

Meeting Notes

Oregon Forest Cluster Economic Strategy Project Team

Date: January 26, 2010

Attendees:

Mike Cloughesy, Oregon Forest Resources Institute (OFRI)
Scott Leavengood, Oregon State University (OSU)
Amanda Lowthian, Oregon Business Development Department (OBDD)
Chris Claflin, OBDD
Dana Shannon, OBDD
Matt Krumenauer, Oregon Department of Energy (ODOE)
Jeremy Rogers, Oregon Business Council (OBC)
Gary Lettman, Oregon Department of Forestry (ODF)
Kevin Birch, ODF
David Morman, ODF

Key Points:

1. Status reports on short-term projects/activity regarding the three priority areas of the current forest cluster economic development strategy (See: http://www.oregon.gov/ODF/RESOURCE_PLANNING/docs/ForestClusterStrategyExecSum.pdf)
 - Federal Forest Restoration – Contact: Kevin Birch, ODF
 - The Governor-appointed ad hoc working group is meeting to promote implementation of the Oregon Federal Forestlands Advisory Committee report recommendations (See http://www.oregonforestry.gov/ODF/BOARD/docs/FFAC_Color_Report_and_Cover_for_Web.pdf).
 - The report recommendations are consistent with the Federal Forests Restoration elements of the forest cluster economic development strategy and many elements of Senator Wyden's Eastern Oregon federal forests legislative proposal (See http://wyden.senate.gov/newsroom/forestry_bill_one_page.pdf)
 - A Declaration of Cooperation to promote Federal Forestlands Advisory Committee report recommendations has been signed by several public and private organizations.
 - Information is being generated summarizing the statewide forest resource conditions on federal forests relevant to Oregon's forest cluster.
 - Discussions are continuing on state support of up to six local collaborative initiatives addressing federal forest management.
 - OFRI will also be producing a report soon on the Federal Forests Advisory Committee report and its implementation and is planning an August field tour on this topic in Central Oregon.

- OSU College of Forestry, OFRI, ODF, and ODOE will all be represented at Representative Schrader's February 1 biomass roundtable discussion in Salem.
- Forest Vitality – Contact: Gary Lettman, ODF
 - ODF, OBDD, OSU and OFRI representatives met with the Oregon Forest Industries Council Manufacturing Committee at its first meeting earlier this month. The committee is interested in any legislative concepts or policy option packages that emerge from the state agencies' forest cluster work. The committee also expressed interest in serving as a policy sounding board or advisory body for state government's forest cluster economic development work. It was acknowledged that other parties will also need to be involved in providing that advisory role, particularly secondary wood products manufacturing representatives.
 - Discussions are continuing on conducting a 2010 Oregon mill survey. State government needs to show clear benefits to the private sector partners for participating in the study. ODOE's biomass utilization studies cover some of the same topics and there may be an opportunity to merge these two studies.
 - Gary Lettman and Mike Cloughesy will represent the forest cluster team in continuing discussions on these topics with the Oregon Forest Industries Council and try to reach consensus on the best format to formalize the relationship between the Oregon Forest Industries Council and the Forest Cluster Project Team. That same format could then be used with other private sector partners.
- Forestry Workforce – Contact: Chris Claflin, OBDD
 - The short-term downturn in the sector may be reinforcing negative perceptions that the forest products industry is not a preferred employer for skilled workers. Meanwhile, the existing workforce continues to age and in the longer-term we anticipate the demand for skilled workers in the industry will return and be strong.
 - Based on discussions with the Oregon Forest Industries Council Manufacturing Committee, OBDD will be working with the Oregon Employment Department on options for extending and modifying the current program that allows forest products industry workers to work part-time and collect unemployment benefits part-time. This program is expiring but has been a valuable tool for retaining skilled workers in the industry. It is a win-win strategy the forest cluster agencies should support. Chris Claflin will take the lead on OBDD involvement.
 - The OSU College of Forestry will be producing videos on recent successful Wood Science and Engineering graduates to encourage enrollment of new students.

2. Other recent agency actions.

- Oregon Department of Forestry: The Board of Forestry has approved draft 2011 *Forestry Program for Oregon* goals and objectives text that will appear in a public review draft available for public comment later this year. Several of the objective

statements relate to forest cluster economic development and are consistent with the project team's work to date. Contact: David Morman, ODF

- Oregon Department of Energy: The agency has been meeting with wood fuel pellet and brick manufacturers on market development and is also studying how best to implement incentive programs for biomass energy development. ODOE is working with local energy collaborative groups, which in some cases may overlap with local forestry collaborative groups. Contact: Matt Krumenauer, ODOE

3. November 18, 2009 Oregon Business Plan Cluster Network meeting report and follow-up. Contact: Jeremy Rogers, OBC

The Oregon Business Council is updating its Oregon Business Plan and Oregon Industry Clusters Website. The intent is to provide a "live" version of OBC policy work. Current sector news, individual industry profiles, and industry leader commentaries will be included along with summaries of opportunities and priorities for increased traded sector growth. The new website is scheduled to be activated on March 8. OBC is requesting assistance from the state agencies develop the initial information posted about the forest cluster and to help keep that part of the OBC website current. A handout was provided on information they need and what is already available. All present agreed the OBC website could be a great "front door" for anyone interested in Oregon's forest cluster. It will also be a good opportunity to raise the visibility of Oregon's secondary wood products sector. OFRI (Mike Cloughesy) will lead coordination between the state agencies and OBC on this topic.

OBC is considering regional and/or sector executive meetings this spring and would like advice on whether meetings with forest cluster executives would be valuable or if the issues are already clearly defined. Cluster outreach should go beyond just industry members and include forest conservation groups, green building businesses, transportation, energy, and community leaders.

There may be linkages between OBDD's Wood Products and Green Building Initiative and the broader OBC work. We all need to start thinking now about what the Oregon forest cluster will look like after the current recession ends, how it can grow, and how it can become more resilient to future economic cycles.

OBC is also working on addressing capital and financing issues in all industries and is looking for forest sector input on problems and solutions. This topic also links to OBDD's international financing work, USDA rural development financing initiatives, and Sustainable Northwest's Forest Investment Zone Project.

4. Discussion of the Dovetail Partners report on "Forest-Based Economic Clusters: Models for Sustainable Economic Development" (<http://www.dovetailinc.org/files/DovetailEconClustering0809.pdf>) and the State of Indiana's report on the economic importance of its forests as a model for an Oregon

report.

http://www.na.fs.fed.us/spfo/pubs/forestprod/indiana_forest04/indiana_forests04.pdf

Contact: Scott Leavengood, OSU

Both reports have the same author. Oregon's forest cluster work is referenced in the Dovetails report. The OBC website could be Oregon's version of the Indiana report. Also OFRI's Forest Facts publication update in 2011 could include information on economics of forest sector as the central theme and be tied to the OBC website. We should considering going beyond just facts and statistics and also discuss opportunities and future cluster potential.

5. Review agency responses to the October 26 "fill the gaps" exercise.

The group discussed progress to date and further work needed on ten short-term state government actions indentified last fall to further the objectives of the Forest Cluster Economic Development Strategy. Some of these actions may require 2011-13 Policy Option Packages which it is hoped all state agencies working on forest cluster economic development will support these budget proposals. These actions include:

a. Increasing capacity at OSU for maintaining the Oregon Forest Industry Directory and conducting primary/secondary industry studies and industry leadership surveys. Contact: Scott Leavengood, OSU

The group discussed the need for a dedicated position for this work with perhaps additional responsibilities. The OSU position would work closely with ODF and OBDD.

b. Securing funding for industry innovation and capacity to conduct market assessments for firms (building on the 2009 forest sector Oregon Innovation Council proposal). Contact: Scott Leavengood, OSU

We are awaiting word on whether there will be a request for 2011-13 Oregon Innovation Council grant proposals. We may know more after the February Legislative Session.

c. Increasing capacity at ODF for forest inventory resource analysis and integrating Forest Inventory and Analysis data into forest cluster assessments. Contact: Gary Lettman, ODF

The position will allow ODF to provide real-time input to policy discussions on forest cluster economic, marketability, and forest resource assessments. The FIA data is a rich source of information but we need increased capacity to mine that data for useful analyses.

- d. Increasing state government capacity to engage federal land managers on policy and management issues. Contact: David Morman, ODF

Early ODF plans are for a smaller Policy Option Package than was requested for 2009-11.

- e. Developing an appropriate funding model for future Forest Practices Act administration and to provide technical services to forest landowners.

Maintaining an effective Forest Practices Act and technical services to forest landowners is viewed as foundational for maintaining social license to practice forest management in Oregon and to maintain a raw material supply chain for the forest cluster.

- f. Ensuring coordination within state government so that its involvement in green building efforts, biomass working group efforts, and other related initiatives are complementary with, and help to implement, the overall forest cluster economic development strategy.

An updated Memorandum of Agreement and a periodically updated short-term work plan could provide the framework to ensure this coordination.

- g. Increase coordination and sharing of services offered between OBDD and OSU. Contacts: Scott Leavengood, OSU; Amanda Lowthian, OBDD; Jeremy Rogers, OBC, and Matt Krumenauer, ODOE

This concept addresses the desire for a “one-stop shop” for State of Oregon forest cluster services, information, and technical assistance. OBC and ODOE need to be added as partners in this effort. The OBC website may serve as the “front door” for this concept.

- h. Provide forums for education focused on wood use in green buildings and education focused on overview of green building programs for wood products professionals. Contacts: Scott Leavengood, OSU; Amanda Lowthian, OBDD; and Mike Cloughesy, OFRI

The Governor’s Strategic Training Funds could provide partial funding for linking Oregon green building and wood products producers. There is a need for a local response team to be in place to qualify for these funds and a Roseburg-based team is committed to providing support. Further details need to be developed.

- i. Produce Forest Cluster information through websites and/or printed media to define and promote Oregon’s forest cluster in both domestic and international markets, in coordination with OBDD marketing and the Oregon Built Environment & Sustainable Technologies Center. Contacts: Mike Cloughesy, OFRI and Dana Shannon, OBDD

We need to capture what is already being done. OBDD is already producing one-page flyers on the forest sector and using for marketing in addition to an information piece. Look to the Softwood Export Council as a potential cooperator.

- j. Establish an advisory group of private sectors representatives for the Forest Cluster Economic Development Strategy Project Team. Contacts: Mike Cloughesy, OFRI and Gary Lettman, ODF

Further discussion is needed with private sector partners, beginning with the Oregon Forest Industries Council.

6. Memorandum of Agreement.

The original four-agency Memorandum of Agreement has now expired. The group discussed the format for a new MOA that would be shorter and focus at a higher level on goals, objectives, and defining participating state agency roles with respect to forest cluster economic development. More detailed actions would then be developed beneath the MOA through a periodically updated short-term (two year?) work plan. ODOE wishes to be included in the next edition of the MOA and perhaps OBC as well. Further discussion is needed on the best mechanism to formalize private sector partner participation in the Oregon Forest Cluster Economic Development Strategy Project.

7. Next Steps

- The state agency representatives will continue work on all ten “fill the gaps” concepts and build a short-term work plan.
- The overall economic development strategy priorities and recommendations developed in late 2008 will be revisited and updated for consistency with current efforts.
- Interest in, and mechanisms for, more formal private sector engagement in state of Oregon forest cluster economic development strategy work needs to be clarified.
- A modified Memorandum of Agreement will be finalized for participating state agencies’ and other organization executives’ approval and signature.

8. Schedule future meetings.

The next meeting of the Oregon Forest Cluster Economic Development Strategy Project Team has been scheduled for Tuesday, April 13, from 9 a.m. to 2 p.m. at ODF headquarters in Salem.