



Board of County Commissioners Agenda Request

6A

Agenda Item #

Requested Meeting Date: 1/23/2018

Title of Item: FSC forest management re-certification

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	Action Requested: <input checked="" type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft)	<input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing* <small>*provide copy of hearing notice that was published</small>
Submitted by: Land Commissioner		Department: Land Department
Presenter (Name and Title): Mark Jacobs		Estimated Time Needed: 15-minutes
Summary of Issue: <p>Aitkin County Land Department (ACL D) has been third party certified with Forest Stewardship Council (FSC) since September of 1997 becoming the first county managed forest lands in the United States to obtain this international gold standard. Over the last twenty years, FSC certification has provided an independent and public verification that ACL D has met or exceeded the rigorous principles that promote environmental, economic and social standards. In addition, FSC certification has helped ACL D and local forest industries maintain access to regional and international timber markets. To maintain the FSC standard, ACL D is required to undergo re-assessment of all of the FSC principles and criteria every five years and then undergo annual audits each subsequent year.</p> <p>Rainforest Alliance (SmartWood) has been the organization that has provided the required certification and auditing services for ACL D since 1997.</p> <p>ACL D has negotiated a cost for 5-year certification that spreads the normal higher up-front costs over 5 years. This provides a savings of \$1,617 over the 2013-2017 rates (annual savings \$323.40). The proposal includes a graduated early termination penalty if ACL D terminates before the end of 5yr.</p> <p>Attached are some forest industry and environmental/conservation organization notes supporting FSC and our continued FSC certification.</p>		
Alternatives, Options, Effects on Others/Comments: 		
Recommended Action/Motion: ACL D requests approval of the attached proposal for FSC recertification and audit services with Rainforest Alliance (2018-2022).		
Financial Impact: Is there a cost associated with this request? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No What is the total cost, with tax and shipping? \$ 9087/year 2018-2022 Is this budgeted? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <i>Please Explain:</i>		

Legally binding agreements must have County Attorney approval prior to submission.



December 22, 2017

Mark Jacobs
Aitkin County Land Department
209 2nd Street NW, Room 206
Aitkin, MN 56431

RE: Proposal for FSC forest management re-certification

Dear Mark:

Thank you for expressing an interest in FSC forest management certification. We hereby submit this certification proposal for the FSC certification re-assessment and subsequent annual audits. The re-assessment will include a thorough, comprehensive examination of forest management systems within the context of the FSC-US Forest Management Standard Version 1.0. For a copy of this standard, go to http://www.fscus.org/standards_criteria/forest_management.php.

Upon the acceptance of this proposal from Rainforest Alliance (RA), Aitkin County Land Department (ACLD) will be asked to sign a copy of the RA Service Agreement for the FSC Forest Management re-assessment. RA will then initiate the re-assessment process as detailed below, beginning with auditor assignment, and development of a draft agenda. If there are any elements of our proposal that do not meet your expectations, please do not hesitate to contact us.

This proposal is valid for 30 days from the date of proposal.

Proposal consists of four main parts:

- Scope
- Forest management re-assessment process
- Re-assessment budget with future audit costs
- Rainforest Alliance's background information

Scope

The scope of the forest management re-assessment includes forest owned by Aitkin County, which is approximately 90,256 hectares.

In addition, the proposal is based on the understanding all preparation material requested by RA will be completed in a timely manner prior to initiation of the re-assessment.

Forest management re-assessment process

The certification process consists of the following steps:

- RA staff and auditors coordinate with staff directly responsible for forest management to further prepare for the re-certification process; request documentation to be provided; and to plan the logistics of the assessment.
- Based on discussions and document review, the agenda and dates of field re-assessment are agreed with the client.
- Once the dates are agreed upon, RA initiates a public stakeholder consultation process in keeping with FSC requirements. A list of potential stakeholders is compiled and information about the upcoming evaluation is submitted to all stakeholders. Also, a public notification about the evaluation is posted on the RA website. Additionally, selected stakeholders will be contacted by RA prior to, during, and after the evaluation.
- The field evaluation will consist of the following elements:
 - Review of procedures and interview with staff supervising forest management activities;
 - Examination of forest management plans and other forest management related documentation;
 - Field visits to different forest sites together with forest management staff (logging sites, regeneration,

- Interviews with operational staff conducting activities in the field (including contractors);
- Based on evidence collected and observed during the evaluation, RA compiles a written report summarizing the findings and conclusions of our auditors. Any non-conformances identified are described in the report as minor or major non-conformances. Major non-conformances must be eliminated before re-issuance of certificate (additional field or desk assessment is required); minor non-conformances must be eliminated within a prescribed timeline (usually 1 year) however they do not preclude the issuance of a certificate. Correction of minor non-conformances is usually checked during the next annual audit.
- A draft report will be provided within 45 days after the completion of the evaluation for your review and comment.
- After you have reviewed the report, RA conducts a formal quality review of the report and makes a re-certification decision.
- In the case of a positive decision, an updated certificate is issued for a five year period. For maintenance of certification, annual surveillance audits are required to be conducted at least yearly.
- A public summary of re-assessment report is placed on the FSC website and it is accessible for all interested parties. All proprietary and confidential information is held in strict confidence by RA, and is excluded from the public summary unless otherwise expressly agreed upon in writing.

Re-Assessment budget with future audit costs

The certification re-assessment is a thorough analysis of the forest management practices, associated management systems, documents and records. The re-assessment will be conducted with particular emphasis on field performance within the parameters of stated management objectives, regulatory and procedural constraints. RA will develop a report of re-assessment findings for each Indicator in the Standard including Observations, Minor Non-Conformance Reports (NCRs) and/or Major NCRs. Based on the scope identified above in this proposal, the likely duration of the re-assessment is 2 days with 2 auditors.

Annual audits evaluate verify conformance with portions of the applicable FSC Forest Management Standard and evaluate open Nonconformity Reports (NCRs). The audit will also include an evaluation of any changes to your FSC-certified management systems and/or changes in the scope of your certification. Based on the scope identified above in this proposal, the likely duration of the re-assessment is 2 days with 1 auditor.

As requested, cost for 5-year certification period has been spread evenly over the 5 years rather than a higher upfront cost for the re-assessment. Therefore, included is an early termination fee to be paid if ACLD terminates the proposal before the end of the 5-year period.

YEAR	CERTIFICATION ACTIVITY	TOTAL COST	Early Termination Fee
2018	FSC Full recertification audit	\$8785	\$8390
2019	Yearly audit	\$8785	\$5855
2020	Yearly audit	\$8785	\$3570
2021	Yearly audit	\$8785	\$1635
2022	Yearly audit	\$8785	\$0

Budget Notes:

1. These figures do not include FSC AAF fee charged to certifying bodies based on certificate holder number of acres. The FSC AAF for ACLD is currently \$302.
2. These figures include all auditor costs including travel, lodging, and meals.
3. Early termination fee due if termination occurs before the next audit (e.g. if terminate before the 2019 audit, \$8390 is due).

Rainforest Alliance will honor these cost estimates for future audits, if possible. There is the potential that these costs will need to be adjusted in future years based on unanticipated issues such as, but not limited to, the following factors:

- Substantial Increase in travel expenses and/or inflation;
- Change in scope of the ACLD certificate;
- Changes in FSC-US and/or FSC-International standards;

- Changes in FSC policy and/or sampling requirements;
- Changes in ACLD management intensity;
- Substantial stakeholder issues; or
- Major non-conformances with ACLD certificate.

If any unanticipated issue results in a cost increase to RA by 5% or more, then RA reserves the right to adjust the budget. If this happens, RA will submit a budget approval letter with an email that explains the increase for approval by ACLD.

Rainforest Alliance's background information

RA was the first forest certification organization in the world. We are a well-known entity with an established track record. Our unmatched experience translates directly into value for our clients. RA certifications carry a proven track record of durability. Thanks to our extensive and diverse experience, we have developed credible, practical and efficient systems for delivery of auditing services that are consistently superior in quality. We have unparalleled credibility among a broad spectrum of stakeholders including environmental organizations, community groups, industry leaders and governments.

RA has certified a wide variety of operations including educational institutions, large vertically integrated forest products companies, large non-industrial forestland owners, small non-industrial forestland owners, consulting foresters, indigenous forest owners, community groups and a myriad of public ownerships. We provide FSC certification services to more than clients than any other FSC certification body.

If you have any questions or if this proposal doesn't fully meet your expectations, please do not hesitate to contact me.

I look forward to working with you.

Respectfully,

Kara Wires
Technical Manager, North America
802-923-3767, kwires@ra.org

12/22/2017

Mark,

In my opinion, FSC certification has without a doubt provided the primary impetus for improved forest management practices in Minnesota over the past three decades. From the county level - starting with Aitkin, to the state level with DNR, FSC certification has provided a benchmark for foresters, and provides standards towards which (nearly) continuously improved practices have been widely implemented by counties and state foresters. FSC certification serves as a "gold standard" for forest management, which provides assurances to the public that their public forest land is being managed for more than just commercial values. As such, this provides the space to sustain and grow "social license" to continue forest harvests. Since the advent of widespread FSC certification in Minnesota, social conflicts over timber harvest have been few and far between.

Don Arnosti
Conservation Director
Izaak Walton League - MN Division

1/3/2018

Mark – I can tell you unequivocally that the FSC certification of your County land base is of significant importance to Verso Corp. Our customers continue to demand FSC credits assigned to their paper orders. Many have a strong preference for FSC over SFI. The FSC Chain of Custody system changed last year for companies with multi-site certificates like Verso. We now have the ability to pool credits within our company and assign available credits to other mills outside of MN. This increases the importance of the FSC credits to Verso. I believe it is one reason why your stumpage sales generate a relative premium in the marketplace.

If anyone from your County Board would benefit from talking to me directly about this perspective, feel free to pass along my contact information to them.

Jim Contino
Verso Corp
Fiber Supply Director
(207) 745-0833 cell

1/13/2018

Mark-

At TNC in MN we have been under the TNC group certificate since 2006. John Powers helped write our management plan and came with a good outline thanks to work by you and others.

I believe most of the early interest in TNC's collaborative efforts in Northeast MN were a direct result of certification.

I think certification brought some of the better forestry and more progressive manager's ideas out into the mainstream. From my perspective the discussion is much quieter now but I would certainly credit certification for most of the lift in on the ground results in the last 20 years.

Chris Dunham - Forester
The Nature Conservancy - MN
