

**Forest Management and Stump-to-Forest Gate Chain-of-Custody
Certification Evaluation Report for the:**

Minnesota DNR Administered Forestlands
Conducted under auspices of the SCS Forest Conservation Program
SCS is an FSC Accredited Certification Body

**CERTIFICATION REGISTRATION NUMBER
SCS-FM/COC-088N**

**Minnesota Department of Natural Resources
St. Paul, Minnesota**

Lead Author: Dave Wager

Date of Field Audit: September 13-15, 2007

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By:

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Section 2.0 (Surveillance Decision and Public Record) will be made publicly available on the SCS website (www.scscertified.com) no later than 60 days after the report is finalized.

1.0 GENERAL INFORMATION

1.1 CONTACT INFORMATION

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1.2 General Background

This report covers the 2nd surveillance audit, following the 2005 certification of the MN DNR. Typically surveillance audits are conducted at a rate of one per year, beginning the year following award of certification. The audit included a kick-off meeting with central and regional office staff in Bemidji, a half day review of the Bemidji Area, a full day review of Thief Lake Wildlife Management Area, and a full day review of the Warroad Area.

The 2007 audit was conducted pursuant to the FSC guidelines for annual audits as well as the terms of the forest management certificate awarded by Scientific Certification Systems on December 31, 2005 (SCS-FM/COC-088N). All certificates issued by SCS under the aegis of the Forest Stewardship Council (FSC) require annual audits to ascertain ongoing compliance with the requirements and standards of certification. The full report of the initial evaluation is available on the SCS website.

http://www.scs-certified.com/forestry/forest_certclients.html.

Pursuant to FSC and SCS guidelines, annual/surveillance audits are not intended to comprehensively examine the full scope of the certified forest operations, as the cost of a full-scope audit would be prohibitive and it is not mandated by FSC audit protocols. Rather, annual audits are comprised of three main components:

- A focused assessment of the status of any outstanding conditions (corrective action requests) and recommendations.
- Follow-up inquiry into any issues that may have arisen since the award of certification or the prior annual surveillance audit.
- As necessary given the breadth of coverage associated with the first two components, an additional focus on selected topics or issues, the selection of which is not known to the certificate holder prior to the audit.

At the time of the September 2007 annual audit, there were 10 open Corrective Action Requests. The status of MN DNR's response to these CARs was a major focus of the annual audit (see discussion, below, for a listing of those CARs and their disposition as a result of this annual audit.)

1.3 Guidelines/Standards Employed

For this annual audit, the SCS auditor team evaluated the extent of conformance with the FSC Lake States Regional Standard V. 3.0.

2.0 SURVEILLANCE DECISION AND PUBLIC RECORD

2.1 Assessment Dates

Key surveillance audit activities undertaken since award of certification on December 31, 2005, surveillance activities include:

- During the period of Jan 10- Aug 15, 2006 numerous correspondences occurred between SCS and MCEA and between SCS and MN DNR regarding the MCEA/IWL appeal of the certification decision. These activities are described in the document “SCS Response to MCEA Appeal 8/15/06”, available in the SCS files.
- On 3/21/06 Dave Wager had a discussion with Keith Wendt regarding FSC CAR 13 measuring/reporting on key social indicators.
- On 4/13/06 there was a conference call with Dave Wager, Robert Hrubes, and the MN DNR HCVF Work Group to discuss CAR 2005.14.
- On 6/27/06 MN DNR submitted their response to FSC CAR 1.a. Phase I and FSC CAR 1.b. (SCS auditor reviewed and determined the CAR would be formally addressed as part of the 2006 surveillance audit in October)
- In August and September of 2006 there were numerous correspondences with MN DNR regarding planning for the 2006 surveillance audit.
- On 10/6/2006 MN DNR submitted their responses to the outstanding CARs
- DNR CAR responses were reviewed prior to the on-site assessment beginning October 16, 2006
- Additional consultations with DNR staff and outside stakeholders were completed following the field portion of the assessment.
- On August 22, 2007 there was a meeting with non-motorized interest groups in Minneapolis
- Between Sept. 5-7, 2007 SCS reviewed DNR responses to open CARs
- Between Sept. 12-14, 2007 SCS conducted the on-site portion of the 2007 assessment
- On Oct. 2, 2007 there was conference call with DNR Forestry planning staff about use of allocation model.
- On Oct. 30 conference there was a conference call with Keith Wendt and Jim Manolis to discuss the coordination policy and HCVF.

2.2 Assessment Personnel

For this annual audit, the team was comprised of Dave Wager, Mike Ferrucci, and JoAnn Hanowski. All team members were part of the 2005 full evaluation and 2006 surveillance audit, thus providing for good continuity.

Dave Wager

Mr. Wager is Director of Forest Management Certification for SCS. During his 5.5 years as Director, Mr. Wager has overseen the day-to-day operations of the program and conducted Forest Management and Chain-of-Custody evaluations throughout the world. Recent evaluations conducted by Mr. Wager include Minnesota DNR, Wisconsin County Forests, State of PA Bureau of Forestry, State of Massachusetts, Perak ITC- Malaysia, and Collins Pine Lakeview and Almanor Forests. In his role as Program Director, Mr. Wager oversees all first-time certification evaluations, annual audits, and contract renewal certifications on approximately 60 active clients. Mr. Wager has expertise in business and forest ecology (B.S. business, Skidmore College; M.S. Forest Resources, Utah State University) and utilizes both in his position with SCS. While studying forest ecology at Utah State University, Mr. Wager was awarded a NASA Graduate Student Research Fellowship to develop dendrochronological techniques to assess Douglas-fir growth in Utah's Central Wasatch Mountains.

Michael Ferrucci

Michael Ferrucci is a founding partner and President of Interforest, LLC, and a partner in Ferrucci & Walicki, LLC, a land management company that has served private landowners in southern New England for 16 years. Its clients include private citizens, land trusts, municipalities, corporations, private water companies, and non-profit organizations. He has a B.Sc. degree in forestry from the University of Maine and a Master of Forestry degree from the Yale School of Forestry and Environmental Studies. Mr. Ferrucci's primary expertise is in management of watershed forests to provide timber, drinking water, and the protection of other values; in forest inventory and timber appraisal; hardwood forest silviculture and marketing; and the ecology and silviculture of natural forests of the eastern United States. He also lectures on private sector forestry, leadership, and forest resource management at the Yale School of Forestry and Environmental Studies. Mike Ferrucci has served as a team member on numerous FSC certification and annual audits including the 2005 Assessment of the Minnesota DNR.

JoAnn Hanowski, M.Sc.

JoAnn M. Hanowski, a former senior research fellow at the University of Minnesota-Duluth's Natural Resources Research Institute is currently residing in Vermont. Her research in Minnesota involved researching the response of birds to various forest management practices in stream and seasonal pond buffers and the development of indicators of forest and water health and sustainability in Minnesota and across the Great Lakes. She was a member of the forest bird technical team for the original GEIS and participated on the wildlife technical team that wrote forest management guidelines for Minnesota. She was also a member of the riparian science technical committee that just completed the investigation on the effectiveness of Minnesota's current guidelines for forest management in riparian systems. She has published 60 peer-reviewed journal articles and over 75 reports in her 20 year tenure with the University of Minnesota.

2.3 Assessment Process

The following general steps were undertaken as part of the 2007 audit:

- Review of 2005 and 2006 certification reports
- Review of Subsection plans for the Northwest region
- Stakeholder consultation
- Field inspections
- Synthesis of findings, and judging performance relative to the FSC Lake States Standard Version 3.0
- Follow-up discussions with DNR staff and external DNR stakeholders
- Preparation of the written certification evaluation report

The field portion of the audit included a broad array of field sites designed to illustrate a cross-section of stand types and treatments, focusing on harvests and other site disturbing activities conducted within the last couple years. During the field audit, the SCS auditors engaged in extensive personal interviews with DNR staff and outside stakeholders.

September 12 Wednesday, Bemidji Area

Audit team: Dave Wager, Mike Ferrucci, JoAnn Hanowski

- Opening meeting, staff interviews, review of CARs

DNR Participants

Mark Holsten, Commissioner of the Minnesota Department of Natural Resources

Dave Epperly, Director, Division of Forestry

Dave Schad, Director, Division of Fish and Wildlife

Tom Baumann, Assistant to Director, Forest Management, Division of Forestry

Andrew Arends, Forest Certification Program Leader, * Division of Forestry

Michael Lee, Plant Ecologist, Internal Audit Team,* Division of Ecological Resources

Keith Jacobson, Forest Products Utilization Program Leader, Division of Forestry

Alan Jones, Division of Forestry

Jim Manolis, Forest Ecologist, Office of Management and Budget Services

Les Ollila, NE Region Manager, Division of Trails and Waterways

Keith Simar, Forest Recreation Coordinator, Division of Forestry

Kurt Rusterholz, Forest Ecologist Division of Ecological Resources

Keith Wendt, Science Policy Manager, Office of Management and Budget Services

Ann Pierce, Invasive Species Ecologist, Division of Ecological Resources

Jeff Edmonds, Regional Staff Forester. Division of Forestry

Jim Gubbels, Bemidji Area Supervisor, Division of Forestry

Nick Severson, Bemidji Field Forester, Division of Forestry

Bob Pulford, Forest Planner, Division of Forestry

Jon Nelson, Forest Planning Coordinator, Division of Forestry

Shelly Gorham, Bemidji Wildlife, Division of Fish and Wildlife
Greg Nelson, Assistant Regional Supervisor, Division of Forestry
Jeff Staub, Forestry Technician – Bemidji, Division of Forestry
Achim Droste, FSC/ASI Accreditation
Tim Browning, Regional Manager, Division of Trails and Waterways
David Schotzko, Bemidji Area Supervisor, Division of Trails and Waterways
Bill Wilkinson, FSC/ASI Accreditation auditor
Brian Kuphal, DNR Enforcement District Supervisor
Harvey Tjader, Forester- Bemidji, Division of Forestry
Jana Albers, Forest Health Specialist, Division of Forestry
John Colford, Bemidji, Division of Forestry
Mike Carroll, DNR NW Regional Director
Marty Vadis, Director, Division of Lands and Minerals
Paul Telander, Regional Wildlife Manager, Division of Fish and Wildlife
Erik Thorson, Acting Forest Wildlife Coordinator, Division of Fish and Wildlife
Mary Broten, Area Supervisor, Division of Trails and Waterways
Blane Klemek, Assistant Area Wildlife Manager, Division of Fish and Wildlife
Corey Wilsen Bemidji, Division of Forestry

Field Stops

Site 1: Sale F2544

2005 clearcut aspen (much blowdown) and jack pine (salvage of budworm damage); mechanical site preparation, no chemicals; planted spring 2007; will bud cap seedlings later this fall after herbaceous foliage dies back

Site 2: Sale X01023

Active jack pine and aspen clearcut with scattered red pine residuals; Dan Lundberg, Lundberg Forest Products, Solway, MN MLEP trained; confirmed spill kits, first aid kits, and well-maintained equipment. Tree length, limbing out in woods; clean, well run logging job with good utilization

Site 3: Sale B2305

(Directly adjacent to Site 2 above) Completed 2005 salvage of jack pine and aspen with scattered large red pine residuals; Part of large jack pine budworm salvage area; plan for natural regeneration; extensive discussion of jack pine ecology, management, and “swat team” findings: diplodia-infected stock, deer browse, and extended drought are responsible for extensive challenges in regeneration jack pine

Site 4: Planting Site 071 (T145,R39, Section 11)

Multiple efforts at site preparation and planting since 1998; in 2005 fire, fenced, planted 2006, failed, planted again 2007 with red pine, many showing signs of drought (nearly half are dead already); will install bud caps this fall and then conduct the year 1 seedling survival count in the

spring, with infill planting likely to follow. Discussed deer damage prevention approaches (bud capping), wildlife division deer management approach to reducing deer herd.

Site 5: Planting Site 306

Planted twice, failed, 2004 chemical site preparation; scalped spots and replanted 2007, will be bud capped, etc. (see Site 4). Confirmed by review of chemical application contract and by interview of licensed pesticide applicator Ed Francis that provisions exist for appropriate chemical application (full range of chemical BMPs), disposal of chemical containers, and record-keeping.

Site 6: Planting Site 125

A July 4, 2006 wildfire killed the planted seedlings. Replanted spring 2007 with Norway Pine; will be bud-capped, etc. (see Site 4).

Site 7: Sale 4388

Completed clearcut with reserves, primarily aspen with decadent jack pine section (27 acres). Scattered reserves as well as a mapped and designated uncut reserve of an aspen portion. Jack pine area received spot-scalping site preparation and then was planted spring 2007. Discussed the current guidelines for coarse woody debris and the soon-to-be-published Woody Biomass Harvesting Guidelines.

Site 8: Active Sale 010080

Stand 1: Aspen/birch clearcut with reserves. Retention very good and exceeding 5% requirement mostly through patches with some scattered trees. Buffer along road left for aesthetics. This sale was area's first biomass harvest, however not conducted under current guidelines. Coarse woody debris retained was low- smaller size woody debris was more abundant. NPC typing had not been completed prior to harvest. OHV use in this area is high, and it appears this sale area has high potential for unauthorized use.

Site 9: Sale B2107

Completed jack pine salvage clearcut (70 acres) with scattered reserves, and site-prep and planting of jack and red pine. Successful regeneration of jack and red pine continues to be a major challenge; however, DNR is actively trying to understand and correct the situation (e.g., analysis of Jack Pine Swat Team, huge financial investment in site prep, repeated plantings, bud capping, etc). DNR believes failures are due to a combination of 9 to 11 year drought, *Diplodia*, deer, and perhaps lack of fire. Regeneration surveys are occurring on 1,3, and 5 year intervals. Discussion about reducing threshold of trees per acre for successful stocking in jack pine.

Site 10: Fern Lake Road Management Activities

600 acre non-motorized area with intact gate. Stand A: Budworm salvage clearcut; Site prep and jack pine planting. Effective herbicide of hazel and aspen. Stand B: Red pine thinning 2nd entry row thinning; Stand C: White spruce plantation that had been thinned twice.

September 13 Thursday Thief Lake Wildlife Management Area

Audit Team: Dave Wager (DW), Mike Ferrucci (MF), JoAnn Hanowski (JH).

DNR Participants

Andrew Arends, Forest Certification Program Leader,* Division of Forestry
Michael Lee, Plant Ecologist, Internal Audit Team, * Division of Ecological Resources
Les Ollila, NE Region Manager, Division of Trails and Waterways
Keith Simar, Forest Recreation Coordinator, Division of Forestry
Ann Pierce, Invasive Species Ecologist, Division of Forestry
Achim Droste, FSC/ASI Accreditation
Bill Wilkinson, FSC/ASI Accreditation auditor
Adam Munstenteiger Timber Program Forestry- Warroad, Division of Forestry
Dennis Cameron, Area Forest Supervisor- Warroad, Division of Forestry
Jim Dunn, NW Regional Enforcement Manager
Rick Horton, Regional Forest Wildlife Coordinator, Division of Fish and Wildlife
Erik Thorson, Acting Regional Forest Wildlife Coordinator, Division of Fish and Wildlife
Steve Johnson, Forestry Technician – Warroad, Division of Forestry
Josh Wall, Forester- Warroad, Division of Forestry
Shawn Olsen, Warroad, Division of Forestry
Mary Broten, Area Supervision, Division of Trails and Waterways
Jeff Edmonds, Regional Staff Forester, Division of Forestry
Warren Thompson, Forestry Technician- Warroad, Division of Forestry
Wade Miller, Trails Specialist, Division of Trails and Waterways
Joel Huener, Assistant Manager, Thief Lake WMA, Division of Fish and Wildlife
Randy Prachar, Manager, Thief Lake WMA, Division of Fish and Wildlife

Field Stops

Site 1: Manmun's Landing and Observation Mound

Picnic site, observation area, interpretive signs, parking, mowed trails, water level manipulation for water fowl habitat.

Site 2: Prescribed burn south of Thief Lake

Rx burn site spring 2007, mixture of meadow, brush, marsh.

Site 3: Sale X3117

Aspen clearcut completed Jan 2006, large area for habitat reasons, reserved bur oak and birch, excellent retention of both coarse down woody and green tree.

Site 4: Also Sale X3117

Slightly wetter, looked at slight depressional wetland, site-level guidelines followed (no slash accumulation); also saw small patch of invasive sweet clover

Site 5: Sale X2442

Winter sale aspen with reserves, NW corner of 780-acre burn unit; goal managing for more open landscape for sharp-tailed grouse and elk

Site 6: Sale 3551

Aspen harvest with reserves, partially completed last winter; good reserves, utilization, site protection

Site 7: Sale B1057

Clearcut with reserves completed 2 years ago; harvest surrounds marsh, confirmed that MN BMPs (site level guidelines) were followed regarding riparian areas

Site 8: Randen Ridge Road

A major blowdown event in 2001 was followed by much salvage, not excessive

Site 9: Chemical storage area of maintenance shop

MSDS sheets available, spill containment adequate, chemicals are sent off-site for permanent storage during off season

Site 10: Prairie restoration (3 miles east of tract 52)

Invasives had been treated with glyphosate in fall 2006. Native grassland establishment appeared successful.

Site 11: Willow shearing (2 miles east of Thief Lake) site

Objective is to shear willow down to a level that can be browsed and to provide sharp-tailed grouse winter cover.

Site 12: Sale 2450

60 acre clearcut of mature (70+) aspen. Islands of ash reserved. Large amounts of woody debris with good diversity of size classes.

Site 13: State Wildlife Elk Food Plots (Grygla):

Cooperative project with Rocky Mountain Elk Foundation on elk reintroduction. Elk are hunted once population reaches 30, with a legislatively mandated herd limit of 60. As a result of the small population, there are concerns regarding gene pool size. Very good signage at the site and throughout the WMA.

September 14 Friday Warroad Area

Audit Team: Dave Wager (DW), Mike Ferrucci (MF), JoAnn Hanowski (JH).

DNR Participants

Andrew Arends, Forest Certification Program Leader, Division of Forestry

Michael Lee, Plant Ecologist (Internal Audit Team), Division of Ecological Resources

Les Ollila, NE Region Manager, Division of Trails and Waterways

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Scott Laudenslager, Assistant Red Lake Wildlife Manager, Division of Fish and Wildlife
Doug Monshaugen, Forestry Technician - Warroad, Division of Forestry
Erik Stoddard, Forestry Specialist –Warroad, Division of Forestry
Steve Bartz, Forester – Warroad, Division of Forestry
Steve Johnson, Forestry Technician –Wannaska, Division of Forestry
Ted Dick, Assistant Area Wildlife Manager- Baudette, Division of Forestry
Jon Nelson, Forest Planning Coordinator, Division of Forestry

Field Stops

Site 1: Sale X3322

Aspen type with jack pine and spruce, winter logger 2005-06

Site 2: Bednar State Road 0048

Good quality gravel road crowned and mowed

Site 3: Misc. Jack Pine Management

Planted and natural stands reviewed

Site 4: Sale B1984

Mature 78 acre jack pine clearcut with reserves; 3 pine reserve clumps, one aspen; replanted following “Lenoing site preparation”

Site 5: Root State Forest Road

Well-maintained road with good signage

Site 6: Sale B1686

Aspen clearcut completed in 2005; reviewed 2 patches; discussed forgone opportunity to create a larger patch; intervening stands are different type.

Site 7: X3554

Aspen clearcut with some softwoods (spruce and fir) cut in winter 2006; good aspen sprouting; spruce under-planting occurred during spring 2007.

Site 8: Sale B1685

314-acre aspen clearcut with conifer reserves; this sale was in the “salvage pool” meaning it was under-stocked; Hadrava Logging

Site 9: Red pine thinnings on Bednar State Road

Site 10: Sale 1758

16 acre clearcut of mature jack pine using lop and scatter; site prepared using scarification; planted 2005; good natural and artificial regeneration of jack pine and red pine. Great closed signage on main roads, may need more signs on secondary entry points into closed areas.

Site 11: Bemis Hill

Meeting with motorized recreation stakeholders. Review of damaged and repaired areas on slopes of Bemis Hill
Review of closed access signage around Bemis Hill area.

2.4 Status of Corrective Action Requests

Note: italic text in the following tables is taken directly from MN DNR’s written responses to the CARs, which were submitted to SCS in early September 2007.

CAR 2005.4	Reference: <i>FSC Criterion/Indicators 6.3(a)3, 6.3(a)5, 6.3(b)1, 6.3(c)3</i>
<p>By the 2006 surveillance audit, DNR must:</p> <ul style="list-style-type: none"> • Develop and implement an operating procedure to ensure green tree retention practices are consistent with DNR’s Site Level Guidelines. The retention program needs to address the team’s observation that species, size class, and legacy patch guidelines are not consistently implemented. • Provide evidence that all foresters are adequately trained in application of green-tree retention guidelines • Monitor implementation of this program to improve green tree retention 	
Action Taken By Company (Certificate Holder Response)	
<p>DNR Response <i>In response to this CAR, the DNR has, and is taking the following steps.</i></p> <ol style="list-style-type: none"> <i>1. As part of annual and refresher training for the Minnesota Site Level Guidelines, specific attention has been, and will continue to focus on the objectives of green tree retention with specific attention given to age, size and orientation diversity.</i> <i>2. The existing electronic timber sales form, provides reminders and places for an appraiser</i> 	

to consider and record their rationale for green tree retention on each sale. The new Timber Sales Module system, which will be operational in January, 2007 will require appraisers to record green tree retention strategies to meet Site Level Guidelines, or the reasons for deviating from the guidelines, if prescribed.

3. *Quarterly meetings of region, area and St. Paul timber sales staff have, and will continue to, highlight this issue. Regional timber sales staff have and will continue to convey and highlight this issue with area timber program staff.*
4. *Site Level Guideline training is a requirement of all DNR certified timber appraisers. Division of Forestry training records will demonstrate that each appraiser has received such training.*

Our FY06 timber sales inspection report shows continued improvement in the amount of green tree retention that is found on active timber sales. This system will be used to continue to monitor implementation and trends within this specific performance area, and provide an ongoing measure of compliance, or need for improvement.”

SCS Observations and Findings

2006 Audit Findings

SCS confirmed that the above actions have occurred. Additionally, an office memorandum was sent to Area and Regional Timber Sales Program Foresters and Area Forest Supervisors about meeting the “spirit and intent” (not just the letter) of the guidelines. Nearly all of the harvest sites visited during the 2006 audit were either not yet cut or were initially set-up prior to the origin of this CAR. Therefore, assessing progress was difficult. Nevertheless, the audit team did observe better conformance with the site-level guidelines for retention.

However, we observed some confusion about retention standards; e.g., there were different and competing opinions of when and how to apply “legacy patches”. The quantitative results from the 2006 FRC site-level guideline monitoring will not be available until 2007. Because of the lack of opportunity to view completed timber sales that originated prior to the 2005 assessment and the absence of FRC summary data, we will review this CAR again at the 2007 surveillance audit. The audit team determined that a one-year extension is warranted because actions were taken to address the CAR and improved conformance was demonstrated.

2007 Audit Findings

During the 2007 audit, the team observed strong conformance with the Site-level Guidelines. Interviews with DNR staff showed that there is a strong understanding of retention requirements.

Position at the end of this audit: CAR closed

CAR 2005.6

Reference: *FSC Criterion/Indicators 6.4(a) and 6.4(b)*

By the 2007 surveillance audit, DNR must complete a gap analysis to identify state-wide needs for samples of representative ecosystems, and determine through an interdisciplinary approach what, if any, opportunities there may be to meet some of these needs on DNR-administered forestland. Between now and 2007, if there arise known opportunities on DNR-administered forestlands to contribute to SNA goals, DNR needs to begin the process to re-establish active

designations. That is, DNR must not wait until the gap analysis is complete to begin contributing.

Action Taken By Company (Certificate Holder Response)

2007 Audit Findings

The DNR outlined the following steps for completing the gap analysis:

1. Step 1. Determine what classification to use to describe ecosystems.
2. Step 2. Determine the distribution of these ecosystems by ecoregion across the state.
3. Step 3. Determine the extent to which these ecosystems are currently protected in the state or region.
4. Step 4. Develop goals in terms of acres or number of samples for each ecosystem in each ecoregion. Develop criteria for what is "representative".
5. Step 5. Compare the goals for representative ecosystems with what is currently protected.
6. Step 6. Review existing information on the distribution of high-quality NPCs on forest lands managed by Division of Forestry and the Division of Fish and Wildlife. Review existing data on high-quality NPCs not located in MCBS Sites of High and Outstanding Biodiversity Significance. Crosswalk natural communities in MCBS High and Outstanding Sites.
7. Step 7. Determine through an interdisciplinary approach what, if any, opportunities there may be to meet some of these needs on DNR-administered forestland.

A full description of the tasks associated with these steps is available from SCS or MN DNR upon request. Steps 1 and 2 have been completed and DNR has made limited progress on step 3, which is the most time intensive phase.

The following opportunities have been identified by the Minnesota County Biological Survey and SNA program to contribute to representative ecosystem goals:

- Pine Island – 140 acres of DNR Forestry-administered land with designated old growth on an island in Vermilion Lake,
- Hovland Woods – A large area of northern hardwoods and upland white cedar in Cook County containing old growth,
- Bemis Swamp- Lowland conifer site in Roseau County,
- Myhr Creek – 40 acres in Cook County of jack pine in North Shore Highlands, where the NPC is rare, and
- Seven sites on DNR Forestry-administered land in southeastern Minnesota identified by MCBS as sites of high or outstanding biodiversity significance.

These sites are or will be managed based on guidelines developed by the Division of Forestry. Two stands at the Hemmingway Creek site were reserved by Assistant Commissioner Brad Moore in 2006.

SCS Observations and Findings

DNR still has a considerable amount of work to accomplish on the required gap analysis. DNR's failure to assign adequate resources to meet this task within the stated timeframe is compounded by the gap analysis requiring more time than originally estimated. On a positive note, DNR

completed a comprehensive analysis that identified habitat for rare animal species "Tomorrow's Habitat for the Wild and Rare" <http://www.dnr.state.mn.us/cwcs/strategy.html>. This analysis identifies key habitats for Species of Greatest Conservation Need, and thus contributes to the information needed to establish a system of representative ecosystems. These habitat types are not identified in a spatially explicit manner, thus this effort lacks the on-the-ground identification and protection as required by Criterion 6.4.

Although, the gap analysis is not yet complete, DNR concludes that for most NPCs in most subsections of the state, the existing representation is well below SNA goals. Thus DNR does not have a sufficient network of representative samples of existing ecosystems as required by FSC Criterion 6.4. The other component to this CAR required DNR to begin designating representative samples when there are known opportunities, and not wait until the gap analysis is complete.

As stated in the Jan. 2006 FSC Certification Report, "DNR's tools for protecting representative samples of existing ecosystems include: the State SNA program, the State Park System, the WMA system, MCBS sites of high biodiversity significance, Natural Areas Registry Sites, and DNR's network of designated old-growth forest sites." Thus, protected areas other than SNA's (e.g., MCBS sites of high biodiversity significance) could contribute to meeting Criterion 6.4- as long as these areas are managed consistently with the goals of Criterion 6.4¹. Since Criterion 6.4 states that these areas "shall be protected in their natural state" there is a higher level of protection assumed than what typically is afforded to State Parks, WMA's, and MCBS sites. For example, MN DNR has not committed to reserving MCBS sites from biomass harvests- which would, in most cases, disqualify a site from serving as a representative sample.

DNR has made some progress on identifying opportunities to contribute to representative ecosystem goals (11 areas listed in DNR's response). However, in some cases, e.g., Bemis Swamp, it is unclear if and how these areas will be managed, and thus unclear whether or not they qualify toward Criterion 6.4. DNR administered forestlands are still not contributing to SNA goals in a significant manner. SNA's are the designation that best addresses Criterion 6.4, yet total contributions from DNR administered forestland (not counting the peatland SNA's) remains below 1%. Only one new, notably small, SNA has been established on DNR administered forestland since CAR 2005.6 was issued. In June 2007, the Division of Forestry contributed 160 acres to help create the St. Wendel Tamarack Bog SNA. CAR 2007.2 is stipulated.

¹ *Representative samples are designated to serve one or more of three purposes: (1) to establish and/or maintain an ecological reference condition; (2) to create or maintain an under-represented ecological condition (e.g., successional phases of a forest type or natural community (see Glossary); and (3) to protect a feature that is sensitive, rare, or unique in the landscape. Areas serving the purposes of (1) and (2) may move across the landscape as under-represented conditions change, or may be fixed in area and managed to maintain the desired conditions. Areas serving the purposes of (3) are fixed in location (FSC Lakes States Standard V.3.0)*

Disposition as a result of this audit: CAR Closed; Replaced with CAR 2007.1 and CAR 2007.2

CAR 2005.9

Reference: *FSC Criterion/Indicator 7.1(b)6*

DNR must complete and implement all of the Subsection Forest Resource Management Plans, ECS/NPC for the Eastern Broadleaf Forest, and Silvicultural Interpretations to use with ECS/NPC within 2-years of award of certification.
(Due December 31, 2007)

Action Taken By Company (Certificate Holder Response)

The following excerpts from DNR responses are relevant to this CAR.

October 2006

SFRMP

The Department believes that the majority of the remaining SFRMP plans can be completed on time because of streamlined planning techniques learned from the initial plans, the consultation and recommendations provided by the SFRMP Process Group, the addition of new planning and ecological staff to the Department, and the relatively modest amount of overall staff time taken to complete the plans. However, stakeholder concerns, which the Department is addressing, may slow the planning process on the last two SFRMP plans. The Department may adopt a new modeling system to meet these new challenges. New processes may cause a delay for the remaining plans.

Strategies:

Each Division is allocating time to the SFRMP process. The Department sees the value in completing these plans and has made adjustments to allocate staff time to write, review, and complete the plans. Listed below are the resources allocated to the SFRMP process for each of the Divisions.

ECS

Concern: *The final focus area is on 1) training needed so that DNR staff can use land management tools and import data into the inventory systems: and 2) timely completion of inventory projects. The analysis concentrated on the training needed so that staff can use the Ecological Classification System (ECS) and FORIST. FORIST is the overarching software umbrella that the Silviculture and Roads Module (SRM), Forest Inventory Module (FIM), and the Timber Sales Module (TSM) reside under.*

Strategies:

- 1. The Division of Forestry is planning to hire ten to twelve ECS interns next summer to evaluate and categorize lands for the Department. These interns will complete work that foresters would otherwise be doing, thus freeing up their time to work on timber sales, forest planning efforts, and other forest management activities.*

2. *Most DNR field personnel within the Divisions of Forestry, Fish & Wildlife, and Ecological Resources have taken ECS training. Newly hired foresters go through a weeklong ECS training program within their first year of employment. Introduction to ECS training is required for all Division of Fish & Wildlife staff. Training is essential to understand the Native Plant communities of Minnesota field guides and, ultimately, to implement forest management activities that are supported by ECS determinations. ECS training and implementation enables foresters, wildlife managers, and ecologists to make informed management decisions. Informed forest management decisions lead to a more productive forest.*

For example, in years past the Department would plant pine plantations on lands that were better suited to be hardwood forests. The Department would spend time and money trying to get pine to grow on non-pine sites. In many cases, the pine never did thrive and the hardwoods eventually took over the stand. An ECS evaluation would have indicated to the resource manager that hardwoods, and not pine, were the correct species for the site. Potentially, time and money would have been saved had the manager had access to ECS.

September 2007

ECS

The Eastern Broadleaf Forest field keys were distributed during the summer of 2006 and training was held in three locations throughout the EBF province to introduce the field keys. A Division of Forestry circular letter was signed on May 11, 2006 to formally institute the classification of native plant communities for forest stands that are currently identified to undergo some management activity (see attachment 1). The circular letter calls for a gradual implementation but to be fully implemented by the end of 2008. In the interim, regional implementation plans were developed which govern the rate of implantation in each region (see attachments 2, 3, and 4).

Silvicultural Interpretations

During fiscal '07, prototype "silvicultural interpretations" were developed for 10 native plant communities. See www.dnr.state.mn.us/forestry/ecs_silv/index.html.

SFRMP Progress Update

While the DNR has not been able to meet its goal of completing all SFRMPs by the end of 2007, significant progress has been made in completing and developing SFRMPs across much of the state where DNR administers significant acreage.

- *The Border Lakes SFRMP was completed in January 2006.*

- *North Shore SFRMP has been through its final public review, final department review and has been tentatively approved by Commissioner pending stakeholder contacts.*

- *The Mille Lacs Uplands SFRMP has been through its final public review, final department review and been approved by Commissioner (state register notice 6-18-07). Training for field staff was held in June.*
- *Agassiz Lowlands SFRMP - The public comment period to review the results of stand selection (i.e., the final public review opportunity) will begin in September. Training for field staff will be held in September 2007. Anticipate completion of plan in December 2007.*
- *Chippewa Plains-Pine Moraines/Outwash Plains SFRMP - A public review draft of the plan is expected this fall. Anticipated completion of plan by January 1, 2008.*
- *Northeast "Final 4" subsections (Littlefork-Vermilion, Nashwauk Uplands, St. Louis Moraines, Tamarack Lowlands – The planning process is officially underway. The public assessment and preliminary issues document will be released for public review in September 2007. Anticipate completion by the Summer of 2008.*

Steps Taken to Improve the SFRMP Process

The DNR recognizes the importance of completing the remaining SFRMPs in a timely manner, and has continued to evaluate the process to identify potential process and efficiency improvements. Since its inception in 2000, the SFRMP process has undergone three separate evaluation efforts (i.e., 2001, 2003, 2006) that have resulted in numerous process changes to help improve our ability to complete the plans in a reasonable amount of time. These process changes have also helped address new challenges and issues, and improve the quality and consistency of the final plans. Some of the more significant process changes include:

- *Completion of rotation ages and extended rotation forest (ERF) levels by statewide or regional teams prior to initiating an SFRMP process. These two issues consumed large amounts of team time in early SFRMP processes and lead to inconsistent approaches.*
- *Extended the planning period from seven years to ten years.*
- *Grouped multiple subsections where possible to be addressed within a single SFRMP process.*
- *Developed standard assessment information package, data sources, and responsibilities; common issues; and a public assessment and issues document template.*
- *Reduced SFRMP team size and specifying team composition.*
- *Clarified roles, responsibilities, and the decision-making process.*
- *Developed and refined the ERF and treatment level spreadsheet models.*
- *Developed specific direction to address certain issues and tasks within the SFRMP process (e.g., identifying new access needs, defining patches and patch analysis, incorporating rare features information, etc.)*
- *Consolidated strategic direction and stand selection results department and public review efforts.*
- *Formalized and strengthened the role of the regional management team in providing*

resource and operational support and oversight.

- *Formalized team and staff training throughout the process and upon completion.*

Additional Resources

In addition to ongoing improvements to the SFRMP process, the DNR has worked to bring additional resources to bear to help address identified needs. Examples include:

- *Funding for contracts to provide planning and GIS support to facilitate completion of the Border Lakes and Agassiz Lowlands SFRMPs*
- *Funding for additional clerical support and document preparation assistance for the Chippewa Plains-Pine Moraines SFMPR and the recently initiated North 4 SFRMP.*
- *Hired additional planning support to help teams identify and record old forest management complexes, develop and implement an SFRMP implementation monitoring protocol, and develop and deliver SFRMP training to field staff.*
- *Acquired new forest management modeling software and associated training; and hiring of a forest modeler to work directly with the North 4 and other future SFRMP teams to incorporate more advanced forest management modeling capabilities.*

SCS Observations and Findings

2006 Audit Findings

The audit team observed good progress on implementation of ECS. As described under SCS Findings for CAR 2005.3 and 2005.10 progress on SFRMP's is lagging. At the time of preparing the 2006 annual audit report DNR website displayed an out-of-date SFRMP completion timeline

2007 Audit Findings

The December 31, 2007 due date for this CAR was set to correspond with DNR's own targets for completion of SFRMP, which in hindsight were overly aggressive timelines. At the September 2007 Audit, it was clear that the DNR would not complete all SFRMPs and Silvicultural Interpretations by December 31, 2007, and SCS issued Recommendation 2007.1. As detailed above, the DNR has made good and steady progress on completing SFRMP, ECS typing, and Silvicultural Interpretations. Process and efficiency improvements continue to be made to accelerate completion of SFRMPs. DNR has directed additional resources (e.g., hiring planning and clerical support, new software, and GIS assistance) toward SFRMP in order to accelerate completion.

In response to Recommendation 2007.1, DNR described:

- The documents, guidelines, and processes that will be used in the interim while the remaining SFRMP plans are being completed;
- Implications (particularly with respect to FSC conformance) of not having the plans completed within the original timeframe; and
- Stop-gap measures to address implications of managing without some SFRMP plans in-place.

At the end of 2007, approximately 70% of DNR's certified acres are being managed according to

direction developed through the SFRMP process, and by the end of 2008 DNR is scheduled to have 95% of their acreage managed according to SFRMP directions. For the areas not covered by SFRMP, there is a procedure in the SFRMP Guidebook for developing interim plans (i.e., extension of prior Area Plan, which are agreed upon by the Divisions). Additionally, there are a host of other documents and planning tools that are available to use in the interim. The main implications of not completing SFRMP are 1-2 year delays in adjusting management toward long-term landscape goals, such as desired cover type changes and improved age class distribution. As these landscape changes require decades, the 1-2 year delay is of minor significance.

With 10 Silvicultural Interpretations completed- DNR has covered 50% of the actively managed forest types. For community types lacking an interpretation, the information found in the keys, such as tree suitability tables, will be used in the interim. SCS will continue to monitor that progress continues on developing and implementing Silvicultural Interpretations- and will issue a CAR should DNR fall significantly behind the newly revised schedules.

Also of relevance, the Forest Management Coordination Framework was finalized and distributed in January 2008. This will help ensure interdisciplinary coordination occurs in areas lacking an SFRMP.

In conclusion, SCS will close this CAR because DNR has made improvements to the SFRMP process to address the delays and ensure a timely completion. Additionally, the majority of DNR forests are being managed under an SFRMP direction, and there are adequate interim planning measures for those areas not covered by an SFRMP. As such, SCS issues a new minor CAR (as opposed to a major CAR) to ensure completion of SFRMP within a reasonable timeframe.

Disposition as a result of this audit: Closed; Replaced with CAR 2007.6

CAR 2005.12	Reference: <i>FSC Criteria 8.1 and 8.2.</i>
<p>By the 2007 surveillance audit, DNR needs to review their current monitoring protocols and determine what, if any, additional monitoring aspects are needed to more fully demonstrate conformance with Criterion 8.2, and that, more importantly, is needed to track specific accomplishments during the 10-year SFRMP timeframe:</p>	
<p>For example:</p>	
<ul style="list-style-type: none"> • what changes, if any, to the FORIST information system (Forest Inventory Module and Silviculture and Roads Module) will be made to accommodate the need for efficient monitoring of SFRMP goals and objectives. • frequency of monitoring appropriate for certain objectives. • where the data will be located to measure success or progress • identification of individuals responsible for monitoring and ensuring accountability. 	
<p>Action Taken By Company (Certificate Holder Response)</p>	
<p>DNR provided the audit team with a 33 page account detailing how DNR monitoring activities address the full scope of Criteria 8.1 and 8.2. The full document describing how DNR monitoring activities address Principle 8 is available upon request from SCS or MN DNR. DNR also</p>	

provided SCS the latest update to the Strategic Conservation Agenda 2003 – 2007, which uses approximately 90 measurable indicators and targets to describe progress toward achieving desired conservation results.
SCS Observations and Findings
DNR’s current monitoring efforts are sufficient to conform with Principle 8 requirements, with the exception of DNR’s monitoring of progress toward management plan objectives. The SFRMP Monitoring Plan developed by the statewide SFRMP Process Work Group has yet to be implemented. DNR’s analysis of and report on monitoring efforts is sufficient to address CAR 2005.12. CAR 2007.3 requires DNR to implement SFRMP monitoring by the 2008 surveillance audit.
Disposition as a result of this audit: Closed; CAR 2007.3 issued for SFRMP Monitoring

The following CARs (2006.1-2006.3) were issued during SCS’ internal review of the MCEA/Isaak Walton League’s appeal of this certificate. These CARs were issued on August 14, 2006.

CAR 2006.1	Reference: <i>FSC Criteria 4.4</i>
By a date mutually agreed upon between DNR and SCS during the 2006 annual surveillance audit, but no later than the end of the 1st quarter of 2007, DNR must develop and distribute documented guidance that will assist field personnel in determining whether new user-created trails are “problematic.” This guidance document can be similar in format and detail to the recent DNR document providing guidance to the field on area closures. The document should include guidance, even if qualitative, that will assure more consistent consideration of trail density and distance from other spatially specific resource and public use considerations when assessing whether or not user-created trails are problematic.	
Action Taken By Company (Certificate Holder Response)	
On March 28, 2007 Laurie Martinson distributed a guidance memo that better defines user created “problematic” trails.	
SCS Observations and Findings	
SCS has completed the review of MN DNR’s response to CAR 2006.1. The guidance to field staff on the issue of problematic user-created trails, as provided in Laurie Martinson’s memo of March 28, 2007 is sufficient to close this CAR. We will continue to assess this issue during future surveillance audits, particularly whether the qualitative nature of the guidance is sufficient to achieve consistent control over problematic user-created trails. Note: This CAR was formerly closed on June 6, 2007.	
Disposition as a result of this audit: Closed	

CAR 2006.3	Reference: <i>FSC Criteria 4.4</i>
By the 2007 surveillance audit, DNR must develop and implement a system to provide interested stakeholders with timely information and graphic representations of the distribution of non-motorized opportunities and motorized access. For example, the DNR could provide maps of	

non-motorized trails and recreation opportunities that show approximate proximity of motorized trails.

Action Taken By Company (Certificate Holder Response)

DNR provided the following response to CAR 2006.3:
“DNR is producing and distributing user maps of each State Forest that have Forest classification plans and road and trail designations approved and implemented. These new maps show the designated hiking, cross-country ski, hunter walking, snowmobile, horse, dogsled, ATV, OHM, ORV trails as well as all roads, landmarks, water accesses, campgrounds, non-motorized zones, closed zones, wildlife management areas, state parks, or other public lands and information points with in the forest boundary. The backside of these pocket maps provide additional information on further resources, information, opportunities and user regulations. These maps are also on the DNR website. These maps will also be posted in the Forest on kiosks (see attachments 1a and 1b).
To date the following maps have been completed: Pillsbury, General Andrews, Chengwatana, Foothills, Wealthwood, Whiteface River, Fond Du Lac and the Solana State Forests. The Nemadji and the St. Croix State Forest maps are to be completed in August 2007 and the Badoura and the Paul Bunyan State Forests are going to be on one Hubbard County map to be available later in the fall of 2007.
Each State Forest maps will be completed and available once the Forest Classification and road and trails designation plans are approved and implemented (see attachments 2 and 3). One field season will be needed to implement each Forest plan by completing trail work and road and trail signing. Producing the public user maps will follow once the on the ground work is completed.
Note:
1) Electronic copies of trail maps, example: St. Croix and Nemadji State Forest maps are available on the DNR’s website at www.dnr.state.mn.us/ohv/index.html.”

SCS Observations and Findings

The newly developed state forest trail maps provide a graphic representation of the distribution of non-motorized and motorized access routes. The maps are available on the DNR website and at kiosks on each state forest.

Disposition as a result of this audit: Closed

CAR 2006.4	Reference: FSC Criterion 5.1
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DNR must improve staffing/funding levels or find other ways to address this chronic problem of not being able to accomplish key management objectives within publicly stated timeframes. At the time of the 2007 surveillance audit, DNR must present the actions taken, the results of those actions, and planned future actions to correct this problem.

Action Taken By Company (Certificate Holder Response)

See the SCS 2006 annual audit report for a description of original actions taken to address this CAR. Updates to the original actions are as follows:

- *The Division of Forestry was successful in getting an additional \$1,500,000 in the*

biennium budget to hire 15 new foresters

- *The Division of Forestry was successful in getting \$2,000,000 for the biennium for seedling protection and non-commercial thinning projects*
- *The Division of Forestry was successful in getting \$2,200,000 for the biennium for road maintenance.*
- *The Division of Forestry was successful in getting \$1,200,000 for the biennium to make ECS designations on 140,000 acres.*
- *The Division of Forestry was successful in getting \$700,000 for the biennium to address invasive species issues on State Forests*
- *The Division of Forestry was successful in getting \$400,000 for the biennium. to address escalating land asset management demands (such as boundary disputes, access easements, and sale/exchange/acquisition of forest lands).*
- *Division of Fish and Wildlife hired A Central Region Assistant Manager to assist with resource management issues in the Anoka Sand Plain and Blufflands Subsections.*
- *A forest entomologist has been hired by the Division of Forestry to help with a number of projects including invasive, exotic species planning.*
- *The Division of Forestry was granted a funding extension from the Game and Fish Fund of \$521,000 for the biennium for implementing ecological classification systems standards on forested landscapes.*
- *The Division of Ecological Resources will spend \$2,279,000 on aquatic invasives and \$590,000 on terrestrial invasives in FY08. In FY09 \$3,925,000 will be spent to control aquatic invasives and \$1,010,000 on terrestrial invasives.*
- *Update - The Division of Forestry allocated \$60,000 to hire 6 student workers who made ECS determinations on FY08 stand exam list sites. The goal was to have these student workers make determinations on 500 sites – was this accomplished. They'll also be confirming CSA data as they make determinations.*
- *Joanne Petrini reviewed the SFRMP planning process “to identify opportunities to improve the department’s organizational capacity to support the SFRMP Process to better achieve its objectives”. Ms. Petrini conducted the review as a part of her pursuit of a graduate degree. The Department is waiting for her final report.*
- *Future activities --The Department is focusing on implementing the activities that were funded by the Legislature. The Division of Forestry, Ecological Resources and Fish & Wildlife felt that the 2006 legislative session was a success and are now directing staff and resources to effectively, and efficiently, make use of the new funds.*

SCS Observations and Findings

The funding from the 2006 legislative session is a clear boost to DNR staffing and operating budgets, thus this CAR will be closed. The downside to the new funding is that the majority of staffing increases went to the Division of Forestry, while Divisions of Fish and Wildlife and Ecological Services received minimal increases.

Disposition as a result of this audit: Closed

CAR 2006.5

Reference: FSC Criterion 6.9

By the 2007 surveillance audit, DNR must present the full details and schedule for a timely

implementation of a program to comprehensively address invasive species introductions and their control. The program must include specifics on mapping/identification, removal/control, and prevention, including specifically how the OHV, logging, horse riding, and other major pathways of invasive species introduction will be contained/controlled.

Action Taken By Company (Certificate Holder Response)

The following are key excerpts from the DNR's response to this CAR:

An invasive species operation order, Op Order 113, was developed that provides guidelines for Department staff to:

- *Prevent or limit the introduction, establishment and spread of invasive species,*
- *Exercise site-level management to limit the spread and impact of invasive species*

The operation order requires that discipline guidelines be "developed and maintained...to accompany (the) operational order. The guidelines will contain procedures specific to each discipline that are necessary to implement (the) operational order. Activities likely to cause the introduction or spread of invasive species include but are not limited to: management activities (field work, moving equipment, construction, site management, etc.) and actions DNR regulates, permits, or funds (grants). This includes, but not limited to, activities carried out by contractors, volunteers, and cooperators working on the agency's behalf. Discipline guidelines must be completed, reviewed by the Invasive Species Operational Order Committee, and approved by the Division or Bureau Directors within one year of Commissioner's signature on the operational order. Each Division or Bureau's guidelines will outline policy and procedures for prevention and management of invasive species including:

- *Intentional movement of equipment*
- *Intentional movement of organisms, organic and inorganic materials*
- *Identifying invasive species and implementation of management strategies to reduce impact at the site level*
- *Monitoring and reporting new invasive species infestations.*

Operational Order 113, Invasive Species, was signed by the Commissioner on May 31, 2007. The full DNR response document, including attached documents, is available from MN DNR or SCS.

Additional actions taken by DNR to address invasive species introductions and control include:

Written Guidance

Division of Forestry had developed a document titled *Invasive Species Guidelines Review Document*. The intent of this concept document is to introduce the Division to invasive species guidelines and open up a dialogue within the Division about invasives. The *Invasive Species Operations Handbook*, developed by Ecological Services, is a guide for Divisions and Bureaus as they develop their guidelines.

Staffing

The Division of Forestry received \$350,000 per year for fiscal years 2008-09 biennium from the

Forest Management Investment Account “for the prevention of invasive species on state forest lands”. The plan is to hire an invasive species program coordinator that has a strong botany background to develop an invasive species program within the Division of Forestry to address the threat of terrestrial invasive plants. The program will be integrated with the on-going efforts of the Forest Health program to address the threats from invasive forest insects and pathogens. The funding will also develop and institute both a targeted and a systematic invasive species inventory of state forestry administered lands.

Mapping and Control

The Division of Ecological Resources makes available funding for mapping and control of terrestrial invasive species on state lands (see attachment 4). Attachment 5 provides the number and types of projects funded during fiscal 07. For example, there were 7 Division of Forestry projects funded for a total of \$70,500.

Training

A series of 6 workshop offered in August will introduce invasive species to an audience made up of a wide range of personnel working in a wide range of natural resources professions, but aimed in particular aimed department personnel. The workshop is entitled, “Invasive Species of Minnesota Forests -

SCS Observations and Findings

The actions and supporting documents, described above, present the details and schedule for a timely implementation of a program to comprehensively address invasive species introductions and their control. Thus, this CAR has been sufficiently addressed. It is expected that the *Operational Guidelines*, which are due in May 2008, will provide best management practices that cover mapping/identification, removal/control, and prevention, including specifically how the OHV, logging, horse riding, and other major pathways of invasive species introduction will be contained/controlled.

Disposition as a result of this audit: Closed

Background/Justification: DNR has thus far not adequately addressed CAR 2005.10

Major CAR 2006.6

As part of the implementation of each SFRMP (which functionally occurs when the timber management program is operating from the new stand selection list), DNR must set specific targets for how much each administrative area intends to move toward the DFC for cover type changes. Targets must be set under the premise that each area contributes an appropriate share to meeting the subsection goals, measured by acreage or other metrics defined by MFRC landscape plans. The appropriate share must be determined by analysis that considers how the potential to achieve the desired future condition varies across administrative boundaries (e.g., potential for increasing upland conifer forest may vary substantially across administrative areas). For subsections operating under SFRMP stand selection lists, DNR must set the specific targets. DNR must implement a

	policy assuring that managers of administrative areas set targets, where such targets are necessary, for meeting SFRMP goals.
Deadline	3-months after receipt of the final 2006 audit report
Reference	<i>Criterion 7.1 and 7.3</i>
Action Taken By Company (Certificate Holder Response)	
<p>DNR Response: <i>DNR will allocate 10-year cover type change goals by Division of Forestry Administrative Areas (AA). After discussing within the statewide SFRMP Process Work Group and upon review of SFRMP plans completed or underway, DNR agreed that allocating cover type change goals by AA was feasible and desirable. A number of SFRMPs have or are in the process of allocating cover type change goals by AA. In addition, DNR will complete an allocation by AA in SFRMPs for which this has not yet been done.</i></p> <p><i>The methods used to allocate subsection cover type change goals by Forestry AA have varied among the various SFRMPs (as detailed below). However, at this time, DNR does not feel that it is appropriate to adopt a standard approach as the allocation process is still evolving. By the end of 2008, the DNR will revisit the processes used to allocate cover type change goals by AA and determine if agreement can be reached on a standard statewide approach.</i></p> <p><i>In general, the allocation should reflect the varying potential to achieve cover type conversion goals among the affected AAs, in particular the opportunities provided by the SFRMP stand selection list (i.e., where the opportunities to effect a cover type change occur).</i></p> <p><i>DNR will reinforce SFRMP cover type change/regeneration goals by distributing a memo each year from the statewide silviculturist (or the Forestry Resource Management Manager) to AAs reminding staff to be aware of SFRMP goals as they consider forest development plans.</i></p> <p><i>The allocation of subsection cover type change goals to AAs will be communicated in each SFRMP, via SFRMP training sessions, annual stand exam review meetings, and periodic reminders to Area Forest Supervisors.</i></p> <p><i>Cover type change accomplishments will be tracked via monitoring reports generated from the FORIST Silviculture and Roads Module (SRM) using site management objective codes (i.e., codes indicating the intent to convert the current FIM cover type to another, desired cover type).</i></p> <p><i>SFRMP plans that have or are in the process of allocating cover type change goals by Division of Forestry AA:</i></p> <ul style="list-style-type: none"> • <i>North Shore – SFRMP cover type change goals were assigned to Forestry AAs in proportion to the cover type conversion goals by LTA. This was accomplished by multiplying the total conversion goals by cover type for each LTA by the portion of the forestry area within each LTA. The conversion goals determined for each forestry area within each LTA were summed to establish each Areas total conversion goals by</i> 	

species. See Table 3.1j and Appendix I, page A.18 of the public review draft of the North Shore SFRMP Strategic Direction Document.

- *Agassiz Lowlands – The Agassiz Lowlands SFRMP identified stands that appeared to provide the best opportunity for the desired subsection cover type conversions based on a number of criteria, including: location within appropriate LTAs, current main cover type and condition, presence of desired species/cover type as secondary or understory species, and physiographic class. These stands were tagged as a being in conversion pools for the various types for which an increase was desired. The proportionate amount of these conversion pool acres within the various Forestry AA provided the allocation of subsection cover type change goals.*
- *Chippewa Plains-Pine Moraines/Outwash Plains – The team is developing a stand scoring system to allocate conversion goals to Forestry AA. The scoring system assigns points to stands based on criteria developed for each desired cover type. Stand scorings are weighted (i.e., the higher the score the more desirable the opportunity) and then tallied by AA. The AA proportion of the subsection-wide scoring total is then used to allocate the subsection cover type change goal. Criteria for stand scoring include stand characteristics from FIM, such as current cover type, age, tree species composition, origin (i.e., artificial, natural or mixed), and physiological class (i.e., dry to wet), and location, such as within a priority LTA (i.e., LTA where there appears to have been a significant decline in the desired cover type based on a comparison of bearing tree data with current FIA) or adjacency to certain patch types.*

By the end of 2007, cover type change goals will be allocated to AAs for the following completed SFRMPs:

- *Border Lakes – cover type change goals will be allocated to AAs based on the proportion of HRLV within each AA and/or, to the extent possible, reference to or use of LTA habitat analyses that were completed during the Border Lakes SFRMP process.*
- *Mille Lacs Uplands – allocations of cover type change goals will be done based on the proportion of subsection cover type acres within an AA*

SCS Observations and Findings

SCS has completed the review of MN DNR's response to Major CAR 2006.6, which was submitted to SCS on 5/25/2007 (prior to the 3 month deadline). Upon review of MN DNR's response, SCS sent a follow-up question to MN DNR on 6/27/2007. A sufficient response to this follow-up question was received on 7/19/2007.

DNR's plans and steps taken to-date to allocate 10-year cover type change goals by Division of Forestry Administrative Areas (AA) are sufficient to close this CAR. This CAR was closed on 7/19/2007. Because DNR's monitoring of SFRMP management objectives has yet to occur, it is not possible to assess if DNR is achieving landscape goals set by the plans. See related CAR 2007.4 for follow-up on SFRMP monitoring.

Disposition as a result of this audit: Closed

CAR 2006.7

Reference: *FSC Criterion 1.5*

By the time of the 2007 surveillance audit, DNR must fully implement WHEELS and the Focus Forest enforcement concept. Considering the extent of implementation at the time of the next audit, DNR must prepare an assessment of the effectiveness of these and other monitoring and enforcement tools (in conjunction with new forest and trail designations) at curtailing unauthorized OHV activity. Additionally, DNR must find a new funding mechanism or enhance existing mechanisms to repair OHV trail damage at a pace that substantially exceeds the rate by which new damage is occurring.

Action Taken By Company (Certificate Holder Response)

DNR continues to implement the WHEELS database and Focus Forest enforcement program. DNR's assessment of their effectiveness as well as other continued improvements to OHV management follows:

WHEELS became operational in January 2007. Training sessions for field personnel began in December 2006 and are continuing on an 'as needed' basis. This spatial database is being used in the development of all current and remaining State Forest Classification and Road and Trail Designation Plans. And, WHEELS is being used as a repository for various types of facility information, such as locational and structural data on forest roads, bridges, culverts and gates.

The Focus Forest enforcement monitoring concept was implemented in 2006, and with various refinements, continues into 2007. Several additional forests have now been completed and added to the list of Focus Forests. This evaluation process has greatly improved coordination between the Divisions of Forestry, Enforcement and Trails and Waterways, and is integrated into ongoing work planning and daily work routines. Staff from all three Divisions work together to identify problem areas, and a process has been put into place to prioritize and schedule timely repairs, and to address stubborn or recurring issues. Staff is spending time on-site on a regular and predictable basis, in order to address issues early.

Conservation Officers concentrate on these sites to foster early compliance and to encourage responsible use. Already, Conservation Officers indicate that they are encountering fewer off-trail violations. Most citations are written for failure to display current vehicle registration, and for various on-road riding infractions. Overall, DNR officers report that compliance rates are improving. In fiscal year 2006 the Division of Enforcement worked 30,491 hours on OHV activity and wrote 66 civil citations, 579 criminal violations and 989 warnings for OHV illegal activities from registration to operating under the influence. In FY 2007 they worked 30,398 hours on OHV activity and wrote 68 civil citations, 582 criminal citations and 1141 warnings. Included in the annual hours worked are 3,848 hrs in FY 2007 on safety training and volunteer training. Additional resources to help DNR were appropriated by the 2007 Minnesota State Legislature for OHV programs, providing substantially more funds for OHV management and enforcement activity in 2008 and 2009: An increase in ATV registration from \$30 for a three registration to \$45 for three years will increase the amount of funding available by \$1,600,000 annually in

Fiscal Years 2008-9. \$500,000 was added to increase ATV enforcement and emphasize ATV use in State Forests creating 4 new Enforcement Officer positions, maintenance of service and additional officer overtime for focused enforcement efforts. An additional \$100,000, (from \$225,000 in FY 2006-7 to \$325,000 in FY 2008-9), was appropriated to Enforcement to expand the grants to county law enforcement agencies for off highway vehicle enforcement and public education activities base on off-highway vehicle use in the county. \$250,000 was appropriated for FYs 2008-9 for the Off Highway Vehicle Safety and Conservation Program, to provide grants to qualifying organizations to assist in safety, environmental education and monitoring trails on public lands. Participants in this program shall also be trained in the identification of invasive species and the use of G.P.S. units. An additional \$75,000 was appropriated for developing and maintaining all-terrain vehicle trails and environmental review, which will increase staffing from one person to two working on environmental review and planning of OHV projects and increasing the funding to \$150,000 each year for FY 2008 and FY2009. \$150,000 for each year was appropriated for at least two ATV Trail Specialists to assist on ATV grant-in-aid education, training for sustainable trail development and maintenance, as well as providing training for public and private sector trail monitoring. The specialists may assist in the evaluation of grant-in-aid trail proposals, but not in the promotion of new trails. provide more trail riding opportunities. An additional \$100,000 in new General Fund appropriations will fund an Enforcement Officer position (indefinitely), which will be stationed in Bemidji for monitoring of the Mississippi Headwaters State Forest. A one-time appropriation of \$400,000 for FY 2008 and \$400,000 for FY 2009 was also provided for the development and maintenance of non-motor trails to provide a balance of recreational opportunities with in State Forests. The Off Highway Vehicle Damage Account sunset date has been extended until all funds are expended.

SCS Observations and Findings

In addition to the above synopsis, the audit team viewed the following DNR information in response to this CAR:

- 2007 Work Plan Summary for the Division on Enforcement with 06 accomplishments; 07 priorities, and 07 expected progress. Enforcement hours are expected to continue to increase in 2007.
- Example of a completed dispersed impact monitoring form
- ATV, OHM, ORV, and snowmobile enforcement labor distribution
- DNR 2007 Monitoring and Enforcement Plan, which describes monitoring and enforcement activities for 2007
- Example of OHV Field Coordination Report
- Example of completed Trail Monitoring Plan

The following observations from the 2007 audit indicate improving OHV management:

- DNR continues to enhance the levels of funding and staffing, planning, and monitoring to better control OHV use on DNR forests.
- Maps and trail signage are greatly improved, which will help non-motorized users find places away from motorized influence and help keep motorized recreation within its intended use areas. Improved trail signage was confirmed at Beltrami Island State Forest.
- The number of enforcement officers has increased, and they are using innovative

approaches to maximize their effectiveness.

- During the 2007 audit, SCS interviewed DNR field and central office staff from the Divisions of Forestry, Ecological Services, Enforcement, and Trails and Waterways. The majority of those interviewed believed that either real progress is being made on planning, monitoring, and enforcement or that efforts undertaken to-date are positive, but it is too early to assess their effectiveness.
- For damaged sites that do not qualify for repair with damage account funds, forestry is stabilizing these areas through use of own equipment and/or by using logging contractors.
- Motorized recreation clubs are helping to address problems through reporting of damaged areas, peer enforcement, and labor contributions

Dispersed impact monitoring is one of DNR’s key tools to stem user created trails within the forests classified as managed. It is premature to assess whether or not this tool is effective. At Beltrami Island State Forest they will begin dispersed impact monitoring in January 2008, when the plan goes into effect.

Despite the above initiatives and progress, numerous citizens and groups remain very concerned and dissatisfied about OHV use on DNR lands. Numerous examples of unauthorized use, lack of enforcement, and damaged areas were voiced during a public meeting in Bemidji on September 12 and a focus group meeting in St. Paul on August 22. See section 3.2 for a summary of stakeholder comments and responses.

The audit team concludes that DNR has initiated enough enhanced monitoring, enforcement, and repair efforts to warrant closing this CAR. More focused assessment is necessary assess whether or not these new efforts, once fully implemented, will be sufficient. The 2008 surveillance audit will be organized to assess the effectiveness of DNR’s improved OHV management tools. Typically, the audit sample is derived from a semi-random sample of harvest areas. For the 2008 audit, field sites will be selected from a pool of OHV activity areas including frequently used trails, reported areas of damage, reported areas of unauthorized use, etc.

Disposition as a result of this audit: Closed

CAR 2006.8

Reference: *Indicators 4.1.b, 4.1.f, 4.3.b.*

DNR must clarify the process that employees can use to share their concerns about management practices in a threat free manner, i.e., without reprisal.

Action Taken By Company (Certificate Holder Response)

DNR Response

The Department has adopted a Conflict and Dispute Management Procedure. This procedure reviews the Department’s workplace behaviors, outlines roles and responsibilities, and distinguishes between, and encourages, the use of an informal dispute resolution process over the formal dispute resolution process. The language in this procedure is incorporated into the Department’s Interdisciplinary Forest Management Coordination Framework’s dispute

resolution process.

SCS Observations and Findings

In reviewing the above document, SCS found the following clauses that satisfy this CAR:

2.2 Responding to concerns and resolving disputes.

When staff believe that a Department decision negatively impacts the resources they are responsible for managing, or isn't resulting in the intended resource outcome, they should take action to resolve the issue. EG – Work within department systems and strive continuously to improve those systems.

2.2.1 Work to resolve the disputes informally at the most local level.

The preferred method to resolving a dispute is for the concerned employee(s) to work with their respective supervisor(s) and DNR staff most directly associated with the issue.

Every effort should be taken to keep communication paths open, practice objectivity, share data, meet face-to-face, and to conduct joint field visits while trying to resolve a dispute. These steps will help to resolve the issue at the most local level in the organization possible. Finding resolution through this process should be done in a timely and effective manner without interrupting work progress. EG – We work together.

In the event that resolution can't be reached informally at the local level, the concerned employee(s) can engage the Interdisciplinary Forest Management Coordination Policy's formal dispute resolution process.

2.2.2 Alternatives if disputes cannot be addressed informally at the local level.

Staff can use the Interdisciplinary Forest Management Coordination Policy dispute resolution process if a solution can't be reached informally at the local level. Please see the Interdisciplinary Forest Management Coordination Policy dispute resolution process for more information on the roles and responsibilities of those involved in a dispute.

Supervisors can contact their Human Resources representative at the Regional Office or the St. Paul Central to facilitate resolution.

The Bureau of Human Resources has staff to help individuals, or groups, clarify issues and facilitate disputes.

The Bureau of Human Resources can also, upon request, provide training to staff that will teach them how to avoid similar issues and situations in the future.

SCS discussed the fear of reprisal concern with current and retired staff including field and central office staff from Forestry, Ecological Services, and Fisheries and Wildlife. We found no evidence to suggest that DNR has taken or has threatened to take actions against employees for vocalizing concerns that run counter to the DNR's intended direction. The concern over this unproven allegation should be alleviated by the new informal dispute resolution policy. As such, this CAR is closed.

Disposition as a result of this audit: Closed
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CAR 2006.9	Reference: <i>Criterion 7.1</i>
<p>Institute a procedure for timely finalization, communication, and implementation of new policies and procedures. To assess conformance SCS will look for new department-level guidance on this topic. SCS will also review the status of recent policies and procedures, and how effectively they have been communicated and implemented.</p>	
Action Taken By Company (Certificate Holder Response)	
DNR Response	
<p>Forest Resources Issues Team (FRIT) has developed the procedure <i>FRIT Policy Process v1</i>. The procedure details how the DNR will initiate, complete, communicate, and implement new or updates to existing policies or procedures. The objectives of this procedure are</p> <ul style="list-style-type: none"> • <i>To, in a timely manner, initiate, draft, complete new or update existing policies and procedures.</i> • <i>To effectively communicate new and updated policies and procedures to target audiences.</i> • <i>To monitor implementation of new or updated policies and procedures.</i> • <i>To make adjustments to the new or updated policy or procedure based upon the results of the implementation monitoring.</i> 	
SCS Observations and Findings	
<p>SCS confirmed that the <i>FRIT Policy Process</i> is sufficient to address CAR 2006.9. However, we also observed that very little has changed with respect to timely implementation. At the time of the audit, the <i>Coordination Framework</i> had not been finalized and staff in the Warroad Administrative Area were unaware of the procedure titled <i>Treatment of Ecologically Important Lowland Conifers</i>, suggesting that it has not been effectively communicated. CAR 2006.9 will be closed and a new CAR will be issued requesting that the <i>Coordination Framework</i> as well as the <i>FRIT Policy Process</i> be implemented.</p>	
Disposition as a result of this audit: Closed. Issued new CAR 2007.4	

Background/Justification: In responding to CAR 2005.14, DNR kicked-off a comprehensive program for classifying and maintaining HCVF. However, identifying, conserving, and monitoring HCVF is an ongoing process, especially for managers of large public forests. As such, there is still considerable work that needs to be done. Arguably, the most important aspect of this work is developing and implementing the necessary guidelines to ensure proper management of HCVF within high and outstanding MCBS sites, ecologically significant lowland conifer, and the old forest management complexes.	
CAR 2006.10	<p>By the time of the 2008 surveillance audit DNR must:</p> <ol style="list-style-type: none"> 1. Establish/clarify the processes by which members of the public are consulted regarding HCVF and how the public can make nominations to HCVF.

	<p>2. As needed, develop and implement additional guidelines for appropriate management of HCVF. (Note: designation as HCVF does not prohibit management.)</p> <p>3. Complete an analysis of social values, including communications with Tribes.</p> <p>4. Complete a review to determine if primary old growth stands were missed in the first old growth designation process</p> <p>5. Make a formal commitment to continue identifying, maintaining/enhancing, and monitoring HCVF.</p> <p>Beginning at the time of the 2008 surveillance audit, an annual progress report detailing HCVF accomplishments must be presented to SCS and the public.</p>
Deadline	2008 surveillance audit
Reference	<i>Criterion 9.1, 9.2, 9.3, 9.4</i>
Disposition as a result of this audit: Not assessed. The CAR remains due at the 2008 audit.	

Recommendations:

DNR addressed or demonstrated progress on the following recommendations during this audit:

Recommendation 2005.6: DNR could improve preservation/enhancement of genetic diversity by broadening the diversity in size and quality of retention trees. A retention philosophy of leaving a full range of tree quality (i.e., “good, bad, and the ugly”) is necessary to enhance broad genetic diversity.

DNR Action/SCS Response: SCS observed improved retention during the 2007 audit, and was able to close out the related CAR.

Recommendation 2005.11: DNR should undertake efforts to improve the accuracy of its inventory information, e.g., ensuring re-inventory is kept on schedule.

DNR Action/SCS Response: In the biennium budget DNR received increased funding that will allow CSA to be completed on a ten year cycle.

Recommendation 2006.2: DNR should codify the specific decision making authority that regional directors have and communicate this to DNR staff as well as the public.

DNR Action/SCS Response: DNR is holding active discussions to codify and communicate regional director roles, responsibilities, and decision-making authority. For example, in June 2007, senior managers held a two-day retreat that included discussions on leadership and decision-making. In July 2007, Deputy Commissioner Martinson and Assistant Commissioner Meier discussed crafting consistent language for regional director and regional manager responsibilities. An upcoming senior manager leadership retreat in October, 2007, will include regional managers, and provide an opportunity to discuss and communicate changes with staff.

These activities set the stage for communicating regional director decision-making authority to the public.

2.5 General Observations

All observations are included under the appropriate CAR, Recommendation, or in Section 3.1.

2.6 New Corrective Action Requests and Recommendations

Background/Justification: The gap analysis required by CAR 2005.6 is only partially complete.	
CAR 2007.1	<p>The following activities must be completed by the 2009 surveillance audit:</p> <ol style="list-style-type: none"> 1. DNR must complete the seven step gap analysis process outlined in the response to CAR 2005.6; 2. Based on the results of the gap analysis, DNR must set short-term and long-term measurable targets for protecting representative samples of existing ecosystems; 3. DNR must demonstrate that they have met the short-term measurable targets for protecting representative samples of existing ecosystems, which are required by CAR 2007.2. <p>Note- because this non-conformance has already been extended once, a failure to meet any of the three components of this CAR will lead to a Major CAR.</p>
Deadline	2009 surveillance audit
Reference	<i>Criterion 6.4</i>

Background/Justification: Although, the gap analysis is not yet complete, DNR concludes that for most NPCs in most subsections in the State, the existing representation is well below SNA goals, or in other words DNR lands do not have a sufficient network of representative samples of existing ecosystems as required by FSC Criterion 6.4. DNR has made some progress on identifying opportunities to contribute to representative ecosystem goals (see 11 areas listed in DNR's response to CAR 2005.6). However, in some cases, e.g., Bemis Swamp, it is unclear if and how these sites will be managed, and thus it is unknown whether or not they qualify as true representative samples. SNA's are the designation that best addresses Criterion 6.4, yet total contributions from DNR administered forestland (not counting the peatland SNA's) remains below 1%. Only one new, notably small, SNA has been established on DNR administered forestland since CAR 2005.6 was issued. In June 2007, the Division of Forestry contributed 160 acres to help create the St. Wendel Tamarack Bog SNA.	
CAR 2007.2	DNR must establish a set of short-term (e.g., 1-2 years) and measurable targets that detail the specific contributions that DNR administered forestlands will make toward protecting representative samples of existing ecosystems.

Deadline	2008 surveillance audit
Reference	<i>Criterion 6.4</i>

Background/Justification: Indicator 8.1.b. requires that *Monitoring is carried out to assess the degree to which management goals and objectives have been achieved.*” As of the September 2007 audit, DNR had not yet begun implementing their *SFRMP Monitoring Plan*, which is key to monitoring management goals and objectives. Table 1 of the *SFRMP Monitoring Plan (2006)* classified monitoring questions into one of three priority categories:

1. Measurements that can be done fairly easily and will start immediately;
2. Measurements DNR is working on and hopes can be done soon;
3. Measurements that DNR would like to undertake, but that are currently not possible

CAR 2007.3	For each of the subsections for which SFRMP direction has been implemented, DNR must provide SFRMP monitoring results for priority one questions.
Deadline	2008 surveillance audit
Reference	<i>Criterion 8.2</i>

Background/Justification: At the time of the audit, the *Coordination Framework* had not been finalized and staff in the Warroad Administrative Area were unaware of the procedure for *Treatment of Ecologically Important Lowland Conifers*, suggesting it had not been effectively communicated. The *FRIT Policy Process* had not been implemented, despite CAR 2006.9 requesting it to be initiated at the 2007 audit.

CAR 2007.4	DNR must demonstrate improvement in the timeliness, finalization, communication, and implementation of new policies and procedures. When this CAR is reviewed at the 2008 surveillance audit, SCS expects to see that the <i>Coordination Framework</i> , the <i>FRIT Policy Process</i> , and the procedure on <i>Treatment of Ecologically Important Lowland Conifers</i> will all have been implemented and effectively communicated, in advance of the September 2008 audit.
Deadline	2008 surveillance audit
Reference	<i>Criterion 7.1 and 7.3</i>

Background/Justification: DNR lacks a system to ensure timber from Land Utilization Project (LUP) units is not sold as FSC certified. LUP lands, such as the Red Lake WMA are leased from the Fish and Wildlife Service, and administered by Division of Wildlife. Although these lands were included in the original assessment and recommended by the team for certification, these lands are out of the scope of this FSC certificate. FSC U.S. views that the LUP lands are subject to the FSC U.S. Federal Lands Policy that excludes certification on U.S. Fish and Wildlife Lands (as well as most other federal ownership) until such time that a separate federal lands standard has been developed and until the FSC US Board sanctions Federal Land certification.

Major CAR 2007.5	DNR must implement written procedures that ensure timber from LUP lands, or other non certified lands within the DNR estate, is not sold as FSC certified.
Deadline	March 15, 2008
Reference	<i>Criterion 8.3</i>

Background/Justification: SFRMP is not yet complete. See discussion under CAR 2005.9.	
CAR 2007.6	DNR must complete* and implement all SFRMP by December 31, 2010, *SCS will accept a plan as complete once the plan direction has been implemented.
Deadline	December 31, 2010
Reference	<i>Criterion 7.1 and 7.2</i>

Recommendations

Recommendation 2007.1: By December 15, 2007, DNR should provide to SCS a written assessment that addresses the following questions:

- What management planning documents, procedures, guidance documents, etc are or will be used in the interim to compensate for the lack of completed SFRMPs.
- What are the implications (particularly with respect to conformance with the FSC Lake States standard) of not having completed the SFRMPs and Silvicultural Interpretations by the stated deadline?
- What stop-gap measures are in place to address the implications of managing without these key planning tools?
- What is the new timeline for completion of the SFRMPs and Silvicultural Interpretations?

January 2008 Update: DNR provided a detailed response to Recommendation 2007.1. The details of this response are described, above, under CAR 2005.9.

Topics requiring focused assessment in 2008

- Effectiveness of DNR's current OHV management and monitoring tools, including conditions of trails in high use motorized areas. SCS will inspect a sample of areas that stakeholders have identified as problematic;
- Sustained yield (Criterion 5.6): In light of a proposed 10% increase in harvest levels and SFRMP planning period extensions, sustained yield of harvest levels will be a focus of the 2008 surveillance audit;
- Whether DNR ensures that there are adequate ecological constraints when salvage harvests occur (Indicator 6.3.c.4);
- Whether biomass harvesting in MCBS sites is occurring, and, if so, whether biodiversity is compromised (Principle 9, Criterion 6.4).

2.7 General Conclusions of the Annual Audit

Based upon information gathered through site visits, interviews, and document review, SCS concludes that management of the MN DNR administered forests continues to be in overall conformance with the FSC Principles and Criteria. However, as described in Sections 2.4 and 2.6 there are CARs that must be addressed. Addressing these CARs within the stipulated timeframes should be considered of high importance.

3.0 DETAILED OBSERVATIONS

This section is divided into two parts: Section 3.1 details the determining of conformance and non-conformance with the elements of the standard examined during this audit. Section 3.2 discusses stakeholder comments.

3.1 Evaluation of Conformance

SCS auditors selected Principles 3, 5, and 7, and Criterion 6.3,6.4,6.5, 6.7for assessment in 2007. Furthermore, Sections 2.4 and 2.6 also discuss DNR’s performance relative to a number of other FSC Criteria.

C= Conformance

C*= Overall Conformance, but there are outstanding discretionary CARs

NC= Non-Conformance

REQUIREMENT	C/ NC	COMMENT/CAR
P3 The legal and customary rights of indigenous peoples to own, use and manage their lands, territories, and resources shall be recognized and respected.		
C3.1. Indigenous peoples shall control forest management on their lands and territories unless they delegate control with free and informed consent to other agencies.	NA	Not Applicable
C3.2. Forest management shall not threaten or diminish, either directly or indirectly, the resources or tenure rights of indigenous peoples.	C	<p>SCS interviewed DNR Tribal Liaison, Paul Swenson, during the 2007 audit. The following actions have strengthened DNR’s conformance with Criterion 3.2 and 3.3:</p> <ul style="list-style-type: none"> • MN DNR has worked hard to gather and act upon tribal input in the OHV planning process. DNR held meetings in locations that were accessible to Tribes, and ensured documents for review were sent to Tribes. The Red Lake Tribe and the White Earth Tribe expressed concerns about OHV access on tribal lands, and in both cases, DNR made efforts to accommodate those concerns • DNR worked closely with the White Earth Tribe biologist to repair damage and block future

		<p>access to Strawberry Mountain</p> <ul style="list-style-type: none"> • DNR worked with the Indian Affairs Council to train foresters on burial mound identification • Tribal, DNR, and Federal biologists worked together to develop a statewide report on wild rice- an important resource for the Chippewa Tribes.
C3.3. Sites of special cultural, ecological, economic or religious significance to indigenous peoples shall be clearly identified in cooperation with such peoples, and recognized and protected by forest managers.	C	DNR worked with the Indian Affairs Council to train foresters on burial mound identification
C3.4. Indigenous peoples shall be compensated for the application of their traditional knowledge regarding the use of forest species or management systems in forest operations. This compensation shall be formally agreed upon with their free and informed consent before forest operations commence.	C	DNR does not believe that the department is utilizing tribal intellectual property rights in the course of managing the state forests.
P5 Forest management operations shall encourage the efficient use of the forest's multiple products and services to ensure economic viability and a wide range of environmental and social benefits.		
C5.1. Forest management should strive toward economic viability, while taking into account the full environmental, social, and operational costs of production, and ensuring the investments necessary to maintain the ecological productivity of the forest.	C	The most significant change related to DNR's conformance with Criterion 5.1 is the increase in funding and staffing levels, as described in CAR 2006.5.
C5.2. Forest management and marketing operations should encourage the optimal use and local processing of the forest's diversity of products.	C	In order to help maintain the viability of the Minnesota based forest industry, DNR canceled timber contracts that had been established during an unprecedented run-up of stumpage values. By allowing biomass harvesting, DNR is further improving utilization (which is already very high, relative to other regions of the U.S.).
C5.3. Forest management should minimize waste associated with harvesting and on-site processing operations and avoid damage to other forest resources.	C	Observations during the 2007 audit re-confirmed the strong conformance observed in the original assessment. The main change since 2005 is that stumpage values have significantly decreased. However, this has not resulted in increased waste or damage.
C5.4. Forest management should strive to strengthen and diversify the local economy, avoiding dependence on a single forest product.	C	Conformance with this Criterion remains strong, as there has been no shift from DNR's objective to manage for outdoor recreation, the production of timber products, wildlife habitat, watershed and river system health, and biodiversity.
C5.5. Forest management operations shall recognize, maintain, and, where appropriate, enhance the value of forest services and resources such as watersheds and fisheries.	C	During the 2007 audit, the team observed good conformance with BMP's for water quality.

<p>C5.6. The rate of harvest of forest products shall not exceed levels that can be permanently sustained.</p>		<p>The audit team did not assess sustained yield during the 2007 audit. Following the audit, SCS was informed that DNR is aiming to increase harvest levels on DNR administered forestland by approximately 10%.</p> <p>There is a concern about sustained yield for subsections, such as Agassiz, where DNR plans to extend harvest level assumptions for up to three years beyond the original life of the plan. Conditions, e.g., large amounts of over-mature aspen, that were present at the outset of the planning period may no longer be true during the plan extension period. In light of increased harvest levels and SFRMP planning period extensions, sustained yield will be a focus of the 2008 surveillance audit.</p>
<p>P6 Forest management shall conserve biological diversity and its associated values, water resources, soils, and unique and fragile ecosystems and landscapes, and, by so doing, maintain the ecological functions and the integrity of the forest.</p>		
<p>C6.3. Ecological functions and values shall be maintained intact, enhanced, or restored, including: a) Forest regeneration and succession. b) Genetic, species, and ecosystem diversity. c) Natural cycles that affect the productivity of the forest ecosystem.</p>	<p>C</p>	<p>DNR remains in conformance with this Criterion. Additionally, we observed more consistent conformance with the extent and manner that green tree retention satisfies the Site-level Guidelines.</p> <p>Regeneration of jack and red pine in the Bemidji area remains highly problematic. DNR is making sizable investments in research, protection, and repeated plantings to ensure that regeneration is eventually established. The audit team did note that DNR could be more systematic in monitoring/researching its own replanting attempts, rather than rely primarily on an external team (Jack Pine SWAT Team) of researchers to assess why regeneration is failing.</p> <p>A remaining area of concern is the lack of salvage harvest guidelines. Indicator 6.3.c.4. requires that <i>Responses (such as salvage) to catastrophic events (such as wildfire, blowdown, and epidemics) are limited by ecological constraints.</i> DNR was issued Recommendation 2005.6: <i>DNR should develop guidelines covering how, when, and where salvage operations will occur, and how ecological impacts are considered.</i></p> <p>Salvage harvest guidelines for non-round wood harvests were developed as part of the MFRC <i>Biomass Harvest Guidelines</i>. However, the salvage sections were struck from the <i>Biomass Harvest Guidelines</i> prior to their finalization. In lieu of the Guidelines containing</p>

		<p>restrictions on salvage, MN DNR has agreed to <i>consider</i> exceeding the standards for salvage harvests, as well as MCBS sites. MN DNR directors agreed to the following statement: <i>DNR application of Brushland and Open Land Biomass Harvest Guidelines: As a general rule, the DNR shall meet or exceed the MFRC biomass guidelines on state lands. Greater consideration should be given to exceeding these guidelines specifically in salvage operations and in MCBS sites of high or outstanding biodiversity significance and other ecologically sensitive sites. Training programs and demonstration sites will be used to communicate when, how, and where the guidelines will be applied, and DNR will continually evaluate the science on the impacts of biomass harvesting and will adapt management as necessary.</i></p> <p>Considering that no action has been taken on Recommendation 2005.6 and the somewhat loose commitment to limit biomass harvesting from salvage of non-round wood sale events, SCS will pay close attention to salvage harvest activity in future audits. Recommendation 2005.6 will be elevated to a CAR if we observe salvage harvests that fail to balance ecological and economic objectives.</p>
<p>C6.4. Representative samples of existing ecosystems within the landscape shall be protected in their natural state and recorded on maps, appropriate to the scale and intensity of operations and the uniqueness of the affected resources.</p>	<p>C*</p>	<p>See CAR 2007.1 and CAR 2007.2</p>
<p>C6.5. Written guidelines shall be prepared and implemented to control erosion; minimize forest damage during harvesting, road construction, and all other mechanical disturbances; and to protect water resources.</p>	<p>C*</p>	<p>The 2007 audit re-confirmed the initial assessment results that DNR is implementing a strong program of BMPs. In general, road conditions were good. Concerns of OHV impacts to roads and trails remain. The 2008 audit will focus on impacts to roads from OHV activity.</p>
<p>C6.7. Chemicals, containers, liquid and solid non-organic wastes including fuel and oil shall be disposed of in an environmentally appropriate manner at off-site locations.</p>	<p>C</p>	<p>DNR chemical use policies and practices are outlined in Operational Order 59. There have been no significant changes in DNR's approach to chemical pesticide applications. During the 2007 audit we observed consistent adherence with the Operation Order. A chemical storage location at Thief Lake WMA was checked and found in sufficient order. See 2005 FSC Full Assessment Report for more details.</p>
<p>P7 A management plan -- appropriate to the scale and intensity of the operations -- shall be written,</p>		

implemented, and kept up to date. The long-term objectives of management, and the means of achieving them, shall be clearly stated.		
C7.1. The management plan and supporting documents shall provide: a) Management objectives. b) description of the forest resources to be managed, environmental limitations, land use and ownership status, socio-economic conditions, and a profile of adjacent lands. c) Description of silvicultural and/or other management system, based on the ecology of the forest in question and information gathered through resource inventories. d) Rationale for rate of annual harvest and species selection. e) Provisions for monitoring of forest growth and dynamics. f) Environmental safeguards based on environmental assessments. g) Plans for the identification and protection of rare, threatened and endangered species. h) Maps describing the forest resource base including protected areas, planned management activities and land ownership. i) Description and justification of harvesting techniques and equipment to be used.	C*	See discussion under CAR 2005.9 and Recommendation 2007.1. Also see 2005 FSC Full Assessment Report.
C7.2. The management plan shall be periodically revised to incorporate the results of monitoring or new scientific and technical information, as well as to respond to changing environmental, social and economic circumstances.	C*	DNR continues to update its management plans through the SFRMP process; however, there is still considerable work to be done. See CAR 2005.9 and Recommendation 2007.1. DNR has yet to implement SFRMP monitoring, as such CAR 2007.3 is stipulated.
C7.3. Forest workers shall receive adequate training and supervision to ensure proper implementation of the management plans.	C	Training of forestry staff on the use of ECS and NPC has improved.
C7.4. While respecting the confidentiality of information, forest managers shall make publicly available a summary of the primary elements of the management plan, including those listed in Criterion 7.1.	C	Updated management plans and related documents are available on the DNR website.

3.2 Stakeholder Comment

As part of the 2007 surveillance audit, SCS auditors consulted with a broad cross-section of stakeholders. Consultation took place prior to, concurrent with, and following the field evaluation. Consultations were undertaken via phone and in-person meetings. Three stakeholder meetings were conducted as part of the 2007 surveillance audit:

- Meeting with non-motorized interest groups in Minneapolis (August 22)
- Public meeting in Bemidji (September 12)
- Meeting with motorized users and user groups in Beltrami Island State Forest (September 14)

Principal stakeholder groups of relevance to this annual surveillance audit were identified based upon results from the initial full evaluation (conducted in October, 2005). The following types of groups and individuals were determined to be important stakeholders:

- DNR employees, including headquarters and field personnel (See section 2.3)
- Adjacent property owners/managers
- Pertinent tribal representatives
- Local and regionally-based environmental organizations and conservationists
- Local and regionally-based recreation user groups
- Forest industry groups and organizations
- Purchasers of Minnesota state forestland timber sales
- Local jurisdictional bodies such as County Commissioners

Status of MCEA/Isaak Walton League Appeal

FSC International requested that FSC U.S. attempt to resolve the complaint informally, pursuant to the FSC Informal Dispute Resolution Protocol- Jan. 1998. In December 2006, FSC conducted separate preliminary interviews with SCS and MCEA. On February 23, 2007, FSC US concluded its dispute resolution efforts with a letter to SCS and MCEA. As indicated by the following statement, FSC US found no fault with SCS certification decision and how OHV use was addressed in the assessment:

“While FSC-US cannot present a verdict on SCS’s assessment of Minnesota’s DNR lands, it appears that SCS has made a good faith effort to assess compliance with the standard in its assessment and issuing of subsequent CARs. In my estimation the problem here is not a poor treatment of the standards in the assessment, but poor treatment of the issue in the standards themselves.”

The appellants were given the opportunity to raise their concerns about OHV use on certified forests during the FSC US Standards Revision Process. See http://www.fscus.org/standards_criteria/revision_methodology.php for the current status of the Standard Revision Process.

3.3.5.1 Summary of Stakeholder Concerns and Perspectives and Responses from the Team Where Applicable

OHV Management

Comment/Concern	SCS Response
<ul style="list-style-type: none"> • DNR does not have the enforcement staff needed to enforce unauthorized motorized access 	These OHV complaints were previously addressed in the 2005 and 2006 reports.

<ul style="list-style-type: none"> • Current DNR management of OHVs is not sustainable • There should be more closed areas that better reflect the proportion of non-motorized users • All ATV use leads to at least some forest damage, e.g. multiple passes results in compaction • DNR is not adequately considering and incorporating the public input it solicits during the OHV planning process • Too much money is being spent on motorized recreation trails, and insufficient funds are being directed to fight invasive exotic species • The OHV planning process does not work from the “ground-up” as DNR portrays. In some instances, planning teams have been directed to go in the direction of managed. • DNR leadership overly caters to OHV interests • There is an overabundance of motorized trails on the state forests, impairing wildlife habitat, spreading invasive exotic plants, and interfering with non-motorized recreation interests. • Off-road 4x4 vehicle users want designated trails 	<p>See SCS reports covering the initial MN DNR FSC assessment from December 2005 (section 3.3.5.1) and the 2006 annual audit report (section 3.2). Also, see http://files.dnr.state.mn.us/forestry/certification/fsc_car_responsetopubliccomments.pdf for MN DNR’s responses to OHV comments.</p> <p>Also see CAR 2006.7</p> <p>In the section below, SCS responds to comments that constitute new issues/concerns and/or where there are updates to previously expressed concerns.</p>
<p>Commissioner’s Office is undercutting staff decisions. Some stakeholders allege that DNR staff fear for their jobs if they a) refuse to follow orders, or b) bring it to the attention of others.</p>	<p>See the updated status for CAR 2006.8.</p>
<p>Stakeholders provided the audit team with numerous accounts of unauthorized OHV activity and associated resource damage.</p> <p>Motorized recreation in the Southeast bluffslands region is not sustainable because of topography. Despite this trails were put in without adequate ecological protections and without effective seasonal closures.</p>	<p>See the updated status for CAR 2006.7. The 2008 audit will focus on the conditions of trails in high use motorized areas. The audit will sample some of the areas that stakeholders have identified as problematic.</p>
<p>Focus Forest monitoring approach is not working because forms are not being properly completed, and it only occurs in a subset of forests.</p>	<p>SCS believes it is too early to render judgment on the effectiveness of the Focus Forest monitoring approach. At the 2008 audit SCS will make a first assessment of the effectiveness of this monitoring tool.</p>
<p>Stakeholders are concerned about motorized trail use conflicting with horseback riding</p>	<p>Noted; SCS finds that these concerns are being adequately considered in the forest classification and trail designation process. New maps being produced for state forests- show areas where horsebacks can ride</p>

	without threat of ATV's.
Desires a trail system that provides for the diversity of interests of the user groups in Minnesota.	This is an objective of the forest classification and trail designation process. Once the process is complete and implemented, SCS can assess how well the trail system achieves the objective of satisfying the different and competing public interests.
OHV's are spreading invasive plant species	See update to CAR 2005.8.
<p>The 2006 report had stated "At a public meeting in Warroad in February 2005, the overwhelming majority of the 2,000 plus stakeholders present expressed support for the managed classification".</p> <p>In response to this comment, numerous stakeholders criticized SCS for not also mentioning that Polaris, an ATV manufacturer, provided bus service and paid employees who were on shift during the meeting time to attend the February 2005 public meeting in Warroad.</p>	<p>SCS is aware that Polaris bussed employees to the February 2005 meeting. SCS does not know how many of the 2000 plus stakeholders in attendance were from Polaris and Arctic Cat (another regionally based manufacturer of ATVs), and whether or not they were paid their wages during the meeting.</p> <p>The FSC considers employees of a local manufacturing business to be legitimate stakeholders in the certification process, especially when decisions about forest management have the potential to negatively affect that business and the livelihoods of those who work there. In other words, being an employee of an ATV or snowmobile manufacturing company does not diminish their value as a stakeholder.</p> <p>Thus, the fact that an unknown number of participants at the February 2005 meeting worked for Polaris and Arctic cat does not change or diminish the majority position that was communicated to DNR at this meeting.</p> <p>During the 2007 audit, SCS interviewed citizens living around Beltrami Island State forest, and concluded that the sentiment communicated at that February 2005 extends beyond just those employed by Polaris and Arctic Cat.</p> <p>In conclusion, we have now acknowledged that Polaris bussed employees to the meeting. However, this does not change SCS' viewpoint regarding how DNR is managing the competing and conflicting public demands on state forest access.</p>

Residents around Beltrami Island State Forest (BISF) feel they are good stewards of the land, and want to maintain the full access for hunting, leisurely riding, berry picking, visiting family historical sites (e.g. gravesites, homes), and gathering wood for fuel (in particular wood burners) on BISF that they have had for generations.	Noted
Local citizens and motorized recreation groups around BISF want to cooperate with DNR on efforts such as trail work, clean-up of trash in the forest, peer enforcement of responsible and safe riding.	Noted
Enforcement officers only protect closed areas and DNR monitoring efforts only focus on closed forests.	SCS interviewed enforcement officers and reviewed DNR monitoring efforts. These claims are not accurate as DNR enforcement covers all areas of DNR forests. DNR monitoring of damage and unauthorized OHV activity also occurs in all forest, but has increased the intensity in Focus Forests.

Silviculture, HCVF, and Old Growth

Comment/Concern	SCS Response
DNR should put more emphasis on maintaining and creating natural biodiversity, such as old growth	Noted. See CAR 2006.10
DNR is managing toward a monoculture of aspen, and in the process is losing portions of other mixed forests.	While aspen management is currently (and will remain) a large part of DNR's silviculture, many of the SFRMP's have goals to shift cover type from aspen to conifer.

Miscellaneous

Comment/Concern	SCS Response
DNR is not effectively controlling deer numbers in some areas of the state, such as Clearwater County.	High deer densities are a problem on the majority of public forests in the U.S. DNR's citizen team approach for setting deer goals is one of the better approaches SCS has observed for trying overcome the political challenge of reducing deer numbers. Changes in deer hunting regulations initiated in 2003 have resulted in population declines throughout forested regions of the state. See CAR 2005.5. Recent mild winters in Minnesota are adding to the challenge of controlling deer numbers. Given the merits of the citizen team approach, the liberalizing of hunting regulations that occurred in 2003, and the unanticipated and unpredictable mild winter factor, SCS does not see a non-conformance. SCS will continue to monitor this in future surveillance audits.
DNR is not maximizing utilization, as one	Utilization should improve with emerging biomass

stakeholder observed slash piles, with oak, being burned instead of made available to firewood cutters.	markets. DNR does have a permit system for firewood cutting. Firewood cutting can be restricted because of concerns about resource damage from access.
Supports DNR certification and would like to see it used as a process to improve MN DNR forest management.	Duly noted

3.3 Controversial Issues

OHV Management is clearly the most controversial issue. A secondary controversial issue is the process for designating high conservation value forests. See discussion under CAR 2005.1 and CAR 2006.14 for details.

3.4 Changes in Certificate Scope

There are no changes in the geographic scope of the certificate.