

# Forest Cluster Initiatives for the Oregon Business Plan

## A. 2006 Forest Cluster Initiatives

**Note:** The Forest Cluster has identified two top priority initiatives for the 2006 Oregon Business Plan supported by a complementary initiative. The two priorities are not ranked with respect to each other because they are, in fact, highly interdependent and synergistic. Together, they would result in the following economic, social and environmental benefits to Oregon: increased contributions to the statewide economy; strengthened rural economic vitality and infrastructure; improved forest health and habitat; reduced risk of severe forest fires; and increased availability of clean, affordable energy:

➤ *Increase sustainable timber harvest from public forestland.*

*and*

➤ *Generate renewable electric energy and transportation bio-fuels from woody biomass to help meet Oregon's renewable energy and carbon emission reduction goals.*

### *Actions:*

- Promote federal policies that improve forest health, improve rural economic vitality, improve habitat, reduce fire-risk and support the sustainable utilization of woody biomass from federal forests (e.g. full funding of the National Fire Plan; full funding and implementation of the Healthy Forest Restoration Act; revised Federal Forest Plans to meet the multiple-resource outcomes mandated by the agencies' enabling legislation; development of federal supply contracts for a predictable woody biomass supply; and the thinning of 12.2 million acres of Condition Class II & III federal forestlands over 20 years by treating 600,000 – 800,000 acres per year).
- Bring together the Federal forestland managers, the private/public utilities, Oregon Public Utility Commission and the Bonneville Power Administration with the Forest Cluster to develop an action plan for sustainable production/use of woody biomass for electrical energy.
- Educate policy makers about the need for active management and the benefits of thinning for biomass production, fire resiliency, rural jobs and habitat improvement by sponsoring tours of demonstration areas such as the Lake County Pilot Project.
- Ensure full and continued recognition of electric bio-energy and transportation bio-fuels from woody biomass as “renewable” in the state and federal Renewable Energy Action Plans and policies including those that provide for purchase of biomass energy by utilities at [avoided cost] market rates; full implementation of SB 1072; and creation of biomass recovery business incentives (e.g., transportation, energy or other subsidy).
- Promote aggressive use by Oregon of the new opportunities created by the President's Energy Bill and full federal funding of biomass credits.
- Advocate in the short-term for the Department of Forestry to produce Annual Operations Plans for the Elliot, Clatsop, Tillamook and all other State Forests that sustain, at a minimum, current harvest volumes from those forests. Advocate in the long-term for the Board of Forestry to aggressively complete the Harvest and Habitat Modeling Project and review current land management policy choices, implementation strategies, and forest practices on

State Forests for consistency with the fiduciary responsibilities, legal responsibilities and trust mandate created at the time of transfer of those lands to State ownership.

- ***Promote Forestry Research and Wood Innovation*** to enhance the global competitiveness of Oregon's forest cluster and the productivity and value of Oregon's forests; to ensure that forest practices regulations effectively produce desired environmental benefits while limiting their economic burdens on landowners; to expand public recognition that wood is an environmentally preferred consumer product choice; and to improve market opportunities for Oregon's distinctive tree species and specialized wood products through improved technologies and marketing linkages for lumber, structural panels, engineered wood products, paper, and other wood-based products.

***Actions:***

- Increase funding for start-up and expansion of the Oregon Wood Innovation Center at OSU.
- Promote full funding for paired watershed studies (like Hinkle Creek) by the OSU Watersheds Research Cooperative to demonstrate that modern forest practices are achieving desired environmental results.
- Seek global acceptance of Oregon Forest Practices Act as meeting any Forest Certification program and green building standard.
- Promote wood as an environmentally preferred building material through public education on comparative energy, water use and carbon storage in the life cycle of various building materials.
- Assist Oregon's forest landowners in making connections to local and regional mills and markets and state-of-the-art wood production technologies.
- Promote increased funding for research programs that directly benefit forest landowners through improved management systems and technologies. Prominent among these are OSU Initiatives in (1) Forest Ecosystem Health and (2) Planted Forest Productivity and Value Enhancement.
- Promote the inclusion of forest products and processes in the nanotechnology research agenda of Oregon Nanoscience and Microtechnologies Institute (ONAMI).
- Fund OSU Wood Science and Engineering research in nanotechnology to keep Oregon globally competitive.
- Identify and resolve "tipping points" related to regulation and economic factors (e.g. state or federal tax policy) that lead to the conversion of forestland to other uses or reduce investments in long-term forest management.

**B. Support of Existing & Proposed Oregon Business Plan Core Initiatives** (i.e., initiatives that cut across all sectors of Oregon’s economy)

In addition to the new 2006 Forest Cluster Initiatives described above, the Forest Cluster strongly supports the following existing 2005 Core OBP Initiatives and the proposed 2006 OBP Core Initiatives:

**2005 Core OBP Initiatives**

➤ ***Enhance Oregon’s Forest Resources*** – this 2005 initiative includes several important agenda items that are still very important including the following:

- State of Oregon Forest Sector Economic Strategy
- Federal Support for The Oregon Plan
- Active Management of Federal Forests
- Forest Sector Cluster Expansion
- Wood Innovation
- Evidence-Based Regulation

(Note: in several cases, the proposed new 2006 initiatives expand or build on these initiatives embraced previously by the Oregon Business Plan for the forest sector.)

➤ ***Enhance Oregon’s Transportation Infrastructure*** - improve the market reach and productivity of Oregon businesses through strategic, trade-related transportation infrastructure investments, improvements in Oregon's existing international, regional, and in-state passenger and freight air connections.

**2006 Potential OBP Initiatives**

➤ ***Energy*** – promote the development of renewable woody biomass energy sources to supplement existing energy sources can help make Oregon more energy independent, provide jobs in rural communities, contribute to healthy, fire-resilient forests and promote healthy anadromous fish populations.

➤ ***Workforce*** – promote the development of a highly skilled, drug-free work force is essential to the economic success of the forest sector.

# Oregon Business Plan Questionnaire: Forest Cluster Priorities

## Summary of Responses

This questionnaire was developed by the Oregon Business Council to collect information on potential priorities for the 2006 Oregon Business Plan (OBP). The Oregon Forest Resources Institute (OFRI) will collect and summarize all information it receives regarding potential forest cluster priorities and will submit it to the Oregon Business Council. Following the October 17 Forest Cluster Economic Strategy Workshop being held at the World Forestry Center in Portland. Potential priorities also will be discussed at the workshop.

### Question 1: Oregon's Business Climate

**1a. Rate Oregon's performance as a place to do business in each area from 0-5 (5 = highest, 0 = lowest).** The following elements are categorized according to the Four P's of the Oregon Business Plan:

#### People

- Technical Training: **3.3**
- Adult Literacy: **3.3**
- Pre K-12 Education: **3.0**
- Public Safety: **2.9**

#### Pioneering Innovation

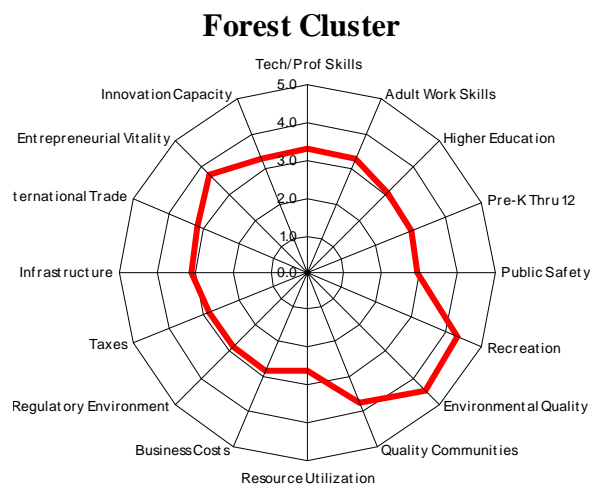
- International Trade: **3.2**
- Entrepreneurial Vitality: **3.7**
- Innovation Capacity: **3.3**
- Higher Education: **3.0**

#### Place

- Recreation: **4.3**
- Environmental Quality: **4.4**
- Quality Communities: **3.7**
- Natural Resource Utilization: **2.6**

#### Productivity

- Business Costs: **2.8**
- Regulatory Environment: **2.8**
- Personal Taxes: **2.8**
- Infrastructure: **3.1**



**1b. Are there any additional areas that need to be addressed?**

- Replacement of a soon-to-retire workforce in an industry that is not viewed as offering stable career opportunity
- Greater emphasis on innovation in product design and entrepreneurship in areas ranging from wood innovation to application of nanotechnology.
- Oregon needs a more comprehensive, agreed to forest sector economic development strategy. We haven't even got consensus that we want a viable forest products sector.
- Promotion of our state and area
- More focus on the education of citizens from pre-K through University
- Leadership and support at the state and local level for small scale enterprise in the natural resource field – including a broad range of resources (not just timber)
- Federal land management and stewardship.
- Transportation issues are critical to business success; rail issues and truck capabilities are limiting factors.
- Public financing – the cost of government must be addressed. What can we afford?
- Transportation Infrastructure
- Crime & Corrections
- Vocational, Employment, and Career
- Improved journalism to provide more accurate/balanced picture of business and effect of natural resources on Oregon economy
- Transportation System
- Government resources adequate to implement key agency programs
- Basic research on key issues affecting forest policy choices

**1c. Is there one area that stands out as the most critical to your industry's competitiveness?**

- Stability of natural resource availability and utilization across public and private lands.
- Lack of shared vision, leadership.
- Active management and a clear vision for federal lands.
- Quality education pre-K through 12 to attract businesses to locate in our area and more support for higher education to provide better-prepared members of the work force
- The continuing lack of understanding and support by the urban population of the state inhibits growth potential and effective and efficient resource utilization in the state.
- We are one of the highest cost regions of the world.
- Federal land management (lack of) and how that can and will affect manufacturing infrastructure in the future.
- Energy costs must be lowered.
- Multi-modal transportation options.
- Broken federal resource policy
- Regulatory climate is stifling
- Transportation infrastructure is crumbling
- Workforce infrastructure exodus
- Additional timber supply off state and federal lands
- Innovation capacity

**1d. Additional Comments or Explanations:**

The escalation of imported lumber and panel products is and will impact the forest products business.

**Question 2: OBP Core Initiatives**

2a. Rank your top five for each year in left column.

2b. For EVERY initiative identify how important it is to your industry (check appropriate boxes).

Rank Top 5	Current OBP Initiatives	Extremely Important	Important	Not Very Important	Not Important At All
	Improve Public Finance and Services		<b>X</b>		
<b>4</b>	Expand Oregon's Capacity for Economic Innovation	<b>X</b>			
<b>5</b>	Achieve a Higher Return on Oregon's Investment in PreK-20 Education	<b>X</b>			
<b>1</b>	Enhance Oregon's Forest Resource Benefits	<b>X</b>			
<b>3</b>	Enhance Oregon's Transportation Infrastructure	<b>X</b>			
	Make Land Available for Traded-Sector Industry Development		<b>X</b>		
<b>2</b>	Simplify and Streamline Regulation and Permitting	<b>X</b>			
	Improve Healthcare and Control Its Costs	<b>X</b>			
	Brand and Market Oregon More Aggressively		<b>X</b>		
Rank Top 5	<b>2006 Potential OBP Initiatives</b>				
<b>4</b>	Drug Use	<b>X</b>			
<b>5</b>	Water Policy		<b>X</b>		
<b>1</b>	Energy	<b>X</b>			
	Telecommunications		<b>X</b>		
<b>2</b>	High Performance Manufacturing	<b>X</b>			
<b>3</b>	Targeted Workforce Development	<b>X</b>			
	Other			<b>X</b>	

## 2c. Are there any additional Core Initiatives that should be considered?

- A sustained nanotechnology initiative placing Oregon at the forefront of emerging technology linking key Oregon business clusters including high tech, forest resources and agribusiness.
- A biomass strategy that provides new energy alternatives and reduces wildfire and habitat risk especially on under-managed federal forests of eastern Oregon.
- Within the Forest Sector, there are diverse economic interests. My interest is in the small private landowner area. I see great opportunities for diversifying and expanding forest resource opportunities in this area, since private lands potentially offer the greatest diversity of resources commensurate with owner objectives. How this fits in with the identified initiatives is not clear.
- Intergovernmental competency and performance. This should be added for several reasons: a) we have an Oregon Benchmarks Model that is limited in its use and effectiveness when higher performing economies and societies seem to be able to more effectively collaborate to get results; b) The heavy influence of Federal regulation/State regulation and local regulation, stated unrealized goals and objectives (ie Northwest Forest Plan); c) Moderately performing public institutional structures, dwindling financial resources, and capacity not in tune with 21<sup>st</sup> Century demands; d) Loss of collaborative networks or the reverse many unfocused networks affecting capacity to reach results across the state of Oregon; e) Not using potential statutes-most recent Federal Farm Bill capabilities to their fullest to innovate and prosper in the 21<sup>st</sup> Century.
- Restore a management philosophy to our public lands with an economic component.
- Federal resource policy re-invention
- Biomass use incentive
- Rural resource economy enhancement
- Workforce infrastructure enrichment
- Expand promotional campaign to showcase forest products manufacturing
- Government funding consistent with expectations

## 2d. Is there one initiative that is critical to your industry's competitiveness?

- A biomass strategy that provides new energy alternatives and reduces wildfire and habitat risk especially on under-managed federal forests of eastern Oregon.
- Increased forest biomass utilization.
- Improve health care and control costs
- A combination of enhancing forest resources and expanding economic innovation is critical to taking advantage of the small forest landowner potential.
- Find and/or initiate and grow high value markets for Oregon wood. Make niche markets higher volume.
- Enhance Oregon's Forest Resource Benefits – The climate is good overall for our forest products businesses in Oregon. Our citizens and lawmakers do not understand the importance of our business segment.
- Forest biomass/biofuels = energy cost reduction
- Federal resource policy re-invention
- Biomass use incentive

- Workforce loss, recruitment, retention
- Expanding timber outputs off state and federal lands

**2e. Additional Comments or Explanations:**

- No Timber = No Jobs, No Industry. Wood innovation, nanotechnology, niche markets only matter if we have logs.

**Question 3. Specific Forest Cluster Initiatives:**

In addition to evaluating the OBP Core Initiatives, please prioritize the specific action-items, policies, opportunities or programs that you feel would enhance the Forest Cluster. Please list up to 3 well-defined, measurable action items that you would like the Oregon Business Plan to support.

1. State level advocacy for active management of federal forest lands to reduce catastrophic wildfire risk, improve habitat, provide sustainable timber resources, establish biomass opportunity and create rural jobs.
2. Revamping of state energy policy to emphasize the biomass alternative with specific energy goals to be achieved in the next 5-7 years.
3. Expansion of the ONAMI initiative to reach beyond high tech and also encompass cutting edge forest and agri-based product research.
4. Greater state government leadership in federal forest planning to ensure federal lands appropriately contribute to state environmental, economic and social objectives. Fulfill economic goals of the federal Northwest Forest Plan and maintain forest products manufacturing infrastructure.
5. Play a key role in “the big look” review of Oregon land use plan and find public consensus on how and why to preserve private forest and agricultural lands.
6. Rally public support for the *Forestry Program for Oregon* and sustainable forest management indicators as a framework for building common ground and greater public support for policies affecting public and private forestlands.
7. Establish a center for small forest landowner enterprise that would:
  - a. serve as an information and communication source on a diversity of forest products, economic opportunities, and management techniques
  - b. provide economic resources (loans, grants, etc) to encourage small landowners to initiate feasible forest product ventures
  - c. assist small forest landowners to organize for market advantage and leverage
 The center could be a state organization, such as Washington’s Small Forest Landowner Office, or a non-governmental organization with state and private support.

8. Assist educational resources (OSU College of Forestry, Extension Service, Community Colleges) to better serve small woodland owners in:
  - a. business management – planning, analysis, etc
  - b. marketing
  - c. inventorying marketable resources by developing criteria for inventory for non-traditional products, inventory techniques
  
9. Expand/create marketing mechanisms such as:
  - a. OSU Extension forest products directory to include a wide variety of potential products
  - b. market centers such as concentration/sort yards
  
10. **Benchmarking & celebrating yearly Oregon’s progress and needs ahead for returning its fire prone forests to desirable conditions.** – We need primary players who supported development and implementation of National Fire Plan, Healthy Forests Initiative and Healthy Forests Restoration Act to design a collaborative approach (its fairly simple) and hold beginning in the Spring of 2006 an annual gathering and report to leaders and the citizens of Oregon successes, barriers to progress, and continuing needs. From this gathering the collaborative framework can then lend legislative, financial and people support to assuring leaders continue to support these efforts. The recommendations of former Governor John Kitzhaber’s Eastside Forest Advisory Panel as documented in their December 2002 report – “Working to Restore Oregon’s Eastside Forest Ecosystems and Community Health: Oregon’s Experience” can be used statewide to achieve results and strengthen public/private partnerships that retain important milling and community/work infrastructure.
  
11. **Implementing & promoting biomass, bio-energy infrastructure, incentives and systems** - Teaming with forest and municipal interests thru sustainability themes and approaches, we can ease the burden on landfills, restore better forest conditions, and use residues from a variety of sources which will-with appropriate scale technology-lower energy bills for school districts, municipal entities and business across Oregon. New federal energy statutes and the Governor’s Greenhouse Gas recommendations are just two of many vehicles to assist in this effort. So where do we set up the first “pilot” infrastructure investments in Oregon-rural and urban and put into place incentives and agreements in 2006 so construction can begin if underway more fully supported in interested school districts, cities and counties. In 2007 determine the next list of “pilots” based on 2006 progress and findings.
  
12. **Initiate Market-based incentives for small and large forest ownerships to maintain and improve the forest landbase in Oregon** – To date we have worked with voluntary initiatives, i.e. Salmon Plan/Forest Industry initiatives in combination with regulatory measures and forestry incentives for tree planting, etc. Changing demographics/forest industry ownership approaches, calls for increasing buildable space and adjustment in urban growth boundaries as well as fragmentation of small woodland properties are growing realities. Market-based incentives are essential to keep forest land as functioning, operational entities to supply economic and non-economic benefits for owners, citizens and Oregon statewide.

13. Treat 10% of the high risk fuel types on federal lands each year.
14. Support the biofuels prototypes and make them commercial in 5 years or less.
15. Support the wood innovation center.
16. Forest health woody biomass electricity/biofuels
  - a. Action Item: Bring together the Federal forest land managers, the private/public utilities, OPUC and BPA with the Forest Cluster
  - b. Action Item: Follow through with more communications on the use of wood as the preferred environmental choice.
  - c. Action Item: Seek global acceptance of the Oregon Forest Protection Act as meeting any Forester Certification program.
17. Promote improved/increased active management of federal lands to enhance forest health and sustainability.
18. Write state energy policy to create biomass recovery incentive for business – such as: transportation subsidy; energy production subsidy; or other
19. Rural resource economic initiative, which would foster public policies to improve forest cluster traded good output
20. Workforce Infrastructure maintenance & improvement
21. Increase timber harvesting off public lands by 10% per year.
22. Promote wood products manufacturing to achieve majority favorable view in the state. Measure success through polling.
23. Specific to Energy – Oregon or West Coast needs a LNG (Liquified Natural Gas) terminal. To remain competitive in the short run (10-20 years). Oregon should develop a position in support of a terminal.
24. Forest health and woody biomass initiative is first priority
25. Integrate Innovation/Research initiatives
26. Biomass
27. Wood Innovation
28. State Lands. It is most important that we keep these lands producing at optimal levels. Oregon needs to show the nation that proper management of resources can meet the needs of

all segments of our economy. It is critical that we show the other government agencies how manage our lands. We also need to create funding from the federal government to allow the state to take over all firefighting in the state of Oregon. ODF would not have allowed the Biscuit or Timbered Rock fires to grow to that magnitude a few years ago.

29. Wood innovation and use. Promote wood as an environmentally preferred consumer product. We agree to support of the Oregon Wood Innovation Center. I do not agree that changing the Forest Practice laws to support SFI Programs. This should be a business decision, not by regulation.
30. Forest Research. Knowledge always creates wise management.
31. Federal Lands. What has happened in the last 20 years is a disaster and embarrassment. We need to promote an avenue by which Oregonians have a say (Vote) in how our lands are managed. This can be done with the BOF or even strong involvement by the Governor. Work to get the USFS out of the firefighting business. Do not let The Nature Conservancy have a strong influence in the management of federal lands. They advocated management by fire, air pollution restrictions will not allow this policy to succeed.
32. Forest Health & woody Biomass energy. Although, this could solve a lot of problems, the laws currently in place will not allow enough acres to be treated to make it worthwhile. The economics of this program will not be a feasible to implement as a business concern.

Name of Person Completing Questionnaire: **Summary of All Forest Cluster Questionnaires**

Thanks for your cooperation!

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