultural thinning might be used to ameliorate the effects of drought. SMC is also collaborating with the Forest Management Research Co-op (Virginia Tech) and the Cooperative Forestry Research Unit (U Maine) on a NSF/CAFS Fundamental Research Project examining the underlying drivers of inter-tree competition, specifically the spatial, micro-site, and climatic effects. Ongoing collaboration exists, of course, between SMC and the Northwest Tree Improvement Co-op (NTIC) through the SMC Type IV / NTIC Genetic Gain trials in Douglas-fir and now the western hemlock 2nd generation gain trials just getting underway and also between SMC and the Center for Intensive Planted-forest Silviculture (CIPS). It was noted that Turnblom and Harrison receive very few request from the other coops for collaborative research, it was suggested SMC members could encourage suggest more joint research when attending their meetings.

Turnblom’s proposal to modify the SMC Annual Meeting format presented at the last Spring Meeting in Portland, OR this year was discussed at length. A motion was forwarded and seconded to modify the format of the meetings as per the attached outline (attachment 1), distributed via email to all Policy Committee Members. Of the nine members present, the vote was unanimously in favor. Votes from members not present will be solicited electronically in order to achieve a quorum of members.

The SMC budget was discussed next. The 2016 year-end projection was reviewed, ending up largely where it was expected (attachment 2). The 2017 financial outlook was reviewed next (attachment 3). One key point emerging from the discussion was that without Plum Creek dues (merged with Weyerhaeuser) and with the reduced acreage in BLM managed forestlands due to the signing of the new Resource Management Plan on 8 August 2016 (effectively reducing BLM dues by about \$58,000), one or more of the new SMC projects (w. hemlock gains trial, Type I sunset project, Late-rotation Fertilization project) may be delayed or compromised.

Meeting adjourned at noon.

The next Policy Advisory teleconference meeting will be September 2nd starting at 1:00; we will further discuss the September 22nd fall meeting agenda, budget and revisit the dues structure. We encourage those of you with prior commitments to share your views and/or concerns with either Policy Chair Candace Cahill, 360-538-4565, Candace.Cahill@rayonier.com or Vice Chair Garret Waugh, 360-790-1349, gwaugh@portblakely.com.

Teleconference meeting info:

Participant Passcode: 117548

Dial-in numbers

USA: (9)-206-315-1785

USA /Canada (toll free): 1-800-379-6841

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SMC Policy Advisory Teleconference Meeting

September 2, 2016 1:00 pm

Present

Organization	Representative(s)
American Forest Management, Inc.	Jesse Saunders
BC Ministry of Forests	Louise de Montigny
Bureau of Land Management	George McFadden
Campbell Global, LLC	Dave Hamlin
Cascade Timber Consulting	John Jayne
Hampton Resources, Inc.	Mark Vroman
Lone Rock Timber Co.	Chris Sexton, Tim Drake
Olympic Resource Management	Ryan Schlecht
Oregon Department of Forestry	Tod Haren
Port Blakely Tree Farms	Gareth Waugh (Policy Vice-chair)
Rayonier Forest Resources	Candace Cahill (Policy Chair), Kirk McEachern
Roseburg Resources	Tony Powell
Stimson Lumber Co.	Margaret Banks
TimberWest Forest Corporation	Shawn McLennan
University of Washington	Eric Turnblom (Acting SMC Director), Megan O'Shea, Jason Cross

Absent

Organization	Representative(s)
Green Crow	Jenny Knoth
Green Diamond Resource Co.	Eric Schallon
Hancock Forest Management	Burt Dial
Lewis & Clark Tree Farms	Kathryn Olson
Pacific Denkmann Co.	Allen Staringer
Washington DNR	Scott McLeod
Weyerhaeuser Company	Eric Sucre

Agenda

1. Call to order
2. 2017 financial outlook
3. Dues structure (possible refinements: cap, base, per acre, how "mgt. co.'s" report acres)
4. Fall Meeting Agenda
5. Adjourn

Acting SMC Director Eric Turnblom welcomed SMC Policy Committee representatives via conference call then provided an overview of Table 1. 2017 Financial Support - Formula Dues, pointing out 2016's carryover will be approximately \$152,000. However, in Table 2: 2017 Income and Expenses, 2017's year-end projection shows a net income loss of (\$33,068). The negative year-end projection is in part from Plum Creek's acquisition, BLM's decline in managed acres, (80K less in dues) and costs associated with SMC's new projects (w. hemlock gains trial, Type I sunset project, Late-rotation Fertilization project).

Suggestions for increasing 2016's carryover included 1) reducing the Type I sunset project's increment core sampling down from 2 to 1 at breast height, 2) processing samples at a reduced rate at the University of Georgia's Measurement and Density Lab, 3) with no DF or Hemlock plots scheduled for harvesting in 2017, reserve funds allotted for the Type I Sunsetting Project and 3) dues increase. Turnblom brought up the need

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to revisit the dues structure, pointing out when SMC's By-laws, (in detail, Article VI: Fees & Continuing Membership), were formed we had vertical integrated membership, but now with the transformation to TIMO's and REIT's assessing dues based exclusively on acreage becomes more convoluted. Under the current dues structure, small land owners (less than 100,000 acres) costs per acre works out to \$0.1899, whereas it works out to \$0.0707 per acre for large land owners (more than 100,000 acres). Although members agreed the budget needs to keep pace with inflation they felt it was premature to raise dues indicating instead the necessity to evaluate the sunsetting data first and then review the budget. Candace Cahill made a motion to keep the dues at the present level and to continue the dues dialogue as well as reviewing available plots for sunsetting in 2018 at September 22nd fall meeting. Motioned second and approved, 12/yes, 0/no and 2/abstaining.

Members were tasked with forming a committee to examine the current dues structure; those agreeing to serve on the committee include Tod Haren with ODF, Gareth Waugh (Policy Vice-chair) with Port Blakely Tree Farms, George McFadden with BLM and Margaret Banks with Stimson Lumber Co. A call for additional members will take place during the fall meeting.

Members asked about reworking the MOA yearly submission process, finding the current system too time consuming. Megan O'Shea will contact UW's Grants and Contract and get back to members.

Fall agenda approved.

Meeting adjourned at 2:30.

TABLE 1. 2017 FINANCIAL SUPPORT		
FORMULA DUES		
COOPERATOR	AMOUNT	%
American Forest Mgt.	\$ 8,700	100%
Bureau of Land Management	\$ 25,077	100%
Campbell Global	\$ 24,745	100%
Cascade Timber Consulting	\$ 19,152	100%
Green Crow/New	\$ 8,665	100%
Green Diamond Resource	\$ 25,156	100%
Hampton Affiliates	\$ 18,152	100%
Hancock Forest Management	\$ 36,862	100%
Lewis & Clark Tree Farms	\$ 18,981	100%
Lone Rock Timber	\$ 18,580	100%
ORM Inc.	\$ 20,891	100%
Oregon Dept. Forestry	\$ 41,099	100%
Pacific Denkman	\$ 7,340	100%
Port Blakely Tree Farms	\$ 19,147	100%
Quinalt DNR	\$ 9,331	100%
Rayonier Forest Resources	\$ 27,628	100%
Roseburg Res.	\$ 25,511	100%
Stimson Lumber	\$ 20,525	100%
TimberWest-Coast Timberlands	\$ 40,974	100%
WA DNR	\$ 54,077	100%
Weyerhaeuser NR	\$ 79,514	100%
Total	\$ 550,108	
Member Contracts, Grants	\$ -	
Subtotal	\$ 550,108	
Less in-kind credits	\$ -	
Net Cash Contributions	\$ 550,108	
In-Kind and External Funds (not included in total)		
B.C. Ministry of Forests	\$ 50,000	
Oregon State University	\$ 10,000	
University of Washington	\$ 153,000	
USFS PNW Research Station	\$ 20,000	
CAFS	\$ 48,000	
Total	\$ 281,000	

TABLE 2. 2017 INCOME and EXPENSES		
INCOME	AMOUNT	%
Formula Funding	\$ 550,108	78%
Member Contracts	\$ -	0%
Subtotal	\$ 550,108	78%
In-kind credits	\$ -	0%
Net Cash Contributions	\$ 550,108	78%
2016 Ending Balance Forward	\$ 152,159	22%
Total Funds Available	\$ 702,267	100%
EXPENSES	AMOUNT	%
Salaries	\$ 291,976	42%
Benefits	\$ 82,522	12%
Travel	\$ 61,112	9%
Equipment & Supplies & Contracts	\$ 46,729	7%
Committed Project Funding	\$ 160,000	23%
Tuition	\$ -	0%
Subtotal	\$ 642,339	91%
Indirect 8%	\$ 32,996	5%
Total Direct & Indirect	\$ 675,335	96%
Field Crew Contracts	\$ 60,000	9%
Total Expenditures	\$ 735,335	105%
2017 Ending Balance	\$ (33,068)	-5%
Total Funds Available	\$ 702,267	100%

9/20/2016
SMC Budget

	A	B	C	D	E	F	G	H	I	J
1	SMC Budget for 2017: Dues & Other Payments									
2	Organization	Acerage Updated 2017	2017 Acres	2016 Formula Dues	2017 Formula Net	Contract	Other SMC	Adjustment	Subtotal	Grand Total
3	American Forest Mgt.	ü	125,420	\$ 18,423	\$ 18,423	\$ -	\$ -	\$ -	\$ 18,423	\$ 18,423
4	Bureau of Land Management	ü	498,598	\$ 33,067	\$ 33,067		\$ -		\$ 33,067	\$ 33,067
5	Campbell Global		286,539	\$ 24,745	\$ 24,745	\$ -	\$ -	\$ -	\$ 24,745	\$ 24,745
6	Cascade Timber Consulting	ü	144,000	\$ 19,152	\$ 19,152	\$ -	\$ -	\$ -	\$ 19,152	\$ 19,152
7	Green Crow		48,780	\$ 8,665	\$ 8,665	\$ -	\$ -	\$ -	\$ 8,665	\$ 8,665
8	Green Diamond Resource	ü	299,000	\$ 25,234	\$ 25,234	\$ -	\$ -	\$ -	\$ 25,234	\$ 25,234
9	Hampton Affiliates	ü	110,000	\$ 17,818	\$ 17,818	\$ -	\$ -	\$ -	\$ 17,818	\$ 17,818
10	Hancock Forest Management	ü	562,421	\$ 35,572	\$ 35,572	\$ -	\$ -	\$ -	\$ 35,572	\$ 35,572
11	Lewis & Clark Tree Farms	ü	147,802	\$ 19,301	\$ 19,301	\$ -	\$ -	\$ -	\$ 19,301	\$ 19,301
12	Lone Rock Timber	ü	129,440	\$ 18,580	\$ 18,580	\$ -	\$ -	\$ -	\$ 18,580	\$ 18,580
13	ORM Inc	ü	188,322	\$ 20,891	\$ 20,891	\$ -	\$ -	\$ -	\$ 20,891	\$ 20,891
14	Oregon Dept. Forestry		703,283	\$ 41,099	\$ 41,099	\$ -	\$ -	\$ -	\$ 41,099	\$ 41,099
15	Pacific Denkman		15,000	\$ 7,340	\$ 7,340	\$ -	\$ -	\$ -	\$ 7,340	\$ 7,340
16	Port Blakely Tree Farms	ü	143,866	\$ 19,147	\$ 19,147	\$ -	\$ -	\$ -	\$ 19,147	\$ 19,147
17	Quinalt DNR	ü	65,756	\$ 9,331	\$ 9,331	\$ -	\$ -	\$ -	\$ 9,331	\$ 9,331
18	Rayonier Forest Resources		360,000	\$ 27,628	\$ 27,628	\$ -	\$ -	\$ -	\$ 27,628	\$ 27,628
19	Roseburg Res.	ü	306,056	\$ 25,511	\$ 25,511	\$ -	\$ -	\$ -	\$ 25,511	\$ 25,511
20	Stimson Lumber	ü	179,000	\$ 20,525	\$ 20,525	\$ -	\$ -	\$ -	\$ 20,525	\$ 20,525
21	TimberWest-Coast Timberlands	ü	700,100	\$ 40,974	\$ 40,974	\$ -	\$ -	\$ -	\$ 40,974	\$ 40,974
22	Washington DNR		1,034,000	\$ 54,077	\$ 54,077	\$ -	\$ -	\$ -	\$ 54,077	\$ 54,077
23	Weyerhaeuser NR	ü	1,682,200	\$ 79,514	\$ 79,514	\$ -	\$ -		\$ 79,514	\$ 79,514
24	TOTAL		7,729,583	\$ 566,595	\$ 566,595			\$ -	\$ 566,595	\$ 566,595
25	Industry 17		53,83,411	\$ 420,523	\$ 420,523	\$ -	\$ -	\$ -	\$ 420,523	\$ 420,523
26	Government 4		20,98,039	\$ 129,585	\$ 129,585	\$ -	\$ -	\$ -	\$ 129,585	\$ 129,585
27										
28	The 2016 rates are:									
29	If <100,000 acres \$6751									
30	If >100,000 acres \$13,501									
31	and \$0.039242/acre									

SMC Dues

CURRENT DUES STRUCTURE

	Base	Acreage	Total	Cost per acre	small = less than 100,000 ac big = more than 100,000 ac Base is \$6,751 / \$13,501 by small/big acreage is \$0.039242 per acre
Small	\$ 20,253	\$ 5,083	\$ 25,336	\$ 0.1956	
Big	\$ 243,018	\$ 298,241	\$ 541,259	\$ 0.0712	
Total	\$ 263,271	\$ 303,324	\$ 566,595		
Cost per acre	\$ 0.0341	\$ 0.0392	\$ 0.073		

1% INCREASE ON BASE RATE

	Base	Acreage	Total	Cost per acre
Small	\$ 20,456	\$ 5,083	\$ 25,539	\$ 0.1972
Big	\$ 245,448	\$ 298,241	\$ 543,689	\$ 0.0715
Total	\$ 265,904	\$ 303,324	\$ 569,228	
Cost per acre	\$ 0.0344	\$ 0.0392	\$ 0.074	

MARGINAL INCREASE

	Base	Acreage	Total	Cost per acre
Small	\$ 203			\$ 0.0016
Big	\$ 2,430			\$ 0.0003
Total	\$ 2,633			
Cost per acre	\$ 0.0003			

1% INCREASE ON ACREAGE:

	Base	Acreage	Total	Cost per acre
Small	\$ 20,253	\$ 5,134	\$ 25,387	\$ 0.1960
Big	\$ 243,018	\$ 301,223	\$ 544,241	\$ 0.0716
Total	\$ 263,271	\$ 306,358	\$ 569,629	
Cost per acre	\$ 0.0341	\$ 0.0396	\$ 0.074	

MARGINAL INCREASE

	Base	Acreage	Total	Cost per acre
Small		\$ 51		\$ 0.0004
Big		\$ 2,982		\$ 0.0004
Total		\$ 3,033		
Cost per acre		\$ 0.0004		

SMC Dues

Organization	2017 acres	s/b	base rate	acreage rate	total	1% base	1% acreage
American Forest Mgt.	125,420	b	\$ 13,501	\$ 4,922	\$ 18,423	\$ 13,636	\$ 4,971
Bureau of Land Management	498,598	b	\$ 13,501	\$ 19,566	\$ 33,067	\$ 13,636	\$ 19,762
Campbell Global	286,539	b	\$ 13,501	\$ 11,244	\$ 24,745	\$ 13,636	\$ 11,357
Cascade Timber Consulting	144,000	b	\$ 13,501	\$ 5,651	\$ 19,152	\$ 13,636	\$ 5,707
Green Crow	48,780	s	\$ 6,751	\$ 1,914	\$ 8,665	\$ 6,819	\$ 1,933
Green Diamond Resource	299,000	b	\$ 13,501	\$ 11,733	\$ 25,234	\$ 13,636	\$ 11,851
Hampton Affiliates	110,000	b	\$ 13,501	\$ 4,317	\$ 17,818	\$ 13,636	\$ 4,360
Hancock Forest Management	562,421	b	\$ 13,501	\$ 22,071	\$ 35,572	\$ 13,636	\$ 22,291
Lewis & Clark Tree Farms	147,802	b	\$ 13,501	\$ 5,800	\$ 19,301	\$ 13,636	\$ 5,858
Lone Rock Timber	129,440	b	\$ 13,501	\$ 5,079	\$ 18,580	\$ 13,636	\$ 5,130
ORM Inc	188,322	b	\$ 13,501	\$ 7,390	\$ 20,891	\$ 13,636	\$ 7,464
Oregon Dept. Forestry	703,283	b	\$ 13,501	\$ 27,598	\$ 41,099	\$ 13,636	\$ 27,874
Pacific Denkman	15,000	s	\$ 6,751	\$ 589	\$ 7,340	\$ 6,819	\$ 595
Port Blakely Tree Farms	143,866	b	\$ 13,501	\$ 5,646	\$ 19,147	\$ 13,636	\$ 5,702
Quinault DNR	65,756	s	\$ 6,751	\$ 2,580	\$ 9,331	\$ 6,819	\$ 2,606
Rayonier Forest Resources	360,000	b	\$ 13,501	\$ 14,127	\$ 27,628	\$ 13,636	\$ 14,268
Roseburg Res.	306,056	b	\$ 13,501	\$ 12,010	\$ 25,511	\$ 13,636	\$ 12,130
Stimson Lumber	179,000	b	\$ 13,501	\$ 7,024	\$ 20,525	\$ 13,636	\$ 7,095
TimberWest-Coast Timberlands	700,100	b	\$ 13,501	\$ 27,473	\$ 40,974	\$ 13,636	\$ 27,748
Washington DNR	1,034,000	b	\$ 13,501	\$ 40,576	\$ 54,077	\$ 13,636	\$ 40,982
Weyerhaeuser NR	1,682,200	b	\$ 13,501	\$ 66,013	\$ 79,514	\$ 13,636	\$ 66,673
TOTAL	7,729,583		\$ 263,271	\$ 303,324	\$ 566,595	\$ 265,904	\$ 306,358