Ep.3.35- Rich Bowman

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SPEAKERS

Ed Clemente, Announcer, Rich Bowman

A **Announcer** 00:01

Welcome to The Michigan Opportunity, an economic development podcast featuring candid conversations with business leaders across Michigan. You'll hear firsthand accounts from Michigan business leaders and innovators about how the state is driving job growth and business investment, supporting a thriving entrepreneurial ecosystem, building vibrant communities and helping to attract and retain one of the most diverse and significant workforces in the nation.

E **Ed Clemente** 00:29

Hello, I'm Ed Clemente, your host and today we're fortunate to have Rich Bowman. He's the director of policy at The Nature Conservancy in Michigan. Sorry about stumbling over the Nature Conservancy, but I'm sure that you're going to mention it about 10 more times. [At least.] So welcome to the show, Rich.

R **Rich Bowman** 00:48

Thanks. Glad to be here.

E **Ed Clemente** 00:50

And what do you tell people? I mean, everyone sort of heard of the Nature Conservancy. But why don't you tell people what you tell them quickly when you hear it?

R **Rich Bowman** 00:57

Sure. Sure. You know, I often tell folks that the Nature Conservancy is the organization that everybody's heard of, and almost nobody knows what we actually do. So we are the largest

conservation organization in the world. We work in all 50 states and about 70 foreign countries, we have roughly 4000 staff and about a billion dollar a year budget, those are very round numbers. That seems pretty big, although to put it into perspective, that's about equivalent to, in the state of Michigan, if you combined EGLE and the Department of Natural Resources and the Department of Ag and Rural Development, you'd be at about those same numbers. So we use those folks, that much resources in the state of Michigan to manage our resources and at The Nature Conservancy, we take the same amount of resources and try to spread it across the world. So while we're big, we are still small enough to be able to be nimble. Here in Michigan, we've got about 60 staff. We have, over the years probably been involved since the 1960s in probably 500 land transactions, we actually don't own most of that land. A lot of it, we've helped public entities or private nonprofits acquire land for conservation purposes. You know, some of the recent projects that we've done that folks might be aware of is we helped the community with the Saugatuck natural area on the south side of the Kalamazoo River on Lake Michigan. We helped Ludington with a large recreation area on the south side of Pere Marquette Lake. We've helped the State of Michigan and the Forest Service acquire places like the Silver Mountain Outlook in southern Keweenaw County and some beaches on Lake Superior. So we are primarily in the land business, we own and manage 33 nature preserves and four large footprint working forests in Michigan right now that total about 100,000 acres.

E **Ed Clemente** 03:18

So wait a minute, when you say you own the Nature Conservancy is nonprofit, right? [Yep.] I presume? Yeah. So when you own, you mean you manage or do you actually own the land too?

R **Rich Bowman** 03:29

Both. So we own it and we manage it. Now some of those are nature preserves like our Paw Paw nature preserve just west Kalamazoo or Sharon Hallow nature preserve, northwest of the city of Ann Arbor. The one that is more recent for us that's of the most interest, is we have for large footprint, what we call forest reserves in the Upper Peninsula. And Luce, Baraga and Keweenaw County. We manage those as working forests, we actually leave them on the tax rolls and pay property taxes even though we're a nonprofit, but what we're trying to do is help the entire forest industry figure out ways to manage those forests better. So we use commercial-scale harvesting techniques and management techniques. But we use them in different ways to try to improve the health and diversity of the forests. Maybe not make as much money as you would if you're just trying to make a lot of money but we still try to make it a little bit profitable because most forest landowners need to make enough money to pay their taxes and pay their mortgage and do things like that. So those are very exciting for us. The most recent one we just finished the acquisition less than a year ago, we purchased 32,641 acres in the tip of the Keweenaw Peninsula and are now working with the DNR and with the local community over the next few years to actually move pretty much all of that land into public ownership.

E **Ed Clemente** 05:18

Maybe you could help out the audience, do a little bit of this, I know a little bit of this from my legislative days, but so there's state forests, and then there's national forests. And I think my number, at least the last number I read, Michigan's about 50% forested right?

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R Rich Bowman 05:36

Yep, yep, roughly 18 million acres, and it actually breaks down of that 18 million. Half of it is owned by what are basically small individual landowners that might own 40, 80, up to 4-500 acres, people's woodlots, people's hunting camps, that's 50% of that 18 million acres. About 4 million is in the state forest system, owned and managed by the state. A little more than 2 million is in the federal system, probably closer to two and a half million, in the the national forest, the Ottawa in the western U.P., the Hiawatha in the central and eastern U.P. and the Huron-Manistee in the northern, or the Huron-Manistee in northern Lower Peninsula. And then there are several million acres, which are referred to as industrial forest land that are actually owned by usually corporate entities. And those are large footprint ownerships. You know, historically, folks like Ford Motor Company and the Burlington Northern Railroad and Cleveland Cliffs, companies like that owned those industrial forest lands. Today with changes in structures of ownership, almost all of those are actually owned by private equity firms.

E Ed Clemente 07:02

And is that a good thing? Or is that like something that's still up for discussion?

R Rich Bowman 07:07

It's open for discussion. I think that those private equity firms, some of them do a very good job of managing that land. I think there are a couple challenges that happened with private equity that were different from the earlier industrial owners. The first one is that they, for the earlier owners, their goal was usually to make sure they had a good supply of timber, and frankly, when timber prices were cheap, they bought other people's timber. And when timber prices were high, they used their own timber, and it gave them some supply risk management. The tmos are just in the business of maximizing the value of their investment. So if the land is worth more sold to somebody, then it is kept as timberland, they will sell it. If it's worth more to sell carbon on it than it is to sell timber, they'll consider selling carbon. And if they need to, they will manage really aggressively in order to make their investment targets because frankly, they're investing other people's money. And if they don't earn the returns, those people take their money away and give it to somebody else. The biggest thing that may really be problematic is the fact that most of those private equity funds are located in places other than Michigan. And that means the profits that they earn, don't necessarily accrue to us in our communities here in Michigan. So that's why when I mentioned that 32,600 acres in the Keweenaw Peninsula, we bought that from an investment firm that had put it up for sale. And we are trying to structure a mechanism that allows the community to benefit a little bit more from that forest than they have in the past.

A Announcer 09:01

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E **Ed Clemente** 09:18

How did the Nature Conservancy even start? I mean, is it based in the United States? Because it's a global entity, right? Yeah.

R **Rich Bowman** 09:25

It's based in the United States. So it actually grew out of a scientific society, the Ecological Society and it grew like so many new organizations out of a disagreement among the members of the current organization. So the Ecological Society of America was, like any other professional scientific society, all the scientists that studied ecology, and one of the arguments was they knew that we were losing rare and unique landscapes. And there were a number of members who said, it's not good enough to just study these and have them go away, we need to actually create something to protect them and make sure they don't go away. And so in 1951, I believe, a group of those primarily scientists, formed the Nature Conservancy, originally just to identify and buy small, unique nature preserves, the thing that really changed for us and it's part of the reason I came to the Nature Conservancy 17 years ago, was that you can do a lot of really good things buying and protecting small patches of nature, especially unique stuff in nature preserves. But if all the world around that Nature Preserve is changing and degrading, pretty soon that nature preserve, that little footprint won't be viable. And so we still do nature preserves as one of our core businesses, but we also work with the folks who are managing the broader landscape, the farmers, the foresters, the folks doing urban water infrastructure, to help them do a better job of managing so that the entire environment is healthy and functional, so that those special places can continue to survive and thrive.

E **Ed Clemente** 11:29

And I appreciate that sort of history because I've always heard of it but I just didn't know how it started. And it's something I'm actually very interested even when I was in the legislature, I remember I brought in the Michigan Mountain Bike Association. But I do remember one time the DNR testifying on one of my committees that the reason we have so many forests is because the hunters, because of all the money that's raised through licensing,

R **Rich Bowman** 11:55

It's actually a more interesting story than that. [Oh good, go ahead.] Yeah, there's a publication, it's out of print. It was written in 1942, I believe, by a professor at Michigan State named Harold Titus. Harold was one of the early and larger than life forestry experts in the US. And the title of the publication he wrote is The Land That Nobody Wanted. And we all have heard the story of Michigan in the late 19th century of the white pine and kind of cutting down all of the forests of northern Michigan and the Upper Peninsula and how, for years after that, we had real challenges, lots of forest fires, we tried to farm it, but it wasn't very good for farming, and the policy of the state of Michigan and as a former legislator, you will appreciate this from about 1880 to World War One, the policy of the state of Michigan was we wanted to get all of the land into private ownership, because we funded government through property taxes, and if

somebody didn't own it, they couldn't pay taxes on it. We had all these lands through northern Michigan that had been cut over, burned over, tried to be farmed, abandoned as farmland. And what happened was basically prospectors, or people looking to make a quick buck, would buy these lands for pennies on an acre, send somebody out there to look at them. See if there was anything they could take off them, never pay for them and never pay the taxes on them. And after four years, they come back to the state. And the Land Office of the State of Michigan in that time period, sold over 100 million acres of land, which is quite a trick given that Michigan's only 38 million acres. What they were doing was they were selling roughly the same 6 million acres over and over and over again. And that was when the legislature at that point in time said, Well, this isn't working, it it? And they created the Michigan Forestry Commission which eventually became the Department of Conservation known today as the Department of Natural Resources. And they did what I tell folks I believe is the most successful brownfield redevelopment project in the state of Michigan's history because they took 4 million acres of cut over, burned over wasteland that was an environmental problem and an economic drain on the state of Michigan. And over the course of the last century, little more than a century now. They reforested it, they made it healthy, they made it into a productive place where all of us love to go.

E Ed Clemente 14:50

What percentage do you think our state was? How far down was it at one point you think like 10% or 20%?

R Rich Bowman 14:57

Yeah, probably. Probably. [Wow.] I don't think we appreciate today, you know, you go up north and I will have folks tell me how much they love the pristine forests of northern Michigan. And I love the pristine forests of northern Michigan too. But they are a forest that is there and thrives today because of deliberate policy choices by the leadership of Michigan.

E Ed Clemente 15:28

I used to drive, I'm old enough that I used to drive the it's called the Seney Stretch. [Yep.] And you know, it's from, I can't remember the two cities, but it ends up in Seney. I think it's from Newbury or something.

R Rich Bowman 15:40

It's M-28 going eventually to Newberry.

E Ed Clemente 15:46

And we used to go up there in the winter even and because there was so many stumps, we used to call it the stump graveyard, because there was nothing but massive tree stumps. And that was the worst stretch of road to drive on during the winter, because it drifts, because there

was no brakes in anywhere for miles. And I'm so happy when I go up there now and see it. And you know, just so much better.

R Rich Bowman 16:10

And it doesn't mean, and this is what we have to be really careful of. It doesn't mean just because a forest will grow back and we can make it healthy, let's not repeat what we did in the 19th century, let's do a better job of managing them going forward. And by and large, we do and they're a great asset, because you can have recreation, you can have a forest products industry, you can have a tax base to support local communities and you can have jobs if you do it right.

E Ed Clemente 16:45

Well, you know, one thing I will say I looked this up once. I have a lot of friends in Ohio, but I guess Ohio used to be like 80-90% for us too, or something. [Yes.]

R Rich Bowman 16:59

Yeah, pretty much the southern continental US, east of roughly the Indiana-Illinois border today was forest. That was the primary land cover. There were certainly pockets of prairies throughout that entire area. But it really was not until you got to to Illinois, far western Kentucky, pretty close to the Mississippi River, that you got into the prairies and then into the Great Plains, the grasslands of the central part of the country. Yeah, yeah, Michigan was 95% forested before settlement.

E Ed Clemente 17:38

Yeah, I know, I get so nervous when I read that. And just a couple of last questions for you. But how do you see recreation or the economic side of preserving this too, how does that benefit Michigan for talent, attraction or things like that.

R Rich Bowman 18:01

So obviously, people love to come here to play. And if we can put the other things in place that go along with that, they can, it's a great way to draw population to get them to stay. I know, that's part of what the governor's growth commission is going to be talking about. One of our challenges, you know, that story about the lands and the fact that our government was funded primarily by property taxes, and local government still is largely funded by property taxes, we have to continuously adjust how we fund public services as the nature of our economy changes. So you mentioned hunters and fishers, and I didn't want to in any way disparage them. Hunting and fishing licenses provide the stream of revenue that the agencies use to manage these resources well to this day, and they're really important for that. One of the things we've got to figure out with our visitor economy is that when you go someplace to mountain bike and you fall off and get hurt, you really expect the local EMS services to come

and help you out. And they do come and help you out. But those are paid for completely by the local property taxes. And we haven't yet figured out that policy mechanism to allow folks to help pay for that. We've got it in some private places. Probably the best example is when you go to go skiing, you buy a lift ticket, and there's a ski patrol there. And they've sort of figured out a mechanism at that private level for both paying for the recreational activity through the lift ticket and having the mechanism to help you when you hurt yourself. We've got to do this. We've done that to some extent. We've done it to a great extent, I shouldn't say some extent. We have a really outstanding program for snowmobile trails in Michigan through the trail permit sticker, we have a really good program for off-road vehicles, we have a really good program for our larger watercraft through the watercraft registration. We've got a bunch of new forms of recreation that nobody would have even thought of 25 years ago, like mountain biking, like everybody and their brother has a plastic kayak now, I think, and we haven't developed the revenue mechanism yet to go along with those to help those recreational users pay for the services they demand.

E Ed Clemente 20:40

So this will be the last question, I'm not going to ask you your favorite spot, because I don't want you to tell anybody. Just knowing your career, what would you tell your 17-year-old self to go into? Because, I think Michigan has a lot of unique opportunities that you probably are comfortable with? I would think.

R Rich Bowman 21:04

I would tell my 17-year-old self to make sure I went and did what I loved and found satisfaction in and felt like I could make a contribution in. I thought I was going to be a farmer when I grew up. I come from a family of farmers in Southern Michigan and when I graduated from Michigan State with a degree in agricultural economics, I managed a Farmer Jack supermarket in Southeast Michigan for years. And I ultimately ended up in a career in conservation. I do think the one thing that's important is in my entire almost 40 year career now, every job I've had, except one, somebody came and said, hey, we'd like to have you work with us or join what we're doing. I didn't apply for them. And I tell young people, build that network, get to know people. Because if you are smart, if you're intellectually curious if you're ambitious, once people know you're out there, they'll come looking for you.

E Ed Clemente 22:15

Yeah, no, no, no, it's good advice. And, well, sorry, I didn't get to all the questions, but maybe we'll get you back. [I'd be happy to come back.] Yeah, no, and I'm gonna look forward to maybe working with you offline too, a little bit. I really like what you guys do there. And once again, our guest was Rich Bowman. He's the director of policy at The Nature Conservancy here in Michigan. Thanks again, Rich, keep up the good work. All you guys do there. We appreciate it. [Thanks, Ed.] Join us next week where our guest will be Kerry Duggan. She is the founder and CEO of SustainabiliD.

A Announcer 22:51

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