

Meeting Notes

Subject: Oregon Forest Cluster Economic Development Core Team Meeting

Date: March 16, 2009

Attendees: Chris Claflin, OECDD
Dana Shannon, OECDD
Mike Cloughesy, OFRI
Scott Leavengood, OSU
Eric Hansen, OSU
Gary Lettman, ODF
David Morman, ODF

Discussion Summary

2009 Oregon Innovation Council Established Industries Grant Proposal

- The original Oregon Innovation Council funding proposal requested \$26 million dollars, with \$2.6 million allocated to the forest cluster component. The forest cluster proposal was briefly eliminated, then restored at \$2.3 million, then reduced to \$1.9 million. The latest word from the budget process is no new initiatives will be funded through this session's Oregon Innovation Council grants process (the forest cluster proposal was the only new initiative) Instead the focus will be on keeping existing initiatives whole and "paving the way for the next biennium."
- OECDD budget hearings in Ways and Means are being scheduled soon. This is where the Oregon Innovation Council grant funding will be discussed

Forest Cluster Strategy Outreach

- ODF provided status reports via email on the project to Sustainable Northwest, Defenders of Wildlife, Ecotrust, and The Nature Conservancy.
- The Board of Forestry received a briefing on the cluster strategy as part of a March 4 status report on its Forest Vitality Work Plan.

Oregon Forest Biomass Work Group Status

- Five subgroups operating: Outreach, Supply, Research, Policy, and Communication and Economic Development
- Scott Leavengood chairs the research subgroup. OFRI, ODF, and OECDD also participate.
- The Forest Biomass Work Group last met in February and discussed stimulus package opportunities--mostly focusing on federal forest restoration. Emphasis is on short time frame, "shovel-ready" projects.
- Forest cluster economic strategy work is most closely tied to the work of the Biomass Work Group's supply subgroup.
- OFRI and ODF have led the Biomass Work Group's outreach efforts:
 - Website
 - Speakers' Bureau

- Communicators' network
- Community presentations/mobilization
- Fact sheets
- Portable displays
- Electronic mail list serve
- Biomass Work Group members recently made a presentation to the Eugene Water and Electric Board on biomass supply in the context of a current Seneca biomass energy proposal.
- Scott is proposing the Biomass Work Group focus on decision support systems for biomass supplies for thermal plants. Ongoing work on both supply and demand issues.
- Still a large gap in getting biomass fuels supplies to facilities in a cost effective way.
- The Biomass Work Group's community and economic development subgroup is primarily looking at community level thermal development.

Other Recent Agency Actions/Updates

- OECDD is looking at access to statewide workforce training funds and to identify geographic gaps where local wood products training resources are needed but not available.
- Certified quality control technicians have been identified as a workforce need. Program and curriculum development needed for "certified quality professionals." Training could be held at community colleges or perhaps on-line.
- The forest cluster's top management buy-in into "LEAN" enterprise training is needed to make it successful.
- Oregon Federal Forests Advisory Committee implementation group is drafting a declaration of cooperation
- Sustainable Northwest has obtained a significant five-year grant from the US Endowment for Forestry and Communities. Looking to establish a "forest investment zone" in extending from Northeast Oregon through Northern California and to focus on biomass utilization, forest health, forest products, and community stability. Efforts will build on Hayfork, Wallowa Resources, Harney County, Lakeview, and the University of Oregon's Resources Innovations collaboration models. ODF hopes to links these efforts to implementation of the Federal Forests Advisory Committee recommendations.
- The Energy Production Tax Credit has been given a three-year extension and the biomass credit is now on a level playing field with other renewables.
- The Energy Trust of Oregon is being scrutinized by the news media.
- US imports of foreign wood have dropped significantly.

Economic Stimulus Initiatives

- ODF has established a single point of contact for agency participation in stimulus activities and to maximize opportunities for the forest sector.
- Some federal stimulus funds have been released to the Forest Service for

- Oregon projects.
- The Port of Coos Bay looking for stimulus money to help keep the rail line open.
- Bonding capacity is available for "rural recovery zones" taxable bonds. Interest expense can be partially reimbursed by the federal government. Bonds are for facilities development/expansion. Provides a financing opportunity for wood products manufacturers. State government can help get the word.

OSU/ODF and Pacific Northwest Research Station Cooperative Efforts

- States are evaluating the potential competition between a growing biomass industry and other wood products manufacturing in an environment of limited raw material supply.
- The University of Montana is working to refine metrics for an Oregon forest products sector vitality indicator:
 - Innovation and investment
 - Return to landowners
 - Health of the industry
- A May meeting is planned with OSU, ODF, and the University of Montana to tie forest cluster leadership survey design with the planned mill study. Cutting edge surveys on secondary wood products manufacturing and forest certification are also planned.
- Interest in looking at Oregonians wood products consumption trends versus Oregon production.
- Chris Knowles is working on a multi-state study looking at wood products material flows and getting a handle on where secondary manufactures are getting source material.
- Chris Knowles and Dana Shannon are also building international markets training for industry. We are looking at improvements in Asian markets in 1.5 to 2 years. It will be important to maintain long-term export market relationships and not abandon foreign partners when US markets improve or relationships will be lost and other suppliers will step in.

Next Steps in Strategy Implementation

Short Term Projects

Federal Forest Restoration

- Support, and assist in outreach for, the Federal Forests Advisory Committee implementation efforts (OFRI and ODF)
- Technical support to forest investment zone initiative (All four agencies, OFRI lead)

Forest vitality

- Raise industry awareness of rural recovery zones bonding capacity (OECDD)
- Continue to coordinate with state and federal officials on stimulus

- opportunities that could benefit the forest cluster (All)
- Refine and implement an Oregon forest vitality indicator (ODF)
 - Conduct an Oregon mill survey and secondary manufacturers' survey (ODF and OSU)
 - Conduct multi-state wood product materials flow study (OSU)
 - Study the elasticity of demand for high end wood products (OSU and ODF)
 - Facilitate responsible materials selection training (OSU with University of Oregon and Portland State University)

Forestry Workforce (OECDD and OSU)

- Promote use of LEAN enterprise training in the forest cluster (OECDD and OSU)
- Promote use of employer workforce training funds for high priority cluster workforce training needs (OECDD and OSU)
- Conduct certified quality professional training (OECDD and OSU)
- Conduct international markets training (OECDD and OSU)

Next meeting is scheduled for Monday, June 15 from 1 to 4 p.m. at ODF

Preliminary agenda topics:

- Status reports on short-term projects
- Discussion of state agency roles and responsibilities and identify possible gaps/overlaps:
 - Making state agency role clear and understandable to the private sector ("one stop shopping" concept)
 - Begin shaping 11-13 budget concepts for right-sized well-organized state government support for future forest cluster economic development
 - Identify existing initiatives/cooperatives supporting the forest cluster that rely on state funding
- Using mill survey results for future work on identifying and addressing government barriers and disincentives to Oregon forest cluster investment.