

Meeting Notes

Oregon Forest Cluster Economic Strategy Project Core Team

Date: April 13, 2010

Attendees:

Rex Storm, Associated Oregon Loggers

John Dunzer

Jeremy Rogers, Oregon Business Council (OBC)

Chad Davis, Sustainable Northwest

Maia Enzer, Sustainable Northwest

Mike Cloughesy, Oregon Forest Resources Institute (OFRI)

Peter Matzka, OFRI

Scott Leavengood, Oregon State University (OSU)

Chris Knowles, OSU

Amanda Lowthian, Oregon Business Development Department (OBDD)

Chris Claflin, OBDD

Matt Krumenauer, Oregon Department of Energy (ODOE)

Gary Lettman, Oregon Department of Forestry (ODF)

Kevin Birch, ODF

David Morman, ODF

Key Points:

1. Public Comments – John Dunzer, Clatsop County resident, inquired about the need to improve markets for western hemlock. The discussion that followed focused on the preference for slower-growing, tighter-grained Canadian hemlock for molding, etc. The market for Oregon western hemlock remains primarily in structural lumber.
2. Federal Forest Restoration
 - Federal Forests Advisory Committee (FFAC) Ad Hoc Working Group update – The Work Group is still considering where to concentrate its efforts and is focusing on northeast Oregon, east slope of the Cascades, and southern Oregon. Discussions are taking place with local collaborative groups to find out if the state Work Group could add value. The following needs are regularly cited:
 - Planning
 - Prescription design
 - Shared science
 - Collaborative decision-making
 - Capacity building, especially facilitation, mediation
 - Monitoring
 - Technical and data gaps
 - A likely first focus for the Work Group will be assisting the Central Oregon

Partnership for Wildfire Risk Reduction, which intends to expand its scope to the Deschutes and Ochoco National Forests

(<http://www.coic.org/copwrr/>). A draft proposal is being developed for Forest Supervisor approval. Next steps will be match local needs with assistance that can be provided by FFAC Work Group partners.

- The Southern Oregon Small Diameter Cooperative may provide another opportunity for FFAC Work Group involvement (<http://www.pacrimrcd.org/Page.asp?NavID=313>). The cooperative is exploring market development for forest restoration bi-products. Work is still in the exploratory phase, with no action plan in place.
- The Blue Mountains Forest Partners group is working on a plan for the active management of dry forest types, with pilot efforts in Grant and Harney Counties and based on recommendations developed by Jerry Franklin (<http://www.sustainablenorthwest.org/bmfp/>).
- The Umpqua National Forest Supervisor has requested FFAC Work Group assistance in establishing a new local collaborative process for the southern portion of the forest.
- The proposed Fiscal Year 2011 budget for federal Cooperative Forest Landscape Restoration Program contains funding for two projects per Forest Service Region that are 50,000+ acres in size and that include both a collaboration and restoration focus (<http://www.fs.fed.us/restoration/CFLR/submittingproposals.shtml>). To be considered, projects must provide a 50 percent match. Ten candidate projects within Region 6 have been identified. The FFAC Work Group will likely focus on working with local groups to be ready to apply for this program funding in future years.
- ODOE is interested in the priority opportunities identified by the FFAC Work Group so those same priorities can be reflected in ODOE programs.

3. Forest Vitality

- The draft update for the Board of Forestry's Forest Vitality Work Plan calls for formation of a private sector Forest Cluster Working Group that could advise state government on ways to remove barriers and seize opportunities to forest cluster economic development. The Work Plan will be presented to the Board for approval at its June 9 meeting.
- The Oregon Forest Industries Council (OFIC) has limited capacity to provide support to its Manufacturing Committee in an expanded role of becoming the Forest Cluster Working Group. It is likely that the existing Forest Cluster Core Team agencies will need to take the lead in providing staff support to the Committee if it takes on this role. Representatives from secondary manufacturing, logging, labor, and the paper industry would need to be added to the Working Group and organizations like the Oregon Business Council and Sustainable Northwest may also have roles to play.
- The Oregon Business Development Commission may wish to also endorse formation of the Forest Cluster Working Group.

- The Forest Biomass Work Group should be asked to develop specific economic proposals to benefit that subset of the forest cluster.
- Consider adapting the Canadian Wood First concepts for Oregon (<http://www.plandaction.gc.ca/initiatives/eng/index.asp?initiativeID=158&mode=3>). There is also a need to provide education about the relative carbon footprint of wood products.
- Consider a future role of the Forest Cluster Core Team as a “think tank” for economic development ideas that other parties can take and run with.
- Progress has been slow in implementing the 2010 Oregon Mill Study. We are still seeking participation from all Oregon primary manufacturers. Previous mill study data will become obsolete as firms emerge from the recession. Oregon needs to explore ways to conduct future mills studies using in-state, rather than out-of-state, academic resources.
- The ODOE biomass survey may be coordinated with the mill study. ODOE, ODF, and OFIC are coordinating on short- and long-term survey methods. Coordination with market information firms will also occur to see if historical information can be purchased. There was discussion on whether pulpwood would be considered as biomass in these surveys. This emphasizes the need for careful wording of the survey questions and appropriate reporting of the resulting data. Future Oregon Timber Harvest Reports will include a non-roundwood products component.
- The “millshed” study to be included in the 2010 Oregon Statewide Forest Assessment will analyze, from a landowner’s perspective, where forestlands have access to multiple mills and are therefore more competitive than forestlands that have access to only one or no mills within reasonable log transport distances. The former are likely to receive better prices for their logs. Analysis will look at both good and poor market conditions based on diesel costs, costs of production, and product prices. The statewide assessment will be published in June.
- North American Industry Classification System (NAICS) codes for the forest cluster were discussed. There needs to be agreement and consistent application of what NAICS codes comprise Oregon’s forest cluster. ODF, OFRI, OSU, and OBDD have reached a consensus on what codes to use. Based on that consensus, the data show Oregon’s forest cluster included 59,135 jobs in 2008. However, it was pointed out that using the codes alone significantly under-represents cluster employment. For example, logging contractors and log haulers are not identified and forest road maintenance and construction workers are lumped into a broader “construction” code. A new Impact Analysis for Planning (IMPLAN) run is needed so a multiplier for direct forest cluster employment can be applied to data resulting from use of the NAICS codes. ODF, and OFRI, and Associated Oregon Loggers will work with the Oregon Employment Department to refine NAICS sectoring and account for non-covered employment and sole proprietors. Cluster employers need to understand the importance of accurate NAICS reporting.
- The Oregon Business Council held a general meeting for Oregon businesses on access to capital and financing. The state-level working group has been

- formed, mostly made up by folks interested in start-ups and venture capital and less on established industries. The working group's charge is to make recommendations on what the State of Oregon can do to improve access to capital. OBDD is also working on this issue.
- A Build Local Alliance meeting was held in March in Portland (<http://www.buildlocalalliance.org/>). Attendance was primarily small scale custom designer, architects, Emphasis is on access to FSC certified wood.
4. Forestry workforce
- OFRI staff reported on its successful Careers in Forestry Program (<http://www.oregonforests.org/education/40/details/>). The program targets Oregon high school students and provides classroom presentations on Oregon's forests and the diversity of career opportunities in the forest sector. ODF discussed potentially adding program participation as a metric to one of Oregon's Indicators of Sustainable Forest Management: *Development and maintenance of sustainable forest management knowledge*.
 - OBDD and other supporters were unsuccessful in promoting 2010 legislation to extend "Workshare" employment benefits beyond the initial one-year deadline.
 - Chris Clafiin of OBDD has been appointed to the Oregon Career Readiness Results Team. The Career Readiness Certificate Program provides documented, transportable, skills-based certification that will assist Oregon citizens obtain employment (<http://www.oregon.gov/CCWD/CRC/edocs/OregonCRCImplementationUpdate102009.pdf>). The certificate documents skills in the areas of reading for information, applied mathematics, and locating information.
5. Communications and outreach
- OBC is continuing to develop a forest cluster website that can be the main portal to access information about the cluster. Expect it to be online in two months.
 - A Wood Watch initiative is being considered that could provide education to end-users of wood products to better understand wood purchasing decisions and topics like certification and branding.
 - Through OBDD sponsorship, a northwest portal for Connectory.com is now online (http://www.connectory.com/portal_search.aspx?portalid=7). Connectory.com is powered by Google to permit keyword searches of any part of a company's or asset's profile as well as their web site content. OBDD and OSU will work to merge Oregon's forest cluster directory into Connectory.
6. Staff from Sustainable Northwest presented the current Dry Forest Investment Zone Project. The U.S. Endowment for Forestry and Communities initiative awarded Sustainable Northwest a five-year grant that will be leveraged with other funds to test and implement strategies that yield healthier working forests as well as local wealth creation and economic opportunity while assisting rural communities in charting paths to a more productive future. The project will

involved 15 dry forest type counties in eastern Oregon and northern California and target five interconnected leverage points: forest stewardship, capacity building, policy, sharing knowledge, and integrated wood and energy facilities. The project will examine building both business and community capacity and will also address the significant role that federal agencies play in this region, not only with respect to land management, but also regarding technical assistance, access to capital, programs of work, and procurement policies. A key need is a regular program of work from the US Forest Service. Copies of the projects five-year plan are available. Non-governmental organizations like Sustainable Northwest are filling the gap lefts by government and business downsizing. Group discussion acknowledged the interface between this project and the FFAC Work Group efforts. Sustainable Northwest is interested in coordinating with the State of Oregon in convening one or more eastern Oregon biomass summits to develop and leverage a regional biomass strategy that addresses investors' and bankers' needs. For more background, see <http://www.sustainablenorthwest.org/media-room/press-clips/u-s-endowment-for-forestry-and-communities-announces-selection-of-forest-investment-zones>.

7. State 2011 legislative concepts and 2011-13 Agency Request Budget Polcicy Option Packages related to the forest cluster.
 - No specific legislative concepts are planned but all should be vigilant for other concepts affecting business finance tools and changes in tax policy.
 - No word yet on whether Oregon Innovation Council proposals will be developed for 2011-13.
 - ODF developed a preliminary Policy Option Package to add capacity to integrate federal Forest Inventory and Analysis data into Oregon forest cluster economic development assessments. The concept will likely not be included in the Agency Request Budget but may still be developed for future consideration.
 - The group discussed the value of using experienced volunteers to help accomplish agency work despite limited operating budgets.
8. Memorandum of Agreement
 - We are awaiting a decision for ODOE on whether that agency wants to be added to the next edition on the Memorandum of Agreement on forest cluster economic development, along with ODF, OFRI, OBDD, and OSU. Otherwise the new Memorandum is nearing completion for executive-level review and signature.
9. **The next meeting of the Oregon Forest Cluster Economic Development Core Team is tentatively scheduled for Wednesday, September 22**, at ODF headquarters in Salem. The meeting date will be confirmed and an agenda will be circulated during the summer.