



FOREST BIOMETRICS RESEARCH INSTITUTE

4033 SW Canyon Road
Portland, Oregon 97221

A Non-Profit Research Corporation since 2002
For the advancement of research, education, and service in forest biometrics

September 14, 2015

To FBRI Supporting Organizations:

The Board of Directors held its third meeting of the year on August 24 and 25 at the World Forestry Center in Portland. The primary topic on our agenda was to choose one of the proposals we received to provide Supporting Organizations with technical support services. We also spent a considerable amount of time fine-tuning our five-year plan, and developing a budget that would fund the elements of that plan.

On July 16, Dr. Jim Arney sent an open letter to our Supporting Organizations informing them that the Institute was seeking a contractor to provide technical support services to FPS users on behalf of FBRI. As a result of the letter we received three proposals. I am pleased to announce that the Board selected the proposal submitted by Northwest Management, Inc. (NMI). We are truly excited about this opportunity to work with Mr. Vincent Corrao and his staff at NMI. NMI has continuously used and enthusiastically supported FPS from its initial development to the present day, and so they have the staff, experience, and passion to take on this key responsibility. As you know, Dr. Arney has been single-handedly providing technical support services to FPS users since the beginning of the year and so we are looking forward to getting NMI up and running by January 1, 2016, so they can relieve him of these duties. This will allow Jim to focus on other important responsibilities that have been, unfortunately, put to the side over the past year. We are currently working on the contract with NMI and we expect to have all the details ironed out in time for our Annual Meeting on November 10.

This contract with NMI is the first step in a five-year plan to transition to a future where Dr. Arney can finally retire (see Table 1). In subsequent years the Board plans to hire contractors to take on all the various functions currently performed by Jim. In 2017 we want to hire an Executive Director to perform the administrative and management duties of the Institute. In 2018 we plan to hire a biometrician to become our expert at non-parametric data analysis, FPS library calibration and certification, 10m site index method, and any other quantitative task needed to maintain, support, or enhance FPS. In 2019 we'll find a programmer who can modify the FPS code as needed to fix bugs, add new features, and improve performance. He'll also be tasked to maintain the TRS Tools source code.

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Table 1. A five-year plan to identify and hire contractors to perform all the essential functions required by the Institute and its Supporting Organizations.¹

Essential Function	2015	2016	2017	2018	2019	2020
Technical Support Services	Forest Biometrics LLC	NMI	NMI	NMI	NMI	NMI
Inventory and Planning Forester	Forest Biometrics LLC	NMI	NMI	NMI	NMI	NMI
Executive Director	Forest Biometrics LLC	Forest Biometrics LLC	TBD ₁	TBD ₁	TBD ₁	TBD ₁
Biometrician	Forest Biometrics LLC	Forest Biometrics LLC	Forest Biometrics LLC	TBD ₂	TBD ₂	TBD ₂
Programmer	Forest Biometrics LLC	Forest Biometrics LLC	Forest Biometrics LLC	Forest Biometrics LLC	TBD ₃	TBD ₃
President/Mentor	Forest Biometrics LLC	Forest Biometrics LLC	Forest Biometrics LLC	Forest Biometrics LLC	Forest Biometrics LLC	Forest Biometrics LLC
Web Site Maintenance and Development	Montana Webmasters	Montana Webmasters	Montana Webmasters	Montana Webmasters	Montana Webmasters	Montana Webmasters
Business Manager	WFCA	WFCA	WFCA	WFCA	WFCA	WFCA
Legal Assistance	Agile Legal	Agile Legal	Agile Legal	Agile Legal	Agile Legal	Agile Legal
University Partnership	TBD ₄	TBD ₄	TBD ₄	TBD ₄	TBD ₄	TBD ₄
Total Number of Contractors	5	6	7	8	9	9

Note that Forest Biometrics LLC (that’s the name of Dr. Arney’s business) is retained as a full-time contractor throughout the transition period. Jim’s services are needed to train and mentor the various contractors that we hire to perform the essential functions. This is more than a full-time job for Jim. We are fortunate that Jim is very passionate about our profession, and works tirelessly and endlessly to assist our Supporting Organizations and further the mission of the Institute.

As you can see in Table 1 the number of contractors needed to perform the essential functions of the Institute goes up over time from 5 in 2015 to 9 in 2019 and 2020. For many years we have relied on Dr. Arney to shoulder most of these responsibilities and deliver lots of support and services to our Supporting Organizations. Going forward we will not find one individual to replace Jim. It will take many contractors. And so we have no choice but to increase the fees we collect from our Supporting

¹ **Disclaimer**—This table is for illustrative purposes only. It is not a guarantee that a consultant shown in any given cell will be awarded a contract for the year shown in the top row of the table.

Organizations. In my last two letters to Supporting Organizations², I alerted everyone that we were contemplating a fee increase and so this should not come as a surprise. Anyway, the cost of implementing the plan laid out in Table 1 will require Supporting Organizations to pay \$0.05 per acre beginning in 2016. The new minimum fee will be \$2,500 per year and the new maximum fee will be \$40,000 per year. Personally, I have struggled with this fee increase for the better part of this year. The Board has discussed this matter on several occasions and we are firmly convinced that this is the right path forward for the Institute. This additional funding is essential to ensure the long-term viability of the Institute and to provide FPS software, services, and support that are crucial to your organization’s success.

These new fees were computed based on the assumption that all of our Supporting Organizations will continue to support the Institute. We also decided on this funding strategy because the Board only wanted to increase dues one time within the period 2016 to 2020. With this new fee schedule, the Institute generates a surplus in 2016 and 2017 which is extinguished by the end of 2020 (see Table 2). Once 2021 rolls around Dr. Arney should be able to “partially retire” and so the annual payment to Forest Biometrics LLC should go down markedly, and our projected revenues and costs should balance out.

Table 2. The budget needed to support FBRI’s five-year plan.

Category	2015	2016	2017	2018	2019	2020
Income	\$224,200	\$370,000	\$370,000	\$370,000	\$390,000	\$390,000
Carryover (from Prior Year)	(\$100)	\$21,900	\$116,900	\$156,200	\$94,500	\$48,000
Contracted Services	\$134,400	\$225,000	\$280,000	\$380,000	\$384,000	\$385,000
Operations	\$38,400	\$13,700	\$13,900	\$14,300	\$14,500	\$14,800
Marketing	\$15,800	\$20,500	\$20,700	\$21,000	\$21,200	\$21,500
Travel	\$13,600	\$15,800	\$16,100	\$16,400	\$16,800	\$17,100
Net Income	\$21,900	\$116,900	\$156,200	\$94,500	\$48,000	(\$400)

Table 2 assumes no increase in the number of Supporting Organizations in 2016 – 2018 and a small increase in 2019 – 2020. The Board anticipates managing the five-year budget to optimize opportunities for a stronger FBRI team with broader numbers of Supporting Organizations. The five-year goal is to reach a sustainable balance between income and expense while providing optimal services.

In my last letter to Supporting Organizations (dated July 12, 2015), I reported to you that the Board was considering converting our endowment Supporting Organizations to annual dues-paying organizations. Well, we considered it a lot. But at the end of the day we decided not to do this

² These letters were my Board reports to Supporting Organizations. One was dated May 25, 2015, and the other was dated July 12, 2015.

unilaterally. Here's why. When an organization made the commitment to join the Institute as a lifetime member, that was its expectation. Back then, in 2002, the Institute's vision was to seek grant money from foundations and State and Federal agencies to build up an endowment fund. The hope was that the endowment fund would eventually be big enough to support all of the Institute's activities and no one would have to pay an annual fee. Unfortunately that did not happen.

So, to cut to the chase, the Board would still like to convert the endowment organizations to dues-paying organizations, but these entities will have to do this voluntarily. I am going to contact each of these entities to see if I can convince them to make the switch. We do appreciate the one-time support payment that we received from these organizations, but the Institute would benefit tremendously if everyone made annual contributions. Our financial position would improve markedly, we could expedite certain elements of the five-year plan, and we could offer more services, support, and workshops to Supporting Organizations.

Some of you have expressed an interest in attending FBRI Board meetings. The Board has discussed this on several occasions and I think we have come up with a plan that addresses this need. To accommodate this request we are going to hold a one-hour Board meeting on the day of our Annual Meeting—November 10. This is a unique and non-customary occurrence for a private, non-profit board, however, we are sensitive to this request from our Supporting Organizations. This one-hour Board meeting will occur immediately before lunch at 11 AM. The Board meeting will be called to order and representatives from Supporting Organizations will have an opportunity to address the Board. FBRI Directors may ask follow-up questions or matters may be taken under advisement. The entire one-hour session will be recorded and minutes will be prepared and distributed to all Supporting Organizations. This is a big step for the Board that has significant benefits for the Institute and its Supporting Organizations. It increases the transparency of the Institute and it provides a forum that allows Supporting Organizations to express their views on matters they see as important to the Institute. I encourage you to take advantage of this opportunity to address the Board. Your input is important and matters.

This year's FBRI Annual Meeting will be on Tuesday, November 10. Please put this event on your Microsoft Outlook (or Google) calendar. Dr. Arney will be (a) presenting the results of updated species calibrations in the FPS Regional Libraries, and (b) defining the new FBRI-key code assigned to each Supporting Organization for software updates and technical support beginning in 2016. Richard Zabel will be distributing these FBRI-key codes at the meeting to the principal representative from each organization. Others will be distributed by mail. A demo version of FPS will become available in 2016 for others interested in FBRI and FPS. However, only Supporting Organizations holding a FBRI-key code will have access to FPS Regional Libraries, software updates, and technical support services from NMI.

If you want to register for the Annual Meeting, contact Richard Zabel at richard@westernforestry.org. You should also consider attending because it's a great venue to network with resource professionals that rely on FPS for forest inventory, growth and yield, and forest planning. It also provides you with an opportunity to discuss issues that are relevant to your organization with one or more of the Institute's Directors (see Attachment A). Speaking of Directors, you'll get a chance to

meet our newest member of the Board, Mr. Brian Sharer, at the Annual Meeting. Mr. Sharer works for Greenwood Resources and will be taking the place of Mr. Rob Taylor who is stepping down from the Board after serving for nine years. We are very fortunate to have had Rob on the Board all those years and we appreciate the time, effort, and expertise that he contributed to our deliberations and decision making.

Thank you for your continued support of FBRI. We have a very enthusiastic and professional user community, and your active participation in the Institute is critical to our direction and success. Come to the Annual Meeting and let us know what's on your mind. If for some reason you can't attend the November 10 meeting, contact Jim, me, or anyone on the Board of Directors and let us know what's important to you.

Best regards,

Dan...

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Attachment A

FBRI Contact Information

<u>Name</u>	<u>Position</u>	<u>Phone</u>	<u>Email</u>
Dr. Jim Arney	President/Biometrician	(406) 649-0040	jdarney@forestbiometrics.com
Mr. Ken Borchert	Director	(503) 231-6296	kenneth.borchert@bia.gov
Mr. Jim McWhorter	Director	(360) 263-0677	jmcwhorter@terraverdeinc.com
Dr. Dan Opalach	Director/Chairman	(707) 668-4418	dopalach@greendiamond.com
Mr. Brian Sharer ³	Director	(971) 645-4458	brian.sharer@gwrglobal.com
Mr. Rob Taylor ³	Director	(503) 595-0623	rmtaylor@campbellglobal.com
Mr. Marc Vomocil	Director	(541) 929-2477	marc@starkerforests.com
Mr. Richard Zabel	Secretary/Treasurer	(503) 226-4562	richard@westernforestry.org

³ Mr. Sharer will be appointed to the Board on November 9, 2015, to fill the vacancy created by Mr. Taylor's departure on that very same day.