

**JOINT MEETING
SUSTAINABLE FORESTRY INITIATIVE-STATE IMPLEMENTATION COMMITTEE
AND THE
NCFA SAFETY, LOGGING AND TRANSPORTATION COMMITTEE**

**NC Farm Bureau
Raleigh, NC
January 19, 2012**

CONVENE SFI-SIC MEETING AND INTRODUCTIONS

Chair Jim Durham called the SFI-SIC meeting to order at 9:30 a.m. Members present for all or part of the meeting were:

Mike Adams	Russ Newton	Matt Thuman
David Castle	Bob Ordnung	
Tony Doster	Amy Phillips	
Bryan Hulka	Ron Phillips	
Jason Lefler	Bob Phippen	
Ed Listerman	Greg Ricks	
James Malphrus	Glen Sheehan	
Danny Maness	Scott Smearman	
Chip Miller	Marshall Thompson	

Others present for all or part of the meeting were:

Gail Bledsoe	Leslie McCormick
Steve Cox	Bob Slocum
Frazier Baldwin	

ANTITRUST COMPLIANCE STATEMENT

Mr. Durham reminded members that the meeting would be in full compliance with the NCFA's policy on antitrust compliance contained in the meeting materials.

DECLARATION OF QUORUM

Mr. Durham declared that a quorum was present at the meeting and that the meeting would proceed as planned.

MINUTES OF THE LAST MEETING

Mr. Durham asked members to review the minutes from the last meeting. Mr. Smearman noted that the spelling of his name needed to be corrected. Mr. Hulka also noted a spelling correction and said that under the landowner outreach subcommittee report, the estimated assessment should be \$2,000. There being no other changes and on motion and second, the minutes were approved.

TREASURERS REPORT

Mr. Teel presented the treasurers report and noted that the account was in balance. He said that Mr. Bernard would be taking over as treasurer and that NCFA staff would make the necessary changes with the bank.

STRATEGIC/GRANT REVIEW SUBCOMMITTEE REPORT

Mr. Durham said that the management service agreement with the NCFCA had been completed and would be signed that day. He then reviewed the SFI grant process that the strategic planning committee had developed and noted that it would be used for the 2013 budget.

FORESTRY ISSUES UPDATE

Mr. Slocum gave an update on the NPDES Permit Requirements for Forest Roads. A white paper by Fred Cabbage and Robert Appt has been written and released that addresses the impacts of this issue on the forest in the south a copy is attached. A discussion on the NPDES Permit for aerial application of pesticides resulted in the call for a conference call with the DWQ to clarify some of their points. The bill to allow trucks to haul 90,000 lbs of raw wood appears that it will move in the upcoming short session in NC. The Forestry day in the Legislature will be June 5, 2012.

LANDOWNER OUTREACH SUBCOMMITTEE

Mr. Hulka stated that the opted in approach would be used with the Stewardship lands in the state and not the opted out approach this would lead to much savings for incorporating these lands into the tree farm program. Leslie McMormick gave an update on the Tree Farm Database work that she has been conducting see attachments. Steve Cox gave an update on tree farm acres and membership attachments.

TRAINING AND EDUCATION

Mr. Adams and Mr. Swanner gave an update on the subjects for Module 13 Truck Awareness, cell phone use in trucks, logging cost analysis and rutting will be some of the topics in the new module comments for future topics are needed and solicitation of these comments was asked for. Frazier Baldwin of Resolute Forest Products gave a presentation on the SC Top Logger Program converting over to a yearly training program much like the NC program does now all agreed that cooperation between all parties on both sides of the state line would benefit everyone involved.

INFORMATION RESOURCES SUBCOMMITTEE

Mr. Doster encouraged the group to engage nontraditional groups to help campaign for and spread the word about SFI. The uses of these groups are helpful in countering some of the misinformation presented about SFI by some of the environmental groups. The need to buy new displays, upgrade the website and use the new grant process was also discussed.

MARKET OUTREACH/RECRUITMENT SUBCOMMITTEE

Mr. Rose reported that the research on new displays was ongoing and presented a price list of different types of displays that were available for purchase see attached list.

INCONSISTENT PRACTICES SUBCOMMITTEE

Mr. Thuman reported that Steve Cox had agreed to be the new Inconsistent Practice Monitor the SIC would have a new contact in place with him by the next meeting.

OTHER BUSINESS

No new business was reported.

FUTURE MEETINGS

May 9, 2012- Raleigh NC

Adjournment

There being no further business and on motion and second, the meeting was adjourned at 2:00 pm.

Submitted by:

Jack Swanner

Director, Logging and Transportation

Potential Administrative and Economic Impacts of NPDES Permit Requirements for Forest Roads in the South by Frederick Cabbage and Robert Abt, Professors, Department of Forestry and Environmental Resources, North Carolina State University (December 2011)

This report analyzed the potential economic impacts of requiring NPDES permits under the Clean Water Act for stormwater runoff from forest road systems in the southern states. The authors based their analysis on existing stormwater discharge permit programs and data from existing sources, including NAFO, on harvesting activity, stream crossings and road miles. While acknowledging that the scope of the permit programs will determine the ultimate economic impact, the authors conclude that using estimates based on this existing information, a permit requirement would have substantial and in some case devastating economic impacts on forest owners and the economy.

Findings

- The preparation of NPDES permits is estimated to be about \$16,000 per permit for forest owners with staff and experience with industrial NPDES permits, and about \$24,000 for forest owners lacking staff or experience who would retain consultants to prepare plans.
- The annual cost for landowners, procurement dealers, loggers, and forest products firms has a median of about \$2 billion per year if every timber harvest operation needed to obtain a NPDES permit.
- The administrative costs for state agencies to run the regulatory programs would also cost "millions" of dollars per year in states with more than 400,000 acres of timber harvests per year and as much as \$1 million per year in states with annual harvest levels less than 250,000 acres.
- Assuming a high correlation between the number of permits and the number of harvest operations, larger forest owners would average \$14.36 per acre owned each year, and smaller forest owners would average \$21.54 per acre owned. These costs, coupled with already significant property taxes, would be punitive.
- This study did not attempt to estimate additional costs to timber landowners resulting from permit-related litigation, but noted these would be a significant deterrent to landowners as well.
- The study did not consider secondary economic effects of permit costs, such as producer and consumer surplus (welfare analysis), or multipliers (input-output analysis), which would lead to much greater costs.

Implications

- The NPDES permit requirement would essentially negate the South's voluntary best management practices (BMP) approach, and convert the Clean Water Act implementation to a de facto state forest practice act approach.
- High permit costs would further reduce or eliminate the profitability of the southern forestry sector by reducing returns to forest landowners and adding administrative burdens and time delays. Costs would particularly harm smaller forest owners.
- On a per harvest basis, the costs of preparing, implementing, and monitoring NPDES forest road permits would decrease net timber sales returns by 19% for the 80 acre tracts typical of larger forest

owners and by 71% for the 32 acre tracts typical of smaller forest owners. This could eliminate profits and cause significant losses leading to significant reductions in forestland investment.

- Forest products markets have been depressed for a decade. Significant additional permit costs would hurt investors, forest owners and forest products processing, substantially reduce the international competitiveness of the U.S. timber investments and cause additional and unnecessary unemployment in the forestry sector.
- Furthermore, capital flight would cause ecological and environmental problems as forest owners and rural economies are compelled to seek financially better land uses than forestry.

Caveats

- Three methods were used to estimate the number of permits that might be required per state: (1) the number of timber harvests of average size ownerships needed to match the state total area harvested per year; (2) the number of stream crossings that would occur per year on the harvested area; and (3) the number of miles of forest roads that would occur per year on the harvested area.
- It is not clear what level of action may require a permit—each harvest, each stream crossing, each mile of road, or some other criterion.
- It is possible that a NPDES permit program could be instituted in such a fashion that fewer permits would be required, or much simpler actions and permit applications were developed.
- Conversely, the study did not estimate any added costs for BMPs, but detailed NPDES permits could require additional BMPs, record keeping, and costs not required by existing forestry BMPs.
- It may be that multiple harvests on the same tract would need only one permit for many years. However, with the annual area harvested being about 2% per year, there is not apt to be as much overlap in a 50 year time period.
- Multi-year permits for the same owners or management methods that minimize stream crossings could reduce the number of permits required, but still there would be significant time and delay costs for some forest owners, loggers, procurement dealers, or manufacturing firms.
- Fewer permits might be required if large land owners could submit a consolidated application; however we assumed that each potential discharge point will have to be assessed and documented.
- It is at least as likely that one might require more than one permit per mile of road or stream crossing, so our estimate of the number of permits and their costs could be too small.

N.C. Tree Farm Report January 19, 2012

Membership (as of December 31, 2011)

- 903 certified tree farms
- 253,352 acres
- Certified 94 new tree farmers...best year ever for new certifications
- Decertified 24 tree farms (1 deceased, 8 no interest, 5 sold, 9 missing owner, 1 changed to pioneer)
- Completed 65 required inspections in 2011
- 35 required inspections in 2012

Major Goals for 2012

- Resolve the transition of the N.C. Forest Stewardship Program into the N.C. Tree Farm Program
- Develop a dues structure to implement in 2013
- Use the updated database to improve communication
- Develop an N.C. Tree Farm Program website

Database Update

• Bad Addresses	
Resolved (<i>corrected address, already in database, can't find</i>)	119
• Main Database	
Phone Calls Made	331
Completed	181
Left Message	92
No Answer	29
Bad Phone #	9
Deceased (<i>need to identify new contact</i>)	18
Send Postcard (<i>no phone # in tax records or white pages</i>)	23
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• Corrections/Updates Made	
Contact Person	18
Addresses	17
Phone Numbers	32
Emails Added	79
County of Tree Farm	146



6541 Meridian Drive #113 Raleigh NC 27616 O 919.876.5828 F 919.876.5737

Order Confirmation

Work order #	Requested By	TM	Date	1/17/12
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QUOTE	RENTAL	GRAPHICS	PRODUCTION	SERVICES	PORTABLE	REPAIRS	OUTBOUND	INBOUND
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CLIENT INFORMATION	IMPORTANT DATES
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CLIENT	Sustainable Forestry Initiative	Deposit Due	Wednesday, January 25, 2012
SHOW NAME		Balance Due	paid in full
BOOTH SIZE	10x10	Signature Required by	Wednesday, January 25, 2012
BOOTH #		CAD Drawings	na
Address		Artwork to Zig Zibit	Thursday, February 02, 2012
Address		Graphics Completed by	Friday, February 10, 2012
City, ST Zip		Preview Date	na
Contact	Rand Mathews	Ship Date	customer will pick up at ZZ
Phone Number		Must Arrive by	Tuesday, February 28, 2012
Second Phone		Show Dates	na
e-mail address		First Day of Set up	na
		Estimated Return Date	na

Advanced Warehouse or Show Site Address	Notes

SHIP VIA	UPS ACCOUNT	FED EX ACCOUNT	Common Carrier	Van Line

EXHIBIT ITEMS			
Qty	Detailed Description	Net each	Net total
			\$0.00
			\$0.00
	59.5" x 59.5" printed fabric pop up display (without endcaps)	\$694.00	\$0.00
			\$0.00
	31.5"w x 83.75"h retractable banner stand with printed graphic	\$345.00	\$0.00
	35.5"w x 83.75"h retractable banner stand with printed graphic	\$385.00	\$0.00
	molded shipping case	\$272.00	
	8' full size dye sublimation printed logo applique table throw	\$300.00	
			\$0.00
Exhibit Sub-total			\$0.00

GRAPHIC ITEMS:

Note: Graphics refers to OUTPUT ONLY, and artwork is to be sent to Zig Zibit in a completed state. Any client supplied artwork which requires unforeseen design manipulation will result in additional charges and billed at a rate of \$125 per hour, billed in half hour segments.

Qty	Description / Details	Net each	Net total
			\$0.00
			\$0.00
			\$0.00
			\$0.00
			\$0.00
	Design Time Estimate: (actual hours will be billed)	Client initial here	\$125.00
			\$0.00
			\$0.00

Graphics Sub-total			\$0.00
Zig Zibit Services Sub-total			\$0.00
North Carolina clients pay Sales Tax of 6.75% (may vary by county) on graphic and exhibit items only.			\$0.00
Grand Total Exhibit, Graphics, and Services:			\$0.00

Client Signature		Date	
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Please sign and fax back to Zig Zibit at 919.876.5737

Prices are F.O.B. Zig Zibit and unless specifically detailed above, shipping charges have not been figured into this invoice. Zig Zibit is only licensed to charge sales tax in the state of North Carolina. Clients are encouraged to supply Fed EX, UPS, or LTL freight accounts; otherwise, Zig Zibit will add shipping charges to the invoice at the clients request. This order becomes valid once the client signs the invoice, and the deposit is received (if required). Thank you for your understanding that Zig Zibit can not start the ordering of materials until both of these conditions are met.