

## Meeting Notes

Subject: Forest Cluster Core Team

Date: April 15, 2008

### Attendees:

Mike Cloughesy, OFRI  
Scott Leavengood, OSU  
Chris Knowles, OSU  
Chris Claflin, OECDD  
Gary Lettman, ODF  
David Morman, ODF

### Guests:

Kevin Boston, OSU  
Tom Partin, American Forest Resource Council  
Chris Jarmer, Oregon Forest Industries Council

### OSU Oregon Innovation Council Established Industries Grant Proposal (handout)

- Three integrated projects – emphasizing the entire value chain:
  - A. Center for Intensive Planted-Forest Silviculture
    - Goal: Enhancing the global competitiveness of Pacific Northwest forests and producers of forest products.
    - Vision: To develop and maintain a comprehensive, science-based decision-support system for intensive silviculture of planted forests in the Pacific Northwest
    - Mission: To understand the interactive effects of genetics, silviculture, protection (from insects, disease, and animal damage), competition, nutrition, and soils on the productivity, health, and sustainability of intensively-managed, planted forests.
    - Strategy: Coordinate, facilitate, conduct, and synthesize research between existing co-ops, institutions, and researchers
  - B. Center for Forest Transportation
    - Four focus areas to address spiraling fuel costs increase cost competitiveness, improve safety, and increase environmental performance:
      - Woody material transport vehicle configurations
      - Forest road construction practices
      - Forest road maintenance practices
      - Transportation and fleet management
    - Develop center to facilitate collaborative research projects with the forest industry to develop a self-funding research center in forest transportation management.
  - C. Commercialization & Market Research Lab
    - Market assessment for new products or existing products into new markets
    - Assessment for international market entry
    - Feasibility studies
    - User research for new product development and commercialization
    - Prototype testing and optimization
    - Connections to other industries (high-tech and green building)

- Development of more efficient distribution systems
- Design for the environment
- OSU presentation on May 21 to the Oregon Innovation Council
- Industry and Legislative support is key
- Proposal hits on four of the seven areas in the Core Team's draft recommendations
- ODF, OECDD, OFRI, need to provide Scott with letters of support. Scott will provide talking points.
- Solicit letters of support from Rep. Burley, Rep. Witt, Sen, Ferrioli, AOC, OFIC, AFRC, TNC, Sustainable Northwest, Ecotrust, others (?)
- OSU may be asked prioritize within the proposal but will try to keep all three elements
- Build on Rep. Burley's comment about "not reinventing the wheel." Grow established industry rather than starting a new one.

#### National Governor's Association Cluster Development Process

- NGA process has been folded into a 2008 state economic development strategy concept (handout)
- Focus on green building industries, renewable energy. Forest products included within green building.
- OECDD reorganization. Spinning off public works. Business and trade will be the focus of agency. Moving towards dedicated industry-specific expertise; hopefully full-time forest cluster contacts. Hopefully reorganization will improve morale and reduce turnover. Program delivery by cluster rather than by region.

#### Key Initiatives Summary

- Went over changes from Draft 2
- Group decided to move the federal forests topic to the top of the list
- Need to be clear that it may not be possible, unwise to disconnect the biomass industry from the sawlog industry. Need both to be profitable.

#### Open and Recently Closed Mills

- Inventory of Oregon's primary forest products processing sector is available (handout) ODF will maintain inventory.
- What does each individual mill need to prosper? Need to talk to each mill owner soon. Core team asked to provide direction.
- Do we need to also add an inventory of secondary products processors?
- State can play a direct role in jump-starting the federal timber program
- Retooling often part of reopening mills to stay competitive. Mills more likely to retool in down markets if there is a known raw material supply when markets return. Inconsistency of supply makes it hard. Coordinated Resource Offering Protocols can help.

#### Draft Project Report Development

- Presented draft outline
- Need private sector input before spending a lot of time on report building, but we could start building parts of the report
- Highlight in the report past public involvement processes that led to the recommendations
- State of Oregon is the right party to make things happen on federal forest lands.

- Need recommendations to get more specific. Need to address immediate needs of the nine remaining Eastern Oregon mill owners immediately.
- Need legislators' and Governor's Office engaged if we realistically want to influence federal timber supply. Just the four Core Team agencies making recommendations may not be enough but they can facilitate building state government momentum.
- Need to coordinate with urban green cluster discussions and get Oregon wood front and center
- Applicable forest cluster strategy recommendations need to be woven into the Federal Forestlands Advisory Committee process. Get draft recommendations to the FFAC as soon as possible. Statements from both processes need to be consistent.
- Need to get Oregon's forest cluster strategy heard in Washington, D.C.
- Consider approaching Eastern Oregon forest supervisors with minimum volume targets to keep local mills viable. The situation is urgent. Look at what happened in other western states that waited too long to act and lost infrastructure.
- Use forest growth and mortality studies to talk about harvest potential
- Department of Forestry is developing a 2009 budget concept to expand department resources working on federal forest issues

#### Advisory Committee Formation

- Industry folks need a reason to show up for meetings. Haven't they done this already?
- Be clear on what the state is willing to do to implement a forest cluster strategy.
- Need urban legislators to also work for more federal funding for forest management and more state funding to increase state involvement on federal lands. Should be viewed as an investment. Could save the state in fire suppression costs later.
- Consider elevating recommendations to the Governor's Office for political support. Then maybe present around the state to private sector
- Immediate federal dollars are needed to get projects already "on the shelf" implemented
- Consider using federal harvest tax revenues to the state to fund state work on federal forest forests
- We need more of a formal expression of state support for a forest cluster strategy than what we have now. Start by getting the four agency directors to support recommendations. Then involve Tim McCabe, Cameron Smith, Mike Carrier, Nancy Hamilton and others in the Governor's Office.
- "Forest cluster is on the way up not on the way out"
- Use mill closure trends and broader environmental, economic, and social implications of those closures to get people's attention
- Need to convey state government is crafting this strategy with and for the private sector. Dispel rumors that we are working on something new that is not linked to the private sector outreach that has already taken place. Place in context with other conversations: green building, federal forests, etc.
- Too many initiatives underway. Some folks don't understand what the green building cluster concept is all about. Some don't understand the Oregon Business Plan and who is behind it. Opportunity to clarify what is happening in the next OFRI newsletter which is widely read.
- Need legislative support for the strategy to be successful. Some legislators may knowingly or unknowingly be actively working against our strategy goals.
- Key will be getting the Democratic legislative leadership on board

- Emphasize private sector input has already been used to develop recommendations
- We still have a weak understanding of the needs of secondary forest products sector. Making sure their issues are addressed to could broaden the base of support for the strategy. The next mill survey could be used to increase secondary products sector knowledge.
- Include Associated Oregon Industries and Oregon Business Association in future outreach

#### Next Steps

1. Another Core Team meeting is not scheduled at this time. In the short-term will continue to communicate via email.
2. All Core Team members need to develop and share ideas for short-term recommendations (6 to 18 months) needed to keep mills open and accelerate project work on federal lands.
3. Chris C. will coordinate with Eastern Oregon Business Development Officers to make contacts with the remaining nine Eastern Oregon mill owners by May 15 to solicit input on their most urgent needs to remain operating.
4. Scott will provide other agencies, Tom, and Chris with grant proposal support letter talking points by April 18.
5. OECD, ODF, and OFRI will provide letters from their agency directors in support of the OSU proposal by April 30. Letters should be addressed to Terry Oftedal, Chair of the Oregon Innovation Council, but send the letters to Scott.
6. Scott will immediately solicit support letters from private sector organizations and key legislators
7. David will immediately forward the draft strategy recommendations to the Federal Forestlands Advisory Committee
8. Mike will include information on the strategy development process in the next OFRI newsletter
9. OSU, ODF, OECD, and OFRI Core Team members will brief their respective agency directors on the draft recommendation and solicit feedback, endorsement before April 30.
10. In early May, Core Team members and their agency directors will meet with key staff in the Governor's Office to discuss the drafts forest cluster strategy recommendations and linkages to the Governor's broader state economic development strategy emerging from the NGA process. David will work with Cameron to schedule this meeting.
11. Gary will update and maintain the lists of open and recently closed mills and work over the longer term to include the secondary wood products sector.
12. Gary will integrate the value/volume and investment metrics to the 2008 mill study.
13. David will build an ODF website for posting current information about the forest cluster economic development strategy project.