

## **Oregon Forest Cluster Economic Development Strategy Project**

### **Status Report #1 January 28, 2008**

#### **Purpose:**

In November 2007, the chairs of the Oregon Economic and Community Development Commission, Oregon Board of Forestry, Oregon Forest Resources Institute Board, and Dean of the Oregon State University College of Forestry/Director of the Oregon Forest Research Laboratory signed a joint resolution to set Oregon on a path to craft a comprehensive new forest cluster economic development strategy. The resolution states that the goal of the strategy will be to create and maintain a favorable investment climate for environmentally sensitive, socially responsible, and globally competitive forest-based businesses throughout Oregon that will generate high quality, value-added products; family wage, highly skilled employment; increased revenues to private landowners for providing public benefits, and increased forest products exports.

“Forest cluster” means firms and organizations that support production of and benefits from primary and secondary wood products and a broad spectrum of forest ecosystem services and includes geographically concentrated and interconnected economic activities and linkages to customers and suppliers. Organizations engaged in forest resource management, education, and research are also considered part of the forest cluster.

#### **Current Status:**

Representatives of the Oregon Economic and Community Development Department (OECDD), Oregon Department of Forestry (ODF), Oregon Forest Resources Institute (OFRI), and the Oregon State University College of Forestry/Oregon Forest Research Laboratory (OSU) have met twice to build a work plan implementing the provisions of the November 1, 2007 Memorandum of Agreement signed by the four agency directors.

#### **Current Agency Representatives:**

Karen Goddin, OECDD  
Chris Clafin, OECDD  
Mike Cloughesy, OFRI  
Scott Leavengood, OSU  
Chris Knowles, OSU  
Eric Hansen, OSU  
Gary Lettman, ODF  
David Morman, ODF

Future meetings of the interagency team have been scheduled for February 8 and March 7. The February 8 meeting will be held from 9 a.m. to noon in the Clatsop Meeting Room at ODF's Salem headquarters. The meetings are open to the public.

Current efforts underway:

1. The agency team continues to refine a work plan (draft attached) listing the specific tasks called for by the Joint Resolution and Memorandum of Agreement, assigning responsibilities, and establishing deliverables and timelines.
2. Gary Lettman and Eric Hansen will provide a status report on February 8 on their work to collect information relevant to assessing what is needed for Oregon's forest cluster to become more competitive.
3. Chris Claflin will be consulting with other OECDD Business Development Officers and reporting at the February 8 meeting on current barriers to forest industry investment and an assessment of the ability of the state's forest-related industries to remain globally competitive.
4. Mike Cloughesy will provide a report at the February 8 meeting summarizing trends, strengths, challenges, and recommendations for Oregon's forest cluster that have emerged from previous work (Oregon Cluster Resource Guide, Oregon Leadership Summit, Oregon Business Plan, Oregon Innovation Council, OFRI Oregon Forest Cluster Analysis Report, etc.)
5. David Morman will be developing a draft charter for a Forest Cluster Economic Development Strategy Advisory Committee to be comprised of private sector and other non-state agency partner representatives. The draft charter will be available for review at the February 8 meeting. The proposed goals for the Advisory Committee will be to:
  - Advise the ODF, OFRI, OSU, and OECDD in crafting an Oregon forest cluster economic development strategy that will be meaningful and valuable to the private sector and supported by Oregonians.
  - Recommend improvements in long-term state government organization, staffing, and budgeting to carry out its responsibilities in promoting and implementing the strategy.

Proposed representation on the Advisory Committee includes:

- Primary wood products
- Secondary wood products
- Private forest landowners

- Ecosystem services markets
- Rural communities
- Private forest sector investors
- Research and development
- Forest biomass energy
- Private forest sector human resources
- Green buildings
- Oregon tribes

Once established, hopefully in March, the Advisory Committee will have the opportunity to modify and finalize its charter.

6. David will immediately begin informing parties who have already expressed in the strategy development work and other key stakeholders on the progress to date by the four agencies and seek to further expand this network. Once the Advisory Committee Charter has been endorsed by the agency team this network of cooperators may be asked to assist in nominating individuals to fill the seats on the Committee.

#### 7. Resources:

OFRI Oregon Forest Cluster Analysis

[http://www.oregonforests.org/assets/pdfs/ForestCluster\\_FINAL.pdf](http://www.oregonforests.org/assets/pdfs/ForestCluster_FINAL.pdf)

Oregon Innovation Council

<http://www.oregoninc.org/index.htm>

Oregon Cluster Resource Guide

[http://www.oregonbusinessplan.org/pdf/Cluster%20Resource%20Guide%20Dec2007%20\(FINAL\).pdf](http://www.oregonbusinessplan.org/pdf/Cluster%20Resource%20Guide%20Dec2007%20(FINAL).pdf)

2007 Oregon Leadership Summit Federal Forest Restoration Initiative

[http://www.oregonbusinessplan.org/pdf/Cluster%20Resource%20Guide%20Dec2007%20\(FINAL\).pdf](http://www.oregonbusinessplan.org/pdf/Cluster%20Resource%20Guide%20Dec2007%20(FINAL).pdf)

Oregon Business Plan Policy Playbook and Initiative Guide

<http://www.oregonbusinessplan.org/pdf/2008%20Policy%20Playbook%20and%20Initiative%20Guide.pdf>

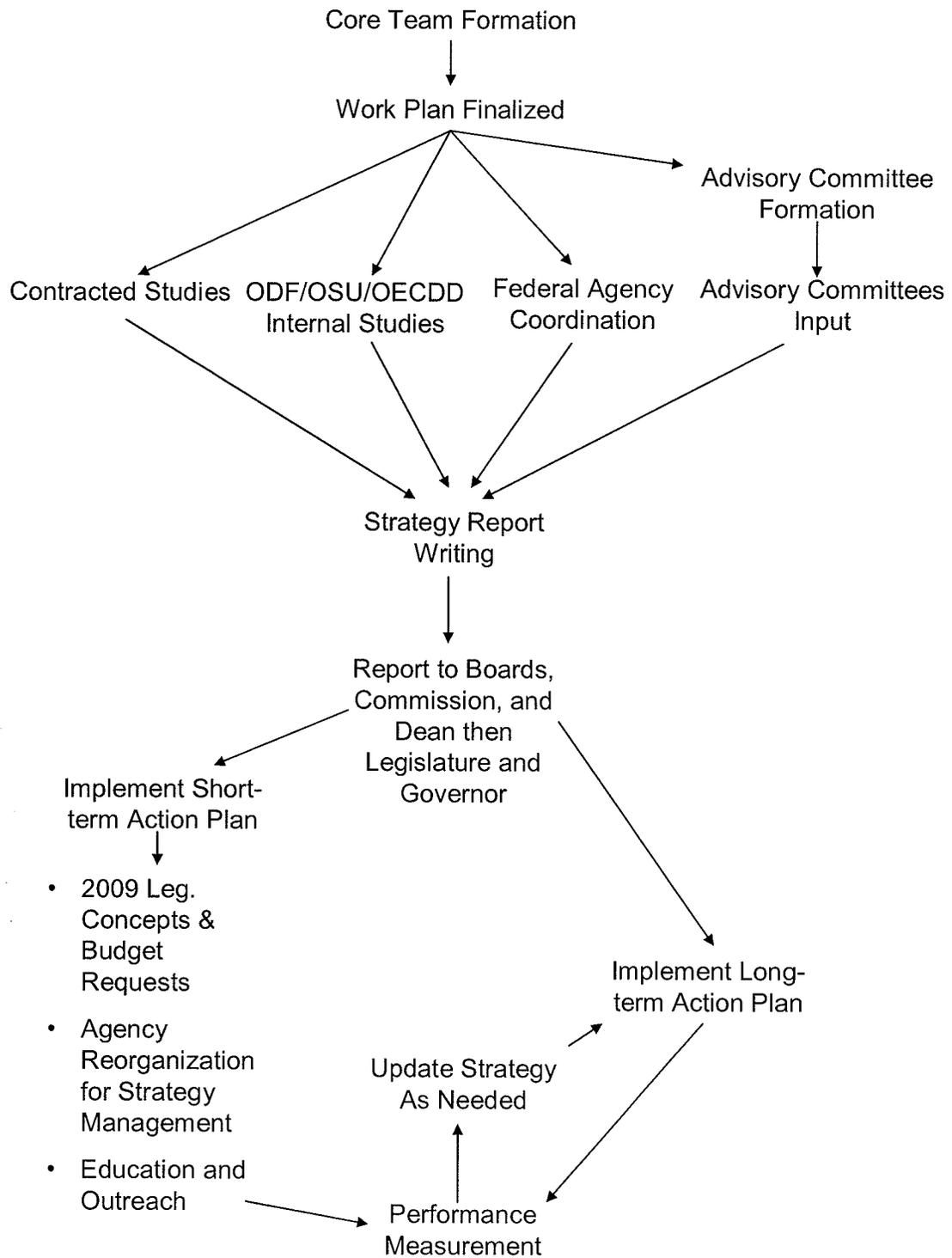
Oregon Business Plan 2003 White Paper: *Achieving More Benefit From Our Forest Resources*

<http://www.oregonbusinessplan.org/pdf/7-Forest%20Use%20WP%201-15-03.pdf>

US Endowment for Forestry and Communities national survey report

[http://www.usendowment.org/images/Mapping\\_a\\_Course.pdf](http://www.usendowment.org/images/Mapping_a_Course.pdf)

8. Draft flow chart for the strategy development project process



1/28 Draft Forest Sector Economic Development Strategy Work Plan (for discussion only, subject to change)

Analysis	Task	Responsibility	Deliverables	Timeline	Other Remarks
<p>1. Develop a white paper detailing findings about what is needed for Oregon's forest cluster in order to become more competitive and to benefit non-forest sectors of the state's economy. (M-2)</p>	<p>Gary Lettman and Eric Hansen</p> <p>OSU could add section discussing OWIC needs</p>	<p>Status report at February meeting</p>	<p>?</p>		
<p>2. Develop a white paper that summarizes strategies for:</p> <ul style="list-style-type: none"> <li>aligning regulatory costs with desired forest conditions and improving regulatory benefits;</li> <li>enhancing programs that could boost long-term forest productivity and value; and</li> <li>developing markets for public benefits and environmental services delivered by forests such as high quality water, biodiversity conservation, carbon sequestration, recreation, and tourism. (M-2)</li> </ul>	<p>Contractor: Eric Hovee and/or Eric Hansen?</p> <p>Could Bob Deal with the PNW Station assist with this last bullet?</p>	<p>Summarize U.S. Endowment for Forestry report on revitalizing forest products industries in rural areas</p>	<p>?</p>	<p>Will require ODF and/or OECCD funding</p> <p>See U.S. Endowment for Forestry and Communities report</p>	
<p>3. Analyze barriers to forest industry investment and to assess the ability of Oregon's forest-related industries to remain globally competitive and to sustain production of other desired environmental, economic, and social values from Oregon's forests. (M-3)</p>	<p>OECCD Business Development Officers</p>	<p>Report at February meeting</p>	<p>2/08</p>	<p>These barriers could be addressed in the above white paper as well. Do OECCD business development officers have this sort of information based on their experiences</p>	

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4. Analyze barriers keeping Oregon's forest industry from producing more value-added and high-technology products. (M-3)	ODF and/or OSU	Gather data via focus groups?	4/30/08	working first-hand with companies wanting to locate in Oregon or existing firms wanting to expand? Could this be part of the first task above? Eric Hansen at OSU has talked about conducting a study to better understand Oregon's value-added wood products industry -- raw material flows, technology used, etc.
5. Complete a study of economic contributions and trends of Oregon's forest recreation and non-wood products industries. (M-3)	ODF	?	?	OFRI has produced a report on tourism; Institute for Culture and Ecology is a good source for non-wood products
6. Assess what and where wood could be removed from federal forests to improve forest health, consistent with other management objectives. (M-3)	ODF	?	?	OFRI and others have generated some of these data in their biomass report
7. Conduct an assessment of the current environmental, economic, and social conditions and future trends of Oregon's public and private forest resources. (M-3)	ODF	Oregon Indicators of Sustainable Forest Management Report and Oregon Forest Assessment Project	11/1/10	
8. Identify opportunities to increase benefits from family forestlands and financial returns to family forest landowners (M-2)	ODF	Summarize recommendations from the 2007 Family Forests Symposium	1/22/08	

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<p><b>Advisory Committees</b></p> <p>1. Form and facilitate the Forest Cluster Economic Development Strategy Advisory Committee (R-5)</p>	<p>Agency Team</p>	<p>Recommend 2009 legislative concepts needed to implement the Strategy;</p> <p>Recommend how to improve coordination of the state government Forest Cluster Economic Development Strategy with policies, assessments, and initiatives undertaken by private and federal government partners;</p> <p>Recommend federal legislation;</p> <p>Recommend changes in the Oregon Forest Research Laboratory, Pacific Northwest Research Station, and other federal research to better meet the needs of Oregon's forest cluster and rural communities;</p> <p>Recommend how to measure performance and Strategy success.</p>	<p>4/08</p>	

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2. Form and facilitate the Institutional Capacity Advisory Subcommittee (R-5)	Agency Team	Recommend improvements in long-term state government organization, staffing, and budgeting	4/08	
<b>Coordination with Federal Partners</b>				
1. Coordinate with BLM State Director, Service Regional Forester, PNW Research Station Director, and others. (M-2)	Agency Team	Meet with federal executives to discuss their agencies' involvement in the state strategy	?	Coordinate with Oregon Federal Forestlands Advisory Committee.
2. Harmonize state and federal policies regarding economic development and utilization of small diameter forest biomass. (M-3)	Agency Team	?	?	Coordinate with Oregon Forest Biomass Work Group.
3. Improve the contribution of the Pacific Northwest Research Station to economic development strategies. (M-3)	Agency Team	Consult with Station Director Bov Eav, and staffers Jamie Barbour and Richard Haynes	?	The PNW Research Station is actively working to redefine and improve the technology transfer function. Learn about the Station's research goals and how to influence them.
<b>Education</b>				
1. Provide ongoing public education on the Forest Cluster Economic Development Strategy and its importance to all Oregonians. (M-4)	OFRI	<ul style="list-style-type: none"> <li>• Fact sheets</li> <li>• News releases</li> <li>• Annual forest sector economic updates</li> <li>• Speakers' Bureau presentations</li> </ul>	12/31/08	
2. Make relevant research findings readily available in support of development of the Forest Cluster Economic Development Strategy (M-4)	OSU	?	?	This is one of the primary functions of OWIC

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3. Provide access to faculty with relevant experience in subject areas relevant to the development of the Forest Cluster Economic Development Strategy. (M-4)	OSU	?	?	This is one of the primary functions of OWIC
4. Educate a work-ready workforce capable of maintaining the global competitiveness of Oregon's forest cluster broadly defined and educating future generations of forest resource scientists. (M-4)	OSU	?	?	We could provide some data on College of Forestry Students -- placement, future projections, etc.
5. Collaborate on training for forest landowners and others with roles to play in implementing elements of the Strategy. (M-4)	OFRI, OSU	Develop training to meet needs identified in the white paper and by the Agency Team.	?	As is often the case, if we do focus groups, a next step could be a report and/or a workshop or two.  OFRI may be able to direct some funding to OSU Forestry Extension in FY 2010.
<b>Leadership</b>				
1. Convene, facilitate, and lead state government policy discussions related to forest cluster economic development. (M-3)	ODF	Complete tasks called for by the resolution and memorandum	Ongoing	
2. Maintain a consistent, single point of staff contact for issues related to implementation of this agreement and dedicate a minimum of 0.5 FTE for forest cluster economic development for the duration of this agreement. (M-3)	ODF	Principle Forest Economist designated as technical contact. Combined Economist and Program Director contribution through 6/30/08 to be 0.5 FTE, then reevaluated.	6/30/08	

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Support	Task	Responsibility	Deliverables	Timeline	Other Remarks
1.	Support cluster development activities (M-4)	OECD	?	?	It might be good for OECD to coordinate and sponsor the focus groups.
2.	Provide greater access to investments in capital, research, education, and technical assistance through alignment with the activities of the Oregon Innovation Council. (M-4)	OECD	?	?	
3.	Assist with economic analysis on the forestry sector. (M-4)	OECD	?	?	
4.	Support refinement of the Forest Center Economic Development Strategy through additional studies and research (M-4)	OFRI	New studies as identified in the white papers and by the Agency Team.	FY 2010	Budgets will be tight. FY 2010 is the earliest possible
<b>Reporting</b>					
1.	Report to Boards and Commission and the Governor (M-5)	Agency Team	Assemble and report recommendations from the two work groups and from other project products.	6/30/08	