

# Vital Forests/Vital Communities Initiative: Summary of Baseline Condition<sup>1</sup>

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The Blandin Foundation has undertaken the *Vital Forests / Vital Communities* Initiative to strengthen and diversify Minnesota's forest-based economy and promote the long-term ecological health of the forest resource that supports it. A set of objectives was established to define the desired *direction* of change to be influenced by the Initiative. This report provides baseline information that defines the starting condition for the Initiative.

## Initiative Objectives

The Vital Forests / Vital Communities Initiative Advisory Board has formalized the following objectives or desired directions for change. For each one a specific indicator was identified to measure the baseline condition and evaluate future change.

<b>Vital Forests / Vital Communities Initiative Objectives</b>	
<b>1. Forested Land Base and Resource</b>	1.1 Maintain Minnesota's forest resource base and reduce losses caused by conversion, parcelization, and fragmentation of private lands and disposal of public lands.  1.2 Capture and enhance the productivity of Minnesota's forests for forest products and consumption.
<b>2. Forest Management</b>	2.1 Establish ecologically-based forest management as the norm in Minnesota  2.2 Increase the number of acres of private, non-industrial woodland being actively and sustainably managed.  2.3 Increase public understanding of forest management and practices and the role they play in ensuring resource health, quality, and productivity for vital communities
<b>3. Economic Development</b>	3.1 Create new products and markets for Minnesota's wood products industry.  3.2 Enhance the operating efficiency and economic viability of Minnesota's wood products industry.  3.3 Increase the number of acres of private and public woodland and number of forest products companies under third-party certification  3.4 Increase the capacity of the forest management services sector (ex: logging operators, professional foresters).

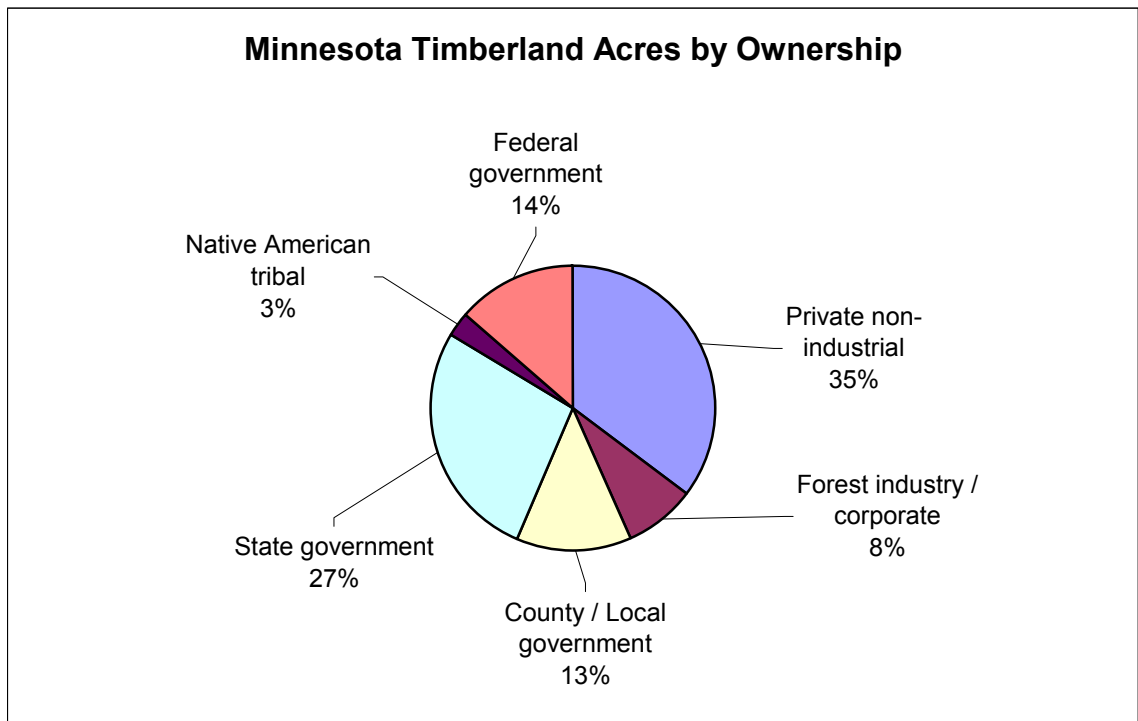
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<sup>1</sup> This paper summarizes *Baseline Analysis of Indicators of Progress for the Blandin Foundation's Vital Forests / Vital Communities Initiative*, Applied Insights<sup>north</sup>, February 8, 2005.

## Baseline Conditions: Some Key Findings

### • Forested Land Base & Resource: Acres of forest land by ownership type

In the late 1800s Minnesota had about 31.5 million acres of forestland. Conversion to agricultural land and development quickly reduced this amount until the level stabilized in the 1930s at 19.6 million acres. From then until 1990 the amount of forested land declined slightly to a point where it has again stabilized. In 2002 Minnesota had just over 15 million acres of timberland (“timberland” is defined as forestland productive enough to produce a commercial crop of trees and is not reserved from harvesting by policy or law) plus another 1.4 million acres of forested land that is either reserved from harvesting (e.g., designated wilderness) and/or is classified as having low productivity. Thus, forests cover roughly 30% of the state.



Source: Forest Inventory & Analysis (FIA) 2002 data as compiled by the Minnesota DNR.

### • Forested Land Base & Resource: Sales of Forested Land

As noted above, individuals own roughly 35% of Minnesota’s forests. These lands generate about 40% of the timber utilized within the state. People within the timber industry and others are concerned that this valuable resource base is being “lost” as larger holdings gradually are reduced in size through sales for recreational land, cabins and second homes, and retirement homes. An increased number of private landowners each owning smaller and smaller parcels makes it more difficult to manage the forests for any number of public values including wildlife habitat, ecological functions, and timber harvest.

The data are based on certificates of real estate value for sales determined by the Minnesota Department of Revenue to be arm’s length transactions.

Sale of Forested Land in Minnesota, 1989 - 2003															
	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Size	72	69	84	83	82	68	68	62	62	64	68	67	64	57	59
MnP/A	\$222	\$238	\$215	\$255	\$270	\$309	\$306	\$397	\$433	\$492	\$628	\$772	\$897	\$1,008	\$1,269
MdP/A	\$175	\$172	\$172	\$200	\$200	\$225	\$213	\$250	\$300	\$350	\$425	\$500	\$659	\$788	\$981
No.	360	417	271	465	572	610	758	554	535	539	594	642	519	559	559

Size = mean parcel size in acres.

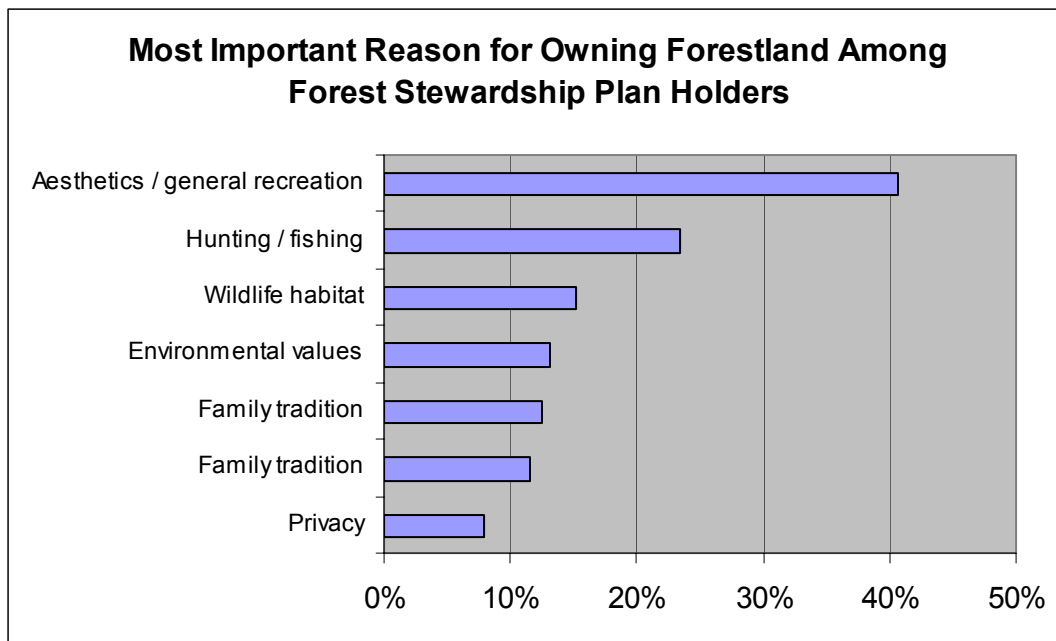
MnP/A = mean price / acre (prices are nominal, unadjusted for inflation).

MdP/A = median price / acre (prices are nominal, unadjusted for inflation).

No. = number of sales in year.

Source: Kilgore, Michael A. 2005. Unpublished data on Minnesota forest land values. Department of Forest Resources, University of Minnesota. St. Paul, Mn.

Research into why people purchase or own forestland in Minnesota supports the concerns of some that private land increasingly will be “off limits” to management for timber products. By far the primary reason people own forestland in the state is for recreation and enjoyment of the scenery; hunting and fishing rank second. These are followed by environmental values and wildlife habitat.



Source: Baughman, M.J. and K. Updegraff. 2001 Landowner survey of forest stewardship plan implementation: Minnesota edition. St. Paul, Minnesota: University of Minnesota, Department of Forest Resources. 101 p.

• **Forest Management: Establish ecologically-based forest management as the norm in Minnesota.**

One objective of the Initiative is to encourage the application of ecologically-based forest management in Minnesota. Although this concept can have numerous definitions, several activities can act as surrogates. The most important measure involves having forestland certified by an outside entity as meeting certain management practices. The three certification programs most common in Minnesota are overseen by the Forest Stewardship Council, Sustainable

Forestry Initiative, and the Tree Farm System. The following tables show the level of involvement in Minnesota in these three certification programs.

<b>Forestlands Certified by Forest Stewardship Council (FSC)</b>	
<b>Landowner / Manager</b>	<b>Acres</b>
Aitkin County Land Department	223,000
Cass County Land Department	253,908
Community Forest Resource Center	2,669
Minnesota DNR – Aitkin County	378,431
Mosconomo Forestry	1,390
<b>Total</b>	<b>859,398</b>

Source: Forest Stewardship Council ([www.fscus.org](http://www.fscus.org)); 7/14/04

<b>Forestlands Certified by Sustainable Forestry Initiative (SFI)</b>	
<b>Landowner / Manager</b>	<b>Acres</b>
Forest Capital Partners (formerly Boise)	326,000
Potlatch Corporation	325,000
UPM – Blandin Paper Company	157,905
<b>Total</b>	<b>808,905</b>

Source: American Forest & Paper Association, Jason Metnick, personal communication, 8/27/04; [www.afandpa.org](http://www.afandpa.org), 8/27/04.

### **American Tree Farm System**

420,000 acres on approximately 2,000 farms. All are private non-industrial landowners. (Source: Jimmy O'Connor, Manager of Program Operations, American Tree Farm System, personal communication, 9/2/04).

Another highly generalized measure is to examine the number of acres of private, non-industrial forestlands for which the owners have prepared stewardship management plans. The preparation of such a plan does not mean that the management approach is grounded in ecological principles, but it at least signifies the desire and willingness of the owner to adopt a professionally prepared plan of action for their land. Statewide there are 11,815 Forest Stewardship Plans covering 1,202,214 acres. (Minnesota DNR, Larry Himanga, personal communication, September 7, 2004.) 13.6% of Minnesota's NIPF landowners claim to have a written management plan for their forested land. (Cervantes, J.C. 2003. Characteristics of Minnesota's nonindustrial private forest landowners. Ph.D. Dissertation. University of Minnesota.)

- **Economic Development: Create new products and markets for Minnesota's wood products.**

The Blandin Foundation recognizes that it cannot measurably impact Minnesota's large and diverse wood products industry. However, it is possible to gain anecdotal information companies that participate in Foundation-supported activities designed to strengthen the competitiveness of the sector.

On October 14-15, 2004 over one hundred people participated in the Blandin Foundation sponsored conference “Building the Capacity of Minnesota’s Wood Products Industry: Creating the Edge for Global Competition and Future Investment.” The conference was directly intended to assist the state’s wood products industry to become more competitive in the global economy. A follow-up survey of participating industry representatives found:

- One respondent indicated that his firm developed a new product using Minnesota forest resources as a direct outcome of the conference.
- One respondent indicated that his firm’s decision to change production processes and apply technology was substantially influenced by the conference.
- Another indicated that the conference had somewhat influenced decisions regarding production processes and application of technology.
- Another indicated they had taken actions on product lines and marketing but the conference had no influence on those decisions.
- One manufacturer indicated that decisions to alter production processes and apply technology were somewhat influenced by the conference.

Vendors at the second annual Goods from the Woods event in Grand Rapids (September 2004) were surveyed regarding their participation in the event, event logistics, and impact of the event on their business. A total of 74 vendors responded to the questionnaire.

Asked to rate the event in terms of sales, on a scale of 1-5 (poor to very good), the average rating given by respondents was 3.9 (“good”). 17% reported sales over \$1,000 for the two-day show. Comments included: “sales were what I had hoped for but not up there with well established shows”; “I think the present economy in the area is influencing sales – I would do your show again next year and hope for improved economy and sales.”

28% said they secured great leads for future business and 16% took orders for future sales. (Source: Goods from the Woods Vendor Survey, Goods from the Woods, November 2004).

• **Economic Development: Increase the capacity of the forest management services sector.**

Logging is the economic activity that links resource management with industrial consumption of timber. Information about this economic sector is important to understanding how Minnesota’s forests may be managed and how competitively its resource can be delivered to industry.

Information generated in 2004 by a survey of Minnesota logging operators (regarding harvest activity in 2003) shows:

- Most logging operations are relatively small in terms of number of employees.
- Increasingly, most harvesting is done by the smaller number of large operations.
- Trends point towards more mechanized operations and towards more adaptable, soft on the ground equipment.
- Although one-fifth of current owners are planning to leave the business, over a quarter intend to expand their operations and almost half plan to hold steady.

• **Overall Initiative Evaluation**

The Foundation has also undertaken *qualitative* assessments of its Vital Forests / Vital Communities Initiative. This has involved surveying people who are or have been invited to participate in the Initiative. The first survey was completed prior to the second call to action

conference in December 2003<sup>2</sup> and the second was conducted in the fall of 2004 following another major initiative.<sup>3</sup> The results of these surveys provide insights into perceptions about the direction of the Initiative and on the Blandin Foundation's role and effectiveness.

Regarding the Blandin Foundation's credibility and capacity for carrying out the Vital Forests / Vital Communities Initiative, the following conclusions can be drawn:

- Respondents view the Initiative as crucial to Minnesota, its forested landscape, and to the economic vitality of the industries and communities that rely on the forests.
- The Blandin Foundation is widely perceived as being a credible, if not *the* credible, entity to undertake this work, given the rancor and political dynamics that have accompanied debate around this subject within the state.
- The keys to the Foundation's credibility lie with its neutrality, effectiveness in process, location in rural Minnesota, and willingness to support results with dollars and leadership.
- After more than a year into the Initiative it is clear that stakeholders feel the initiative is worth undertaking and that is generally progressing on the right track. As much as anything, people genuinely appreciate the fact that the Foundation is tackling a subject that is critical to the state and rural communities regardless of outcome – it's the attention to the subject and the dedication of personnel and money to it that is most important.
- People remain committed to participating in the initiative. They see the process as being critical to the future of Minnesota's forests and forest products industry.

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<sup>2</sup> *Blandin Foundation Credibility: Phase 1*, Applied Insights<sup>north</sup>, December 4, 2003.

<sup>3</sup> *Blandin Foundation Credibility: Phase 2*, Applied Insights<sup>north</sup>, November 18, 2004.