



# Board of County Commissioners Agenda Request

## 7B

Agenda Item #

**Requested Meeting Date:** December 20, 2022

**Title of Item:** FSC Forest Management Re-certification

<input checked="" type="checkbox"/> REGULAR AGENDA <input type="checkbox"/> CONSENT AGENDA <input type="checkbox"/> INFORMATION ONLY	<b>Action Requested:</b> <input checked="" type="checkbox"/> Approve/Deny Motion <input type="checkbox"/> Adopt Resolution (attach draft) <i>*provide copy of hearing notice that was published</i>	<input type="checkbox"/> Direction Requested <input type="checkbox"/> Discussion Item <input type="checkbox"/> Hold Public Hearing*
--	--	---

<b>Submitted by:</b> DJ Thompson	<b>Department:</b> Land
-------------------------------------	----------------------------

<b>Presenter (Name and Title):</b> DJ Thompson, Land Commissioner	<b>Estimated Time Needed:</b> 15 minutes
--	---

**Summary of Issue:**

The Aitkin County Land Department (ACLD) has been third-party certified with the 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 25 years, FSC certification has provided an independent and public verification that ACLD has met or exceeded the rigorous principles that promote environmental, economic, and social standards. In addition, FSC certification has helped ACLD and local forest industries maintain access to regional and international timber markets. To maintain the FSC standard, ACLD 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.

Preferred by Nature (initially SmartWood) has been the organization that has provided the required certification and auditing services for the ACLD since 1997.

ACLD has negotiated a cost for 5-year certification that spreads the normal higher up-front costs over 5 years. The proposal includes a graduated early termination penalty if ACLD terminates before the end of the 5 years.

**Alternatives, Options, Effects on Others/Comments:**

**Recommended Action/Motion:**  
 ACLD requests approval of the attached proposal for FSC recertification and audit services with Preferred by Nature (2023-2027)

**Financial Impact:**

Is there a cost associated with this request?       Yes       No

What is the total cost, with tax and shipping? \$ \$11,337/year 2023-2027

Is this budgeted?       Yes       No      *Please Explain:*

Yearly cost is \$11,030 plus FSC AAF fee charged to certifying bodies based on the certificate holder number of acres. The FSC AAF for ACLD is currently \$307.00



December 8, 2022

Dennis Thompson  
Aitkin County Land Department  
502 Minnesota Avenue North  
Aitkin, Minnesota 56431

RE: Proposal for 2023 FSC forest management re-certification

Dear Dennis:

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](http://www.fscus.org/standards_criteria/forest_management.php).

Upon the acceptance of this proposal from Preferred by Nature, Aitkin County Land Department (ACLD) will be asked to sign a copy of the Preferred by Nature Service Agreement for the FSC Forest Management re-assessment. Preferred by Nature 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
- Preferred by Nature background information

### **Scope**

The scope of the forest management re-assessment includes forest owned by Aitkin County, which is approximately 90,866 hectares.

In addition, the proposal is based on the understanding all preparation material requested by Preferred by Nature 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:

- Preferred by Nature 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, Preferred by Nature 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 Preferred by Nature website. Additionally, selected stakeholders will be contacted by Preferred by Nature 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, protected areas etc.).
- Interviews with operational staff conducting activities in the field (including contractors);
- Based on evidence collected and observed during the evaluation, Preferred by Nature 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, Preferred by Nature 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 Preferred by Nature 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. Preferred by Nature 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 2.5 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 annual audit is 2 days with 1 auditor.

As requested, your audit proposal, cost for 5-year certification period is detailed below. We are offering you two options for payment. The first option is to pay normal reassessment cost with annual audits increasing each year.

<b>YEAR</b>	<b>CERTIFICATION ACTIVITY</b>	<b>TOTAL COST</b>
2023	FSC Full recertification audit	\$21,900
2024	Yearly audit	\$7,650
2025	Yearly audit	\$8,150
2026	Yearly audit	\$8,550
2027	Yearly audit	\$8,900
<b>Total</b>		<b>\$55,150</b>

The second option, for your audit proposal, 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
2023	FSC Full recertification audit	\$11,030	\$10,870
2024	Yearly audit	\$11,030	\$7,490
2025	Yearly audit	\$11,030	\$4,610
2026	Yearly audit	\$11,030	\$2,130
2027	Yearly audit	\$11,030	\$0
<b>Total</b>		<b>\$55,150</b>	

**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 \$307.
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 2024 audit, \$10,870 is due).
4. **ACLD will chose which payment option to honor for this 5-year audit proposal.**

**Option 1 or Option 2 (please circle option choice).**

Preferred by Nature 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 Preferred by Nature by 5% or more, then Preferred by Nature reserves the right to adjust the budget. If this happens, Preferred by Nature will submit a budget approval letter with an email that explains the increase for approval by ACLD.

**Preferred by Nature -background information**

Preferred by Nature 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. Preferred by Nature 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.

Preferred by Nature 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,

Geoff Morris

**Geoff Morris**  
Forestry Specialist  
Preferred by Nature