

Meeting Notes

Subject: Oregon Forest Cluster Economic Development Core Team Meeting

Date: June 15, 2009

Attendees: Chris Claflin, Oregon Economic and Community Development Department (OECDD)
Dana Shannon, OECDD
Amanda Lowthian, OECDD
Marian Hammond, OECDD
Mike Cloughesy, Oregon Forest Resources Institute (OFRI)
Scott Leavengood, Oregon State University College of Forestry (OSU)
Chris Knowles, OSU
Gary Lettman, Oregon Department of Forestry (ODF)
David Morman, ODF

Discussion Summary

Oregon Economic and Community Development Department: reorganization

- Existing agency functions are being separated into an Oregon Business Development Department (OBDD) and an Oregon Infrastructure Finance Authority.
- OBDD will continue working with the other three agencies on forest cluster economic development
- A new Business Innovation and Trade Division within OBDD will integrate
 - Innovation and Competitive Strategies
 - International Trade
 - Business Development Officers
- Cross-functional teams within the Division will provide integrated services focused on five key industry groups:
 - Wood and Forest Products
 - Clean Technology
 - Advanced Manufacturing
 - Technology
 - Outdoor Gear and Activewear
- Chris Claflin will retain his regional Business Development Officer duties but will serve in a lead role working with the Wood and Forest Products group.
- Primary OBDD Industry Team activities for the Wood and Forest Products sector will include;
 - Building on the four-agency forest cluster work already completed to develop and implement a strategic plan for the sector
 - Delivering business services using OBDD funds and resources
 - Facilitating wood and forest products industry connections with government, higher education, and other resources.

- Additional OBDD support will be provided for:
 - Innovation
 - Economic analysis
 - Workforce development
 - International trade
- OBDD Business Development Officers will participate in the industry teams. In particular, Chris Claflin, Rick Minster, Larry Holzgang, and possibly Larry Swan. Dana Shannon will continue to provide the link to international trade.
- OBDD has developed a new strategic plan: <http://www.oregon.gov/ECDD/stratplan.shtml> which will be further refined early in the 2009-11 biennium.
- Important to note OBDD focus will be on business development (expansion, recruitment, financial assistance) and not forest policy.
- The project team noted there is overlap between the clean technology sector and the wood and forest products sector in the area of renewable energy.
- Former Oregon Department of Energy Director Mike Grainey is now working for OBDD and will likely be assisting on biomass energy issues.
- It is anticipated the OBDD-led Wood and Forest Products sector team will include participation from ODF, OSU, OFRI and perhaps other state agencies.
- OBDD will move beyond trade shows to trade missions and education seminars.
- The project team will need to clarify agency roles and points of contact for private sectors to the Wood and Forest Products Team.
- OSU will retain the primary responsibility for wood product testing and innovation and manufacturing process innovation
- OFRI will continue to emphasize public and forest landowner education and outreach.
- ODF will continue its focus on forest policy, forest resource assessments, and forest cluster economic analyses.
- Once OBDD reorganization is complete it will be appropriate for the four agencies to renegotiate the Memorandum of Agreement on forest cluster economic development which is schedule to expire on December 31, 2009. A new MOA should clarify the four agencies' personnel and resource commitments and address state government capacity building to provide coordinated support for future Wood and Forest Products economic development. This information would then be used in the 2011-13 budget process. The current MOA can be accessed at: http://egov.oregon.gov/ODF/RESOURCE_PLANNING/docs/MOANov07.pdf

Federal Forests Restoration

- The executive summary of the Federal Forestlands Advisory Committee final report ([http://egov.oregon.gov/ODF/BOARD/docs/FFAC Color Report and Cover for Web.pdf](http://egov.oregon.gov/ODF/BOARD/docs/FFAC_Color_Report_and_Cover_for_Web.pdf)) and Declaration of Cooperation for a Federal Forestlands Health Ad Hoc Implementation Work Group were distributed. The opportunity remains for other agencies and organizations to sign on to the Declaration of Cooperation.
- Small-scale Harney County BLM salvage design and implementation is underway using OECD funds and part-time use of ODF personnel and vehicle.

Forest Cluster Vitality

- American Recovery and Reinvestment Act (ARRA) of 2009 provides opportunities for economic development financing. The state can do more to help industry and local governments become familiar with opportunities. OBDD can serve as the point of contact:
 - Recovery zone facility bonds
 - Tax credit bonds –various
 - Changes to small issuer industrial development bond rules
 - Changes made to improve the market for state and local obligations
- ODF also working actively to secure ARRA funds and also working cooperatively with the PNW Research Station and OSU to obtain federal stimulus money through a joint venture agreement.
- Forest cluster vitality indicator development continues. Focusing on:
 - Mill productivity
 - Employment projections
 - Sales value of primary and secondary wood and paper products
 - Leadership surveys every five years (new products? where is the cluster headed? what should government be doing or not doing?)
 - It was noted that attempting to quantify cluster innovation remains difficult to measure innovation is hard
- Multi-state wood product materials flow study funding proposal has been developed by OSU, University of Tennessee, and Mississippi State. Won't know the funding outcome until fall of 2009.
- Responsible materials selection training will be conducted on June 26, 2009. Results will be reported from interviews with contractors, engineers, architects on how the Oregon University System can fill in knowledge gaps on "green" selection of building materials. This information will also be very helpful when working with international contacts. The general perception from the interviews is that wood is the best "green" building product, especially wood products without chemicals. Building codes, cost, a certification systems affect materials selection decisions. Future training will be based on feedback from the June 26 session.

Forestry Workforce

- The State of Oregon passes federal funds through to local workforce training providers. However, a portion of these funds is retained by the state and supports the Governor's strategic training fund. Available funds are currently low. However, the opportunity exists to develop forestry workforce training proposals in the \$50,000 to \$100,000 range. Chris Claffin and Chris Knowles will coordinate proposal development. Proposal may include certified quality professional training
- More work is needed to identify vendors to provide LEAN training to Oregon forest cluster businesses.
- Need to line up training to address contractor, engineer, and architect demand; in particular, greater knowledge of local wood products sourcing. Sourcing locally viewed as important as certification.
- Training planned for early October for forest cluster businesses interested in entering international markets.

Other

- Distributed executive summary of the US Endowment for Forestry and Communities report on *The Status of and Opportunities for Business Clustering Within the Forest Products Sector in U.S.:*
<http://www.usendowment.org/businessclusteringhome.html>
- Distributed five State of Oregon concepts submitted to the National Association of State Foresters Sustainable Forest Markets Initiative for consideration for full proposal development and possible funding
 - Forest economy tracking
 - Commercialization and market research laboratory
 - Identifying opportunities for enhancing domestic and international markets for forest products in the Pacific Northwest
 - Interconnected biomass collection and dispersal yards
 - integrated forest inventory and analysis system for developing environmentally friendly forest economies
- The Oregon Business Council Business Plan website will be updating cluster information. Mike Cloughesy will lead the update of the wood products cluster website content. Opportunity to coordinate with OBDD Wood and Forest Products sector web site. OBDD is also developing one-pagers major industry sectors. It is important that the information is consistent between these different sources.

Next Meetings of the Forest Cluster Economic Development Core Team

The Core Team will hold its next regular meeting on Monday, October 5.

On Friday, October 16, the team will meet again to focus on Memorandum of Agreement revision and state government capacity and organization related to forest cluster economic development support.