



NORTHERN MAINE FOREST PRODUCTS INDUSTRY CLUSTER

Guiding Document and
Action Plan

NORTHERN MAINE DEVELOPMENT
COMMISSION AND AROOSTOOK
PARTNERSHIP FOR PROGRESS



August 11, 2015

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Executive Summary

This report provides an overview of the forming of the Northern Maine Forest Products Industry Cluster (NMFPIC), a timeline of meetings, creation of a guiding document, structure of committees and adopted action plan.

Northern Maine Development Commission (NMDC) and Aroostook Partnership for Progress (APP), with financial assistance from USDA Rural Development and Maine Technology Institute, created a high performing forest resources and wood products industry cluster. The cluster includes firms and organizations that support primary and secondary wood products manufacturing and a broad spectrum of forest ecosystem services. This includes geographically concentrated, interconnected economic activities and linkages to customers and suppliers that will be especially important to the many small companies that service forest harvesting operations in Aroostook. Private timber contractors, equipment sales, equipment services, fuel suppliers, and banks are just some of the interconnected businesses are being positively impacted by the NMFPIC. Companies are deriving competitive advantages in the market place through a wide range of activities and sharing of knowledge across the cluster; e.g. supply chain development, market intelligence, workforce training and business incubator services. Organizations engaged in forest resource management, education and research are also involved with the NMFPIC. Attraction of capital, value-added processing, management training, joint R&D and technical standard setting are a key focus of the NMFPIC.

The NMFPIC provides the foundational structure that will support and sustain economic growth in the regional forest industry. The basis for that economic growth can be found in the Action Plan outlined in this report, which was created with these goals in mind.

- Provide for workforce development (harvesting, forest workforce feeder system and contractor training)
- Create new value added processing and products
- Promote a consistent Maine state policy and regulatory platform,
- Develop a state competitive forestry and manufacturing economic development platform
- And develop a communications package in support of these objectives.

Forest Economy of Aroostook County and Maine

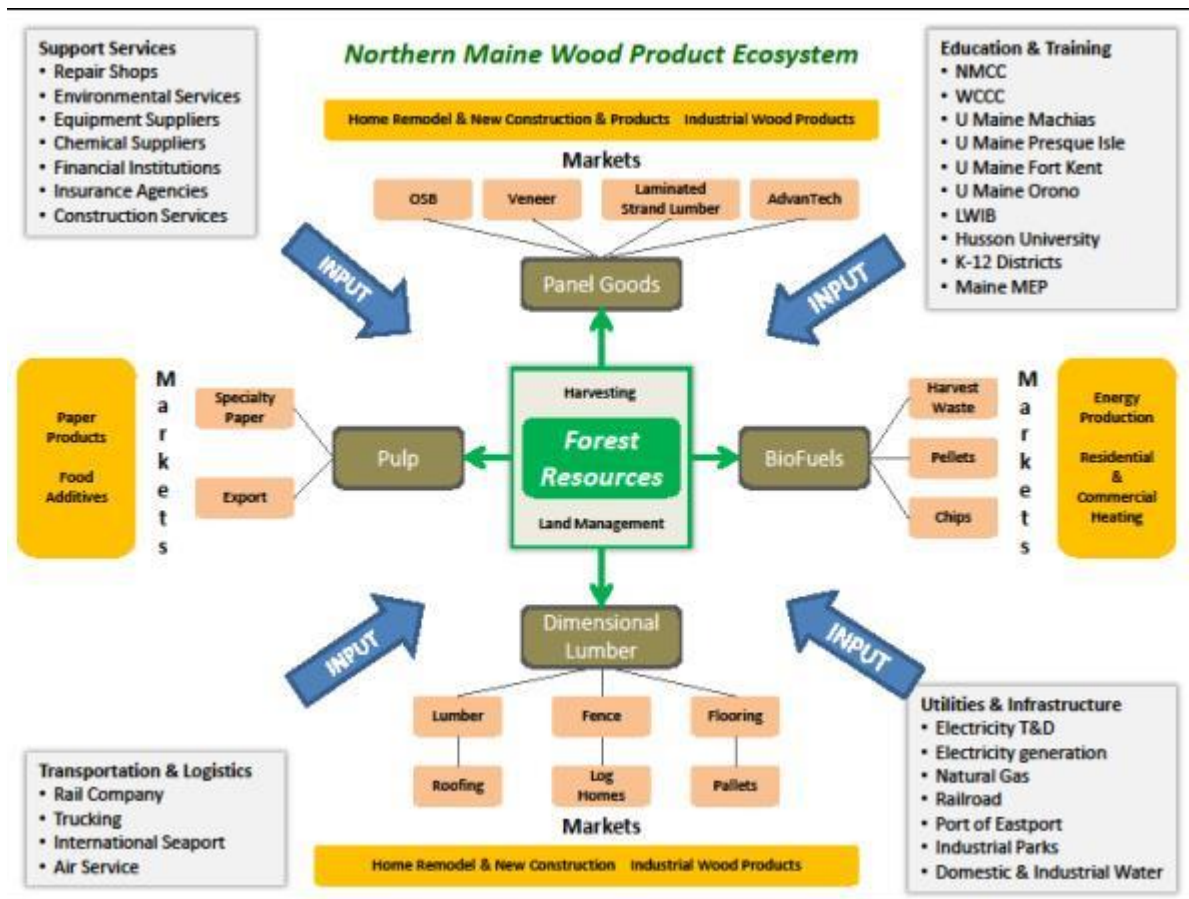
The forest products sector in Maine includes businesses, organizations and individuals involved in activities including (but not limited to) logging and forestry, paper and related product manufacturing, sawmills and wood product manufacturing, wood furniture manufacturing, wood biomass power generation, maple syrup production, and activities of the Maine Forest Service.

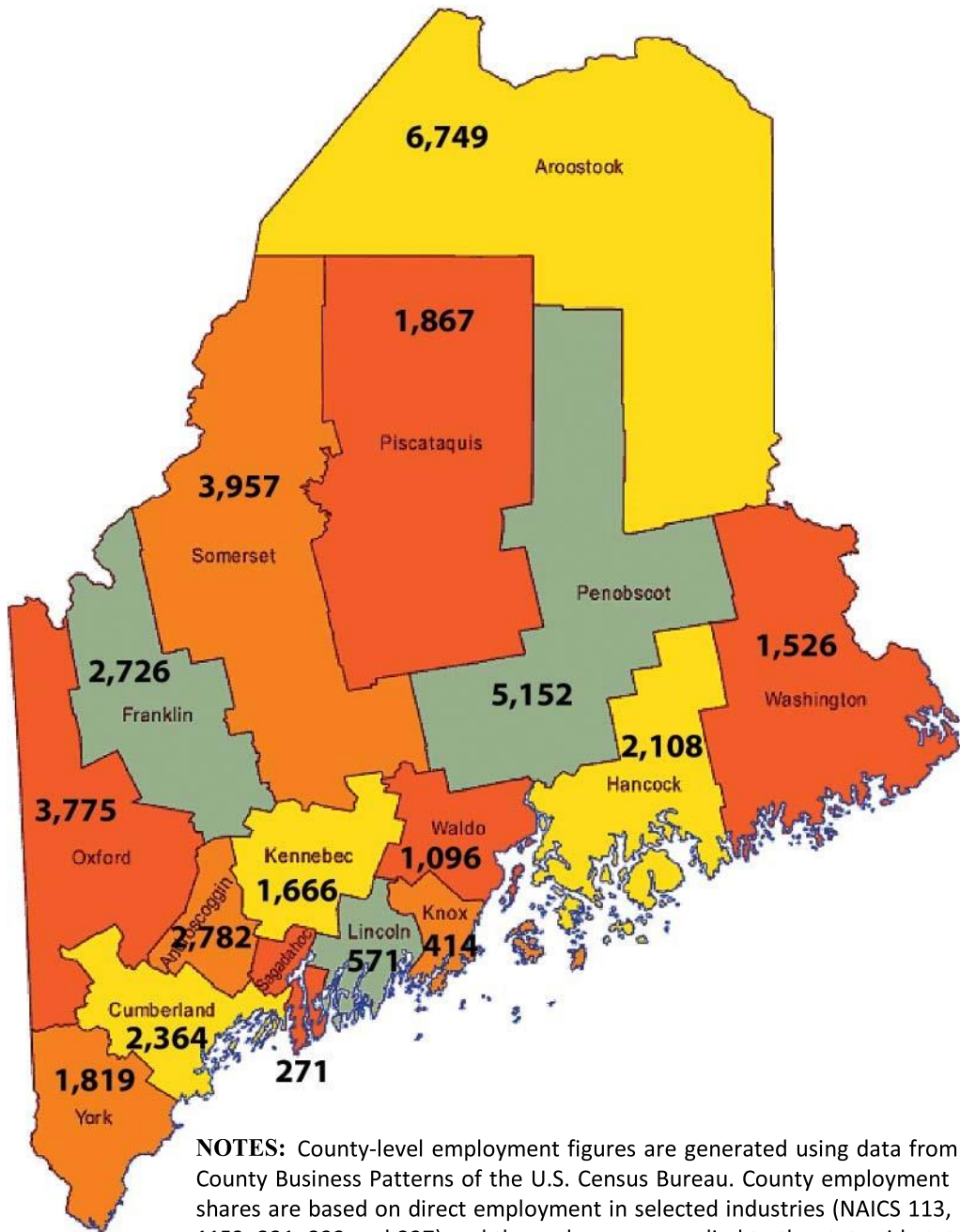
The Maine forest products sector has a total annual (2011) statewide economic contribution, including multiplier effects, of an estimated \$8.0 billion in output, 38,789 full and part-time jobs, and \$1.9 billion in labor income. In Aroostook County, more than 6,700 are employed in forestry related jobs.

Paper manufacturing is the largest segment of Maine’s forest products sector. Of the forest products sector’s direct contribution of \$5.1 billion, paper manufacturing accounts for about \$4.0 billion. Paper manufacturing also accounts for the largest number of jobs in Maine’s forest products sector. Twin Rivers Paper in Madawaska employs more than 450 full time people and is one of the larger employers in northern Maine.

The total employment impact of 38,789 jobs is equivalent to 4.85 percent of the jobs in Maine. Put another way, roughly 1 out of every 20 jobs in Maine is associated with the forest products sector.

(Source: Maine Forest Products Council)





Background

In 2009, The Aroostook Partnership for Progress (APP) and Northern Maine Development Commission (NMDC) in conjunction with Vital Economy consultants completely revised our strategic economic development planning approach to utilize the Mobilize Northern Maine (MNM) asset-based process to focus our economic development priorities. This process reviewed our top eight economic sectors (Agriculture, Education, Energy, Forestry, Healthcare, Information Technology, Manufacturing and Tourism) to determine the sectors with the greatest strengths and opportunities to focus on in order to grow our regional economy. The initial phase '09/'10 analysis concluded that "renewable energy" and "information technology" (IT) industry clusters would be the two focus areas. The Renewable Energy analysis resulted in a focus on woody biomass (chips and pellets) as a source of significantly lower-cost heating fuels and led to a compelling case for business and residential conversion to these heating sources.

In 2011/12, after the 2010 Census data was published, APP completed the second MNM review and updated our five-year 2017 MNM goals. Regional economic changes combined with more detailed analysis led to the conclusion that "forestry" and "manufacturing" evidenced the greatest economic potential; complementing our focus on "renewable energy" with special emphasis on "woody biomass". As a result, APP formed a Forestry Working Group to further explore forestry industry issues and opportunities.

The forest industry, which is concentrated in the northern and western portions of Aroostook County, did not have an organized forest cluster in which concentrations of industry specific companies interact on a regular basis to share knowledge and linkages. APP and NMDC utilized the Mobilize Northern Maine asset-based process to build upon the work of the existing Forestry Working Group to begin the facilitation of an industry-led regional forest products industry cluster; devoting staff resources in the same fashion successfully utilized in developing the Renewable Energy industry cluster over the past two years. A formalized structure was developed that is guided by forest industry experts to effectively analyze all facets of the NMFPIIC, identify common issues, articulate priorities, develop short and long term strategies with implementation actions, identify funding streams for the sustainability of the cluster, create measurable benchmarks and create regional support for entrepreneurship and innovation.

The Northern Maine Forest Products Industry Cluster was formed in 2014 for the expressed purpose of advancing this industry in Northern Maine by increasing the value-added production capacity and creating jobs in this key sector in Aroostook County and Maine's economy. Cluster members include all the major players including landowners, mills, forest products manufacturers and multiple first and second tier players in this industry.

As Aroostook County has greater than three million acres of timber, Maine is over 89% forested, and the forest industry generates almost 20% of Maine's economy, this sector stood out as having the greatest potential impact (for gain or for loss) to Aroostook's economy. The cluster was formed to address common challenges and opportunities with the belief that by working collaboratively, it could more aggressively mitigate obstacles and maximize future growth in this sector.

The Cluster has met four times, formed a steering committee, drafted a "challenges and opportunities" spreadsheet and used this vehicle to establish long-term goals, objectives, and priority emphasis areas.

Guiding Document

PREAMBLE

With its vast forest resource representing over 17 million acres of productive timberlands and 6.5 million cords of annual harvest, Maine is in a unique position to provide for a more vibrant forest economy with more manufactured products translating into more jobs and prosperity for the State.

Goal

Maine must provide a more competitive regulatory and economic development platform, which can effectively compete for the available timber resource while providing for critical human resources as required.

Mission

“MAINE MUST DEVELOP A VIBRANT, COMPETITIVE AND SUSTAINABLE FOREST ECONOMY THAT WILL PROVIDE GREATER PROSPERITY IN THE FOREST INDUSTRY”

Strategic Objective 1: Provide for Workforce Development to support mission.

Maine DOL and Post-Secondary initiatives have not provided results oriented and successful programs to help develop a qualified labor force in support the Forest Sector for over a decade.

- A. Develop Forest Workforce Feeder System.
 - Operator Training Programs.
 - Identify mill training needed, develop curriculum and insure candidates are qualified to support.
 - Consult CLP Program and utilize highly successful program techniques.
- B. Develop Contractor training in business techniques.
 - Financial (Cash Flow, P&L Statements. Balance Sheets Pro Forma).
 - Regulatory (OSHA, Safety, Insurance, Best Practices).
 - Supervisory (Communications, Discipline, Coaching and Mentoring).
 - Productivity, Quality and Efficiency Models.
 - QuickBooks and other business tools.

Strategic Objective 2: Create new Value Added Processing and Products utilizing available forest resource:

- A. Identify Value Added opportunities in secondary and tertiary processing of timber.
- B. Identify Economic Development resources to enable growth in the Forest Sector.
- C. Reduce Energy Costs to all industrial users.

Strategic Objective 3: Maine must provide a consistent policy and regulatory platform that will enable growth of the forest economy:

A. Federal and State Regulations must promote, not hinder the development of the Forest Economy.

- Define and discontinue regulations that go beyond the Federal mandates.
- Evaluate Federal and Maine regulations to eliminate excessive practices that hinder Maine Business and Job growth as compared to other regions.
- VOC and NOX Rules: Index rules to other jurisdictions to allow regional competition.
- Boiler MACT Rules must exempt biomass fuels.

B. Require and mandate Economic Impact Assessments on new regulatory legislative bills.

Strategic Objective 4: Develop an Economic Development Platform that is competitive to other States and Regions.

Maine's Economic Delivery Platform is no longer competitive as compared to other jurisdictions and is in need of major restructuring to generate results in real capital growth, job creation and retention.

A. Economic Development must be streamlined, efficient and measured on Business Development successes.

- The new platform should be built modeling proven platforms in other jurisdictions.
- Measured results in capital acquisition, job creation, job retention and new business development should be tracked and reported on a regular basis.

B. The Economic Development Platform must be an integral part of the legislative process to enhance and insure economic growth.

Strategic Objective 5: Provide Communications Package to support the Mission:

A. Develop multi-level communications plan (Legislative, Business and Community) to execute Strategic Objectives.

- Central to the Communication Plan is developing a grass roots campaign to impact changes at all levels as required.
- Central POC identified for each level.
- Define players needed to execute the plan in all mediums as required.

Cluster Timeline

The full cluster has met four times, starting in January 2015 and last meeting in June 2015. The fifth meeting is scheduled for late August 2015 and then on an every other month timeline.

Following the first cluster meeting emphasis areas were prioritized and committees established to formulate an action plan to address the major challenges in order to enable the potential opportunities. The committees are headed by private sector leaders along the following cluster designated priority areas:

- 1) **Workforce & Training**
- 2) **Transportation**
- 3) **Energy**
- 4) **Capital & Insurance**
- 5) **Research & Development**
- 6) **State Regulatory Barriers**
- 7) **Maine State Economic Platform**

Each committee includes a NMFPIIC Steering Committee member on the team to enhance communication and understanding by the Steering Committee when planning meetings or coordinating actions. The Action Plan (attached as Exhibit X) addresses the above priority sections and stipulates the action, the point of contact responsible for coordinating or completing the action, a target date for completion (if known) and a progress section to track the status of each action. Some of the described actions may involve select cluster members, agencies in Maine, state government departments, a specific committee, the entire cluster or in some cases all of the above in order to guide progress. Clearly, some of the actions are short-term and some mid-term while others will entail years of work to complete. Some actions may require legislative action or department engagement to accomplish. This action plan is a living document that will evolve as actions are completed or respond to changes in the future forest products market, federal regulation implementation or changes in state laws or statutes.

Progress Thus Far: (Since Feb 2013 Mobilize N. Maine process identified Forestry as a priority)

- 2013 – created Forestry Tiger Team to strategize how to address long-term progress in this sector
- 2013 - worked with MFPC who enlisted UMaine to create the “Maine’s Forest Economy” impact report
- Created Logger Business Acumen training course & have conducted three sessions in 2013, ‘14, & ‘15
- 2013 – Tiger Team created a “Guiding Document” that outlined the key areas that needed addressing
- 2014 - St. John Valley Technical Center started a Forestry Training program for high school students to augment the only other County high school level technical education program in the Houlton Region II school
- 2014 – Briefed Gov. LePage’s Chief Economic Advisor John Butera on the importance of Forestry to the future of Maine’s economy; Mr. Butera advised us to engage forestry from the entire state perspective
- 2015 – Created Northern Maine Forest Products Industry Cluster
- 2014 – APP briefed Aroostook legislators on forestry importance of in preparation for the 2015 session
- 2015 – Met with Maine Tree Foundation to discuss holding more PLT Teachers Tours & workshops in Aroostook County; follow up planning meeting set for Aug 2015
- 2015 – Worked with our Congressional delegation on interstate travel and CDL age limitations
- 2015 – Met twice with Maine Speaker of the House to discuss the critical need for forestry training
- 2015 – Connected Northern Maine Community College and Edmundston, N.B. Community Colleges to tour and discuss forestry training potential collaboration

- 2015 – Speaker Eves LD-1373 “Put ME to Work” bill created \$500k for three years available to establish a “Mechanical Harvester Logger Training program at three Maine Community Colleges; ready to implement
- 2015 – Supported bill LD-290 to eliminate off road diesel fuel tax for this industry; bill did not get through the process but has set the stage for greater emphasis in 2016 session
- 2015 – Supported bill LD 434 to revise insurance process to make more equitable – tabled in Senate
- 2015 – Sent forestry DOT concerns to state which will be incorporated in 2016 guidance rewrite

The spreadsheet that follows is the Northern Forest Products Industry Cluster initial action plan. Priority area seven does not have an action plan, per se, as it is long term and complex in nature. The cluster and the steering committee will continue to work with other forest agencies, the Maine Forestry Department and our legislators to convince Maine that this is a critical requirement for long-term economic growth.

Action Plan

Workforce - Training			
General Issues:			
- Impression that forestry industry is dying in Maine			
- Outdated image of work nature in this sector			
- Average workforce age in sector increasing ~ 57			
- Harvesting workforce critical to the success of sector!			
- County teachers do not promote working in this sector			
<u>Action</u>	<u>POC/Lead</u>	<u>Tgt. Date</u>	<u>Progress</u>
1. Finish Logger Video	MTF & MFPC	9/15/2015	Like "This is My Office" - a 5-6 minute video
2. Proliferate Video to Schools/Teachers/Students		ASAP	
- Promote on Opportunities Awareness Website	Jon Gulliver		
- PLT Workshops use video as lead-In w/ teachers	PLT staff		
3. Develop PLT Forestry awareness workshops in Aroostook			
4. Develop Forestry Career Lattice(s)	Ryan P. Dave Morse, ACAP	9/1/2015	Tory has info collected
- Several examples would be beneficial-harvesting to millwork			
- Need to emphasize <i>personal responsibility, expectation management</i>			
5. Marketing Campaign to promote forest sector jobs & benefits	Bob D. , Jon G., Cluster		Look for Grant funding
- Educate County educators			Need more job data from cluster
- Work with Principals & Guidance Councilors			Need top down support
- Coordinate with teachers unions			
- Coordinate with PLT staff to conduct teacher workshops			
- Promote CC, Region II, SJV Tech Ctr training programs			Dovetails w/ T & E action
- Support Ted Wright at County Fair Region II booth	Jon Gulliver		

- Provide posters of Cluster goals		2015 Fair	
- Provide posters of various forestry careers		2016 Fair	
6. Produce Forest Career Profile Videos - use Region II students			Need source of funding
7. Suggest articles for North Maine Woods publication	Sarah Medina collecting		Ms. Vaillancourt advancement = first suggestion
8. Produce Forest Career Posters for High Schools/CTEs	TBD		Funding Needed
<u>Workforce - Training & Equipment</u>			
General Issues:			
- Equipment expensive & outdated in cases			
- Simulators are needed; suggestion to collaborate on usage			
- Huber suggested consolidated loader simulator for members; centrally locate then schedule and lease time			
<u>Action</u>	<u>POC/Lead</u>	<u>Tgt. Date</u>	<u>Progress</u>
1. Ensure CTE & College coordination on equipment needs	Dave Keaton, Dana Doran	6/1/2015	Complete
2. Survey total program equipment needs	Dave Keaton, Dana Doran	Sep 30 2015	Also coord w/ Dave Morse
- Include simulators (multiple needs)			
- Include Region II, Tech Center & other County CTEs			
3. Secure funding to fill equipment/simulator gaps			Funding Source Needed
3. Implement CC Mechanical Forest Operator Program	Tim Crowley, Dana Doran	1/1/2016	Program funded
- Program plan must be developed			
- Instructors must be hired			
- Rotation schedule needs to be developed			
- Program must be promoted			

4. Expand St John Valley Tech Center "Forestry" CTE program	Dave Morse	1/1/2016	2015 was initial year
5. Promote creation of " Off Road Trucking " Training Program - NMCC & Edmundston CC coordinating on simulator prgm	Ryan Pelletier	TBD	Cluster must support & provide need justification
Note: Don Tardie observation - need certified training programs so trainee is fully qualified upon completion			
<u>Transportation</u>			
General Issues:			
- Restricted equipment movement - times, weight, size			
- Rail Service needs expanding; lack of rail cars & service for	small users		
- Key roads & bridges used by sector need prioritization			
- Differences between US & Canadian & Quebec & NB regs			
<u>Action</u>	<u>POC/Lead</u>	<u>Tgt. Date</u>	<u>Progress</u>
1. Provide ME. DOT with wintertime weight limits for moving	Gary Voisine		Complete
- Follow up w/ ME. DOT committee on rules rewrite	Dana Doran		
2. Identify key roads & bridges essential for Aroostook forest industry; emphasize to DOT for their priority planning	Charles Tardif	ASAP	Need quickly to influence DOT
3. Support 2015 Transportation Bond referendum passage	Entire Cluster		Fall 2015 Vote
4. Support off road trucking Diesel Tax elimination bill	??	2016	Farm Bureau must quantify tax impact
5. Support Maine's 2015 Tiger Grant application to Fed Gov't	Cluster		Complete
6. Seek harmonization of US & Canadian Regulations	Phil Bosse +		Need Collins, King & Poliquin support
- Interstate & Intrastate commerce trans coord effort underway - follow progress			

ENERGY			
General Issues:			
- Aroostook County is NOT connected to the NE grid			
- County has limited electricity suppliers			
- Supply costs account for ~70% of industrial electric costs			
- Emera has completed extensive study on reliability and invited all cluster members to participate in their PAG meetings that discuss County energy issues			
- Energy is a very complex & dynamic issue for Aroostook with many variables			
- Maine is considering allowing T&D firms to reenter the supply business			
- ReEnergy biomass fueled locally generated supply plants are currently key to reliability for winter months			
- Houlton Water Company considering a direct line to NB Power (which could impact T&D rates for remaining County customers)			
<u>Action</u>	<u>POC/Lead</u>	<u>Tgt. Date</u>	<u>Progress</u>
1. Interested parties exploring collaboration - Goal=60MWatts			Don Tardie following
2. Continue to follow energy dynamics to examine impact on potential collaboration effort	Don Tardie	TBD	
3. Continue to attract members to potential of collaboration effort for purpose of attracting NEW suppliers to the County			
4. Encourage Emera PAG Mtg attendance by Cluster			
Note: previous proposed actions regarding hiring energy consultant & doing cost benefit analysis on hold pending outcome of several dynamics & collaboration exploration			Duane Connelly is a potential consultant

Capital/Insurance			
General Issues:			
- Very difficult to enter into harvesting career field due to high costs			
- Young potential business start ups unfamiliar w/ start up requirements & general bus plans			
- Lack of equity/capital/business acumen a major factor			
- Most County High Schools have dropped "Business" classes			
- County lacks forest industry small bus. technical advisors			
- Above concerns reinforce future harvesting contractor supply			
- Insurance - lack of experience drives higher costs due to higher risk factors			
<u>Action</u>	<u>POC/Lead</u>	<u>Tgt. Date</u>	<u>Progress</u>
1. Provide SBA generic business plans & proforma to committee	Bob Dorsey		Complete
2. Committee build tailored documents germane to forestry	Steve St P. & Dave Cambridge	9/30/2015	
3. Committee brief forest cluster on "What Lenders are looking for in new start/expansion situations	Steve St P. & Dave Cambridge	Oct 2015 Mtg	

Research & Development			
General Issues:			
- Global market for wood products changing			
- New processes emerging/advancing			
- New product potential increasing eg. cardboard w/ increasing internet sales worldwide			
- Canada greatly focused on forest sector R&D - could provide a competitive edge for their future			
- UMO has many R&D projects which would be valuable for the cluster to be aware of & provide input to			
- Observation that internally driven R&D is generally more effective than external projects (unless coordination system exists)			
<u>Action</u>	<u>POC/Lead</u>	<u>Tgt. Date</u>	<u>Progress</u>
1. UMaine reps brief cluster on current/potential R&D efforts	Bob Dorsey	Aug 5th	Bob Wagner confirmed
2. Arrange Cluster tour of UMaine R&D efforts	Dana Saucier/Bob D.	before 10/14	
3. Charles Tardif brief Cluster on Canadian R&D approach & efforts that Cluster might be interested in	Charles Tardif	TBD	Charles indicated he could provide briefing
4. Consider UMaine efforts & Provide inputs/feedback	Cluster & individual firms	As seen fit	

Maine State Imposed Barriers			
General Issues:			
- Maine has more restrictive regs than competing states			
- Strict VOC, NOX & SO2 regs hinder value added processing			
- Condition restricts job creation & hurts competition			
- Regulation <i>interpretation</i> varies - yields uncertainty			
<u>Action</u>	<u>POC/Lead</u>	<u>Tgt. Date</u>	<u>Progress</u>
1. Ask Nick Archer to assess if regs can be clarified			Nick working on VOC regs
2. Request DEP brief cluster on specific VOC, NOX, & SO2 rules	Nick Archer	Oct '15 Mtg	
3. Develop "strawman" poll depicting industry barriers	Nick Archer		

Conclusions

As forestry is a major asset to Aroostook County and is one of the focus areas of Mobilize Northern Maine, cluster work will continue for NMDC and APP. Cluster members have rallied around the concept and indicated a willingness to remain engaged. The next Cluster meeting will focus heavily on research and development with a presentation from University of Maine professor Bob Wagner. The presentation is an overview of sustainable forests and forest-based economy signature research. In keeping with the structure of the NMFPIIC process, all topics of importance are identified and acted upon by the NMFPIIC, with NMDC/APP acting in a supportive capacity. In addition, we believe it important for this industry to collaborate more with R&D efforts to create more innovative processes and products to better position our industry to compete and capture more market share.

The Action Plan is a working document. Benchmarks for the identified challenges and opportunities are in place, which will be monitored and successes publicized.

Since maintaining an adequate workforce is a priority, collaboration with the local workforce investment board is key. The Cluster has also been engaged in promoting mechanical harvester training at the local community colleges and at the Career and Technical Education (CTE) Centers in the region.

Several of the Transportation action items are being implemented with funds provided by the Maine Departments of Transportation and Agriculture, Conservation, and Forestry. NMDC staff are working with the Forest Cluster Transportation Committee and have begun to identify high priority corridors (roads and bridges) and projects in the region. The purpose of the survey is to obtain information from municipalities, businesses, and other interested stakeholders on Aroostook County's transportation infrastructure and to determine what the region's priorities for this infrastructure. Once the priorities have been identified, NMDC will be developing a report that will be submitted to the MaineDOT. Our goal is to ensure that MaineDOT continues to be regularly apprised of the region's transportation priorities when they develop projects for their Capital Work Plan.

The NMFPIIC provides the foundational structure that will support and sustain economic growth in the regional forest industry.

Attachments

- A. Cluster Membership List
- B. PDF of PowerPoint slides from Cluster Meetings 1-4
- C. Links to Public Outreach

NORTHERN FOREST PRODUCTS INDUSTRY CLUSTER

Acadia Federal Credit Union	David Desjardins
ACAP Employment & Training	Torry B. Eaton
APP	Bob Dorsey
APP/NMDC	Jon Gulliver
Cam Manufacturing	Marc Brown
Certified Logger Professionals	Mike St. Peter
Congressman Bruce Poliquin	Gloria Duncan
Congressman Bruce Poliquin	Kimberly Rohn
Maine Department of Economic and Community Development	Rosaire Pelletier, Sr.
DEP	Nick Archer
Ecoshel, Inc.	Bryan Kirkey
Emera Maine	Gina LeBlanc-Eggert
Evergreen Forest Services	Don Tardie
Frank Martin Sons	Keith Michaud
Irving Woodlands, Inc.	Peter Tabor
Irving Woodlands, Inc.	Douglas Cyr
JM Huber Corp.	Brad Wolverton
JM Huber Corp.	Dan Pelletier
JM Huber Corp.	Jim Reed
Katahdin Forest Products/Katahdin Log Homes	David Gordon
Katahdin Trust Company	David Cambridge
Key Bank	Steve St. Pierre
Louisiana Pacific Corp.	Ryan Bushey
Maibec, Inc.	Charles Tardif
Maine Department of Transportation	Nathan Moulton

NORTHERN FOREST PRODUCTS INDUSTRY CLUSTER

Maine Dept. Agriculture, Conservation and Forestry	Caldwell Jackson
Maine Forest Products Council	Pat Strauch
Maine MEP	Dana Delano
NB Southern/ Eastern Maine	Ian Simpson
Northern Maine Development Commission	Alain Ouellette
Northern Maine Development Commission	Joella R. Theriault
Northern Maine Development Commission	Ryan Pelletier
Northern Maine Development Commission	Robert Clark
Pinnacle Management Consulting	Dana Saucier
Professional Logging Contractors of ME	Dana Doran
ReEnergy Holdings LLC	Mark Thibodeau
Re-Energy Holdings LLC	Steve Hall
Region 2 of Applied Technology	Ted Wright
Region 2 School of Applied Technology	David Keaton
Senator Collins' Office	Phil Bosse
Senator King's Office	Sharon Campbell
Seven Islands Land Company	Christopher Nichols (Kip)
Seven Islands Land Company	Ryan Wishart
Seven Islands Land Company	Sarah Medina
SJV Technology Center	David Morse
TD Bank	Jason House
TNT Road Company	Steve Theriault
Town of Ashland	Ralph Dwyer
Twin Rivers Paper Company	Glenn Saucier
University of Maine at Orono	Brian Roth
University of Maine at Orono	Mindy Crandall

NORTHERN FOREST PRODUCTS INDUSTRY CLUSTER

University of Maine at Orono	Steve Shaler
University of Maine et Fort Kent	Wilson Hess
Voisine Brothers, Inc.	Gary Voisine

Strength In Numbers!



Forest Resources Assoc.--Maine Forest Products Council--Maine MEP--Chopper One

Logging--Nadeau Logging--TNT Transport--Frank Martin & Sons--Region 2 School--

Sen. Collins & King Reps + 15 – 20 Other Companies/Consultants

Northern Forest Products
Industry Cluster
Meeting #1

Bob Dorsey & Carole Martin

Jan 15, 2015

AGENDA

- 1. Introductions**
- 2. Desired Outcomes**
- 3. Purpose / Situation / Background**
- 4. Process – Carole Martin (Facilitator)**
- 5. Discussion of Opportunities & Challenges**
 - * Basis: Guiding Document & Cluster Inputs**
- 6. Next Meeting – Establish Timeframe**

INTRODUCTIONS

Desired Outcomes

Mtg #1:

- **Understand Purpose & Background**
- **Understand/Refine Process & End Result**
- **Collect Opportunity/Challenge Inputs**
- **Define/Agree On Action Plan Completion Targets**
- **Set Date For Mtg #2**

Our Purpose

- Establish Goals & Objectives
- Develop An Action Plan
- Derive A Strategy To Achieve Goals/Objs
- Lead/Execute/Implement Action Plan

**Maximize Opportunities/Mitigate Challenges
To Advance Forest Sector Economy**

Situation/Background

The Northern Forest of New England and New York

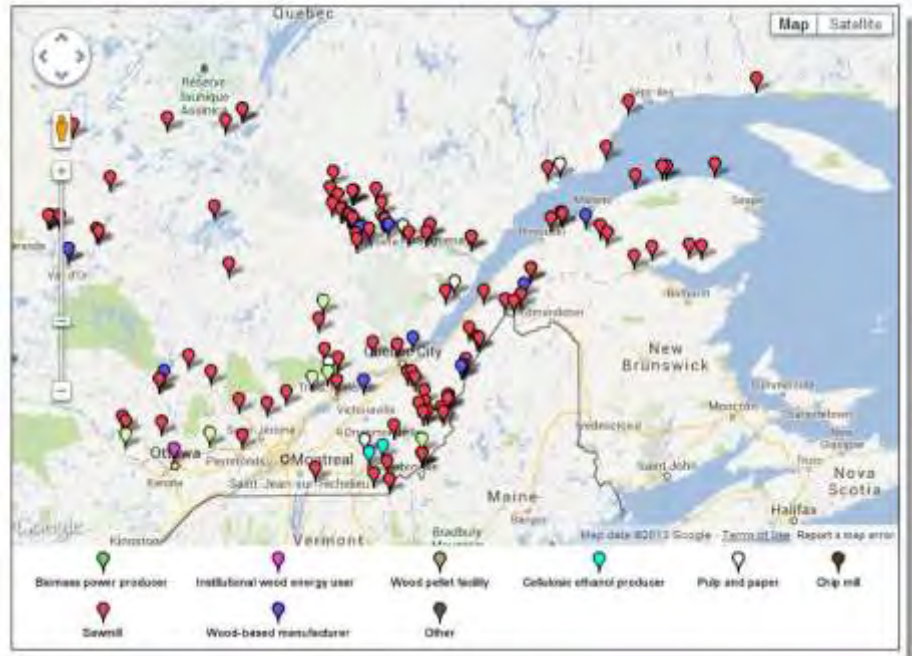


89% Of Maine & 75% Aroostook Forested

Forestry Situation

- Forestry = Largest Industry in Maine (**\$8-10B Estimate**)
- Forestry GDP Baseline Needed (To Track Growth)
- Logging Attraction & Workers ***Image Needs Improvement***
- More Timber Can Be Processed in Maine
- Premise: Maine Lacks A Competitive Advantage
 - High Energy Costs
 - Unstable Regulatory Environment
 - Insufficient Forest Industry Training

Where Aroostook Resources Go



From left: Northern Maine,
Quebec and below, New
Brunswick

Forestry Workgroup Conclusions

1. Opportunity To **Grow Value Added Processing**
2. Challenges In Forestry **Workforce Feeder System**
3. Maine Forestry GDP Baseline Needed
4. Energy Costs & Regulatory Barriers Hinder Growth
5. Maine Needs Comprehensive Plan For Growth
6. Spruce Budworm Infestation On It's Way

Guiding Document

Mission: Develop a Vibrant, Competitive, & Sustainable Forest Economy That Will Maximize Prosperity in the Industry

1. Provide For **Workforce Development** to Support Mission
 - Develop Workforce Feeder System
 - Develop Contractor Training in Business Techniques
2. Create **New Value Added Processing & Products**
 - ID Value Added Processing Opportunities
 - ID Economic Development Resources To Enable Growth
 - Reduce Energy Costs For Industrial Users
3. Advocate For Consistent ME Policy & Regulatory Platform
 - Federal/State Regs That Promote vs. Hinder Growth
 - Conduct Economic Impact Assessment on New Regs
4. Develop Maine Long Term Economic Development Platform

Aroostook Economic Potential

- **Forestry/Manufacturing**
 - Irving – “129 More Jobs”
 - Irving Mill – “*Phase II & Phase III*”
 - Ecoshell – “5 more lines @ 60 jobs per line” (300 Jobs)
 - Masardis & Twin Rivers Mills Upgrading
 - Potential for Another New Mill (Ashland Area)
 - Porvair Factory Expansion – 10 New Jobs
- **Agriculture**
 - *Potential New Processing Facility – Est. 40 Jobs*
- **Rail Car Manufacturing**
 - Norinco @ Loring – Estimated 280 Jobs
- **Mining** – Estimated 300 Jobs

Potential:>1000 New Jobs & >\$100M GDP Increase!

What We're Looking For

1. Focus on & Advance The Forestry Sector

- Track Economic Baseline – 3 Year Intervals
- Eliminate Restrictive Regulations/Barriers
- Close Gaps In Workforce Feeder/Training System
- Change Industry Image – Long Term Initiative

2. Develop Long Term Asset Based Economic Plan

- Develop More Comprehensive Energy Policy That Includes Northern Maine
- Establish Fiber Policy – Incentivize Maine Industry
- Follow Up On “Qualified Logging Workforce” Recs.

3. Benchmark & Leverage Best Practices

- “Jobs Ohio” Invite - Create/Send Benchmarking Team
- Oregon & VT State Examples (Top Down Directed)

From Briefing To Governor's Econ Advisor

Terminology

Goal: Long Term – Condition or State We Want to Get To

Objective: Shorter Term – A Milestone We Wish To
Achieve On The Way To Our Goal

Action: Deliberate Act or Event; Doing Something To
*Affect A Change; May Need a Number of Specific
Actions to Achieve an Objective or Goal*

Strategy: A Plan of Action or Series of Actions Required
To Achieve a Specific Goal (Can Be *Sequential*
or *Simultaneous*)

Terminology

Value Chain: The Entire System - All the Actions From The Stump to the Final Product Getting to Market

Process

Mtg 1:

1. Review Background – Answer Questions
2. Discuss/Refine Process
3. Seek Input on Opportunities & Biggest Challenges

Mtg 2:

1. Refine Opportunities/Challenges
2. Determine Priorities to Act On

Mtg 3:

1. Develop List of Actions
2. Discuss Initial Strategy – Structure To Engage

Mtg 4:

1. Review & Provide Feedback on Initial Action Plan
2. ID Committees & Funding Sources To Engage

Process

Suggested Plan of Attack:

- Use “Core Forestry Working Group” in the Role of Steering Committee
- Invite Others to Join “Core Group” If Desired
- Between Cluster Group Mtgs, Core Group To Meet to Review Info, Adjust Agendas, &/or Refine Action Plans/ Formulate Strategy For Cluster Review

Note: Carole Will Facilitate For at Least 1st 3 Meetings But Will Be Available Should We Need More

Process

Suggested Plan of Attack:

- Cluster May Desire to Have More Frequent Mtgs Than Quarterly To Develop An Action Plan Sooner To Allow For Faster Engagement
- **KEY** To This Process Is To Establish The **Private Sector Priorities/Actions** and Then Engage With State/Public/Other Agencies To Implement

Opportunities/Challenges

- **Workforce Development/Labor**
- **Energy Costs**
- **Transportation – Rail, Diesel etc**
- **Regulations/Barriers – State Level**
- **Stumpage Costs**
- **Training**
- **Infrastructure**
- **Taxes**
- **Other**

Next Meeting ?

PROPOSED TIMELINE:

Mtg #2 – MARCH 5th (7 Week Interval)

Mtg #3 – APRIL 30th

Mtg #4 - JUNE 18th

Will Finalize At Mtg # 2

DISCUSSION

Back Up

Northern Forest Product Cluster

Home Remodel & New Construction & Products Industrial Wood Products

Markets

OSB

Veneer

Laminated
Strand Lumber

AdvanTech

Panel Goods

INPUT

INPUT

Harvesting

**Forest
Resources**

Land
Management

Pulp

BioFuels

Harvest
Waste

Pellets

Chips

Dimensional
Lumber

INPUT

INPUT

Lumber

Fence

Flooring

Roofing

Log
Homes

Pallets

Markets

Home Remodel & New Construction Industrial Wood Products

Support Services

- Repair Shops
- Environmental Services
- Equipment Suppliers
- Chemical Suppliers
- Financial Institutions
- Insurance Agencies
- Construction Services

Education & Training

- NMCC
- WCCC
- U Maine Machias
- U Maine Presque Isle
- U Maine Fort Kent
- U Maine Orono
- LWIB
- Husson University
- K-12 Districts
- Maine MEP

Paper
Products

Food
Additives

**M
a
r
k
e
t
s**

Specialty
Paper

Export

R&D and Innovation

- University of Maine
- Process Development Center
- Advanced Structures Center
- Advanced MFG Center
- Forestry Research Facilities
- Foster Center for Innovation

Transportation & Logistics

- Rail Company
- Trucking
- International Seaport
- Air Service

Energy
Production

Residential
&
Commercial
Heating

**M
a
r
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t
s**

Utilities & Infrastructure

- Electricity T&D
- Electricity generation
- Natural Gas
- Railroad
- Port of Eastport
- Industrial Parks
- Domestic & Industrial Water

Strength In Numbers!



Forest Resources Assoc.—MFPC--PLC--Maine MEP--CLP--Chopper One

Logging--Nadeau Logging--TNT Transport--Frank Martin & Sons--Region 2 School--

Sen. Collins, King, & Rep. Poliquin Reps + 15 – 20 Other Companies

PONSSE SIMULATOR



Northern Forest Products
Industry Cluster
Meeting #2

Bob Dorsey & Carole Martin

Feb 26, 2015

AGENDA

- 1. Introductions – New Members**
- 2. Desired Outcomes Review/Meeting Process**
- 3. Progress Review**
- 4. Draft Goals & Objectives Introduction**
- 5. Opportunities & Challenges Review**
- 6. Methodology - Determine Priorities**
- 7. Discuss Potential Approaches Going Forward**
- 8. Next Meeting – Establish Timeframe**

Desired Outcomes

Mtg #2:

- **Introduce Draft Goals & Objectives**
- **Agree on Opp/Challenge Inputs & Timeline**
- **Set/Refine Priorities to Engage**
- **Inform About Various Work Approaches**
- **Set Date For Mtg #3**

Our Purpose

- Establish Goals & Objectives
- Develop An Action Plan!
- Derive A Strategy To Achieve Goals/Objs
- Lead/Execute/Implement Action Plan

**Maximize Opportunities/Mitigate Challenges
To Advance Forest Sector Economy**

Process

Mtg 1:

1. Review Background – Answer Questions
2. Discuss/Refine Process
3. Seek Input on Opportunities & Biggest Challenges

Mtg 2:

1. Refine Opportunities/Challenges
2. Determine Priorities to Act On (Category/Sequence)

Mtg 3:

1. Develop/Refine List of Actions
2. Discuss Initial Strategy – Structure To Engage

Mtg 4:

1. Review & Provide Feedback on Initial Action Plan
2. ID Committees & Funding Sources To Engage

Progress Thus Far

- **Guiding Document** Developed By Working Group (2013)
- Business Acumen **Training Established** – Now in **3rd Year**
- Briefed Aroostook Legislators on Dec 9th, 2014
- Briefed **John Butera** Dec '14 – Sector Emphasized
- **Cluster Formed – Jan 2015**
 - Irving, Seven Islands & Gary Voisine on Steering Com.
 - Steering Committee Met Jan 29th
 - Built **“Opportunities & Challenges” Spreadsheet**
- Discussed Opportunities on Feb 11th @ **A-Day in Augusta**
- Discussed **Teachers Tours/Workshop Series** w/ **PLT** Folks
- Briefed **Speaker Eves** & 3 Legislators on Need for Forestry Sector Training (Feb 19th)
 - Emphasized in Frenchville (SJVRTC) & NMDC BoD
- Drafted Cluster **Goals & Objectives** For Consideration

Draft Goals & Objectives

ULTIMATE GOAL

**INCREASE VALUE ADDED PROCESSING
POTENTIAL, CREATE JOBS & GROW
AROOSTOOK & MAINE'S FOREST
INDUSTRY ECONOMY**

GROW THE FOREST SECTOR!

SUB GOALS

- 1. ENSURE WE HAVE A WORKFORCE CAPABLE OF SUPPORTING SUSTAINED FOREST INDUSTRY OPERATIONS**
- 2. INCREASE THE EFFICIENCY, COMPETITIVENESS & PROFITABILITY OF FOREST INDUSTRIES TO INCENTIVIZE EXPANSION IN MAINE**

OBJECTIVES

1. INCREASE WORKFORCE AVAILABILITY

- IMPROVE IMAGE
- PROMOTE SECTOR
- REDUCE AGE TO OPERATE
- REVISE INT'L REQUIREMENTS

2. INCREASE TRAINING CAPABILITY

- EQUIPMENT OPERATIONS
- OFF ROAD TRUCKING
- CONTRACTOR BUSINESS ACUMEN

OBJECTIVES

3. MAXIMIZE TRANSPORTATION CAPABILITY

- ROADS**
- RAIL**
- BRIDGES**

4. AMEND/MODIFY MAINE REGULATIONS

(THAT REDUCE COMPETITIVENESS)

- VOC**
- NOX**
- SO₂**

OBJECTIVES

5. REDUCE THE COST OF ENERGY

- DIESEL
- ELECTRICITY

6. CREATE A STABLE ECONOMIC PLATFORM

- CONSISTANT POLICIES
- COMPETITIVE W/ OTHER STATES
- DEPENDABLE – LONG TERM

OBJECTIVES

- 7. MAINE DEVELOP A LONG TERM PLAN
TO GROW THE FORESTRY SECTOR**
- REGULAR ECONOMIC ANALYSIS**
 - PERIODIC STATE COMPETITIVE STUDY**
 - EDUCATION TO LEGISLATURE**

Jan 29 Steering Com. Agenda

- Opening Comments - Approach
 - **What Can We Affect?** In What Timeframe?
 - Will Need to Solicit Other Agencies To Help...
- **Review Challenges & Opportunities**
 - **Additional Inputs?**
 - **Categorize Short, Medium or Long Term**
 - **Capture Initial Actions/Suggestions**
- **General Discussion On Bills Being Considered**

Opportunities/Challenges

- **Workforce Development/Labor/Training**
- **Transportation – Rail, Roads, Diesel etc**
- **Energy Costs**
- **Access To Capital/Insurance**
- **Environmental regulations/State level/Safety**

Review Spreadsheet

Work Approaches

Carole Will Describe Various:

- Large Group
- Committees eg. Workforce, Regs, etc.
- “Twosies” (Small Groups)

Germane To Prep For / Agenda For Mtg #3

Meeting #3 Date?

PROPOSED TIMELINE:

Mtg #1 – Jan 15th

Mtg #2 – Feb 26th (6 Week Interval)

Mtg #3 – Apr 2nd (5 Weeks) ?

Mtg #4 - May 21st (7 Weeks)

Meeting #3

Mtg 1:

1. Review Background – Answer Questions
2. Discuss/Refine Process
3. Seek Input on Opportunities & Biggest Challenges

Mtg 2:

1. Refine Opportunities/Challenges
2. Determine Priorities to Act On

Mtg 3:

1. Develop/Refine **List of Actions**
2. Discuss Initial Strategy – **Structure To Engage**

Mtg 4:

1. Review & Provide Feedback on Initial Action Plan
2. ID Committees & Funding Sources To Engage

BEFORE Meeting #3

- Cluster Respond To Draft Goals & Objectives
- Steering Committee To Meet
 - Refine Goals & Objectives
 - Revise Spreadsheet To Reflect Priorities
- Spreadsheet Distributed To Cluster Members

Back Up

(Mtg #1 Slides)

Forestry Situation

- Forestry = Largest Industry in Maine (**\$8-10B Estimate**)
- Forestry GDP Baseline Needed (To Track Growth)
- Logging Attraction & Workers ***Image Needs Improvement***
- More Timber Can Be Processed in Maine
- Premise: Maine Lacks A Competitive Advantage
 - High Energy Costs
 - Unstable Regulatory Environment
 - Insufficient Forest Industry Training

Guiding Document

Mission: Develop a Vibrant, Competitive, & Sustainable Forest Economy That Will Maximize Prosperity in the Industry

1. Provide For **Workforce Development** to Support Mission
 - Develop Workforce Feeder System
 - Develop Contractor Training in Business Techniques
2. Create **New Value Added Processing & Products**
 - ID Value Added Processing Opportunities
 - ID Economic Development Resources To Enable Growth
 - Reduce Energy Costs For Industrial Users
3. Advocate For Consistent ME Policy & Regulatory Platform
 - Federal/State Regs That Promote vs. Hinder Growth
 - Conduct Economic Impact Assessment on New Regs
4. Develop Maine Long Term Economic Development Platform

Aroostook Economic Potential

- **Forestry/Manufacturing**
 - Irving – “129 More Jobs”
 - Irving Mill – “*Phase II & Phase III*”
 - Ecoshell – “5 more lines @ 60 jobs per line” (300 Jobs)
 - Masardis & Twin Rivers Mills Upgrading
 - Potential for Another New Mill (Ashland Area)
 - Porvair Factory Expansion – 10 New Jobs
- **Agriculture**
 - *Potential New Processing Facility – Est. 40 Jobs*
- **Rail Car Manufacturing**
 - Norinco @ Loring – Estimated 280 Jobs
- **Mining** – Estimated 300 Jobs

Potential:>1000 New Jobs & >\$100M GDP Increase!

What We're Looking For

1. Focus on & Advance The Forestry Sector

- Track Economic Baseline – 3 Year Intervals
- Eliminate Restrictive Regulations/Barriers
- Close Gaps In Workforce Feeder/Training System
- Change Industry Image – Long Term Initiative

2. Develop Long Term Asset Based Economic Plan

- Develop More Comprehensive Energy Policy That Includes Northern Maine
- Establish Fiber Policy – Incentivize Maine Industry
- Follow Up On “Qualified Logging Workforce” Recs.

3. Benchmark & Leverage Best Practices

- “Jobs Ohio” Invite - Create/Send Benchmarking Team
- Oregon & VT State Examples (Top Down Directed)

From Briefing To Governor's Econ Advisor

Northern Forest Product Cluster

Home Remodel & New Construction & Products Industrial Wood Products

Markets

OSB

Veneer

Laminated
Strand Lumber

AdvanTech

Panel Goods

INPUT

INPUT

Harvesting

**Forest
Resources**

Land
Management

Pulp

BioFuels

Harvest
Waste

Pellets

Chips

Specialty
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Dimensional
Lumber

INPUT

INPUT

Lumber

Fence

Flooring

Roofing

Log
Homes

Pallets

Markets

Home Remodel & New Construction Industrial Wood Products

Support Services

- Repair Shops
- Environmental Services
- Equipment Suppliers
- Chemical Suppliers
- Financial Institutions
- Insurance Agencies
- Construction Services

Education & Training

- NMCC
- WCCC
- U Maine Machias
- U Maine Presque Isle
- U Maine Fort Kent
- U Maine Orono
- LWIB
- Husson University
- K-12 Districts
- Maine MEP

Paper
Products

Food
Additives

Energy
Production

Residential
&
Commercial
Heating

R&D and Innovation

- University of Maine
- Process Development Center
 - Advanced Structures Center
 - Advanced MFG Center
 - Forestry Research Facilities
 - Foster Center for Innovation

Utilities & Infrastructure

- Electricity T&D
- Electricity generation
- Natural Gas
- Railroad
- Port of Eastport
- Industrial Parks
- Domestic & Industrial Water

Transportation & Logistics

- Rail Company
- Trucking
- International Seaport
- Air Service

Forestry Workgroup Conclusions

1. Opportunity To **Grow Value Added Processing**
2. Challenges In Forestry **Workforce Feeder System**
3. Maine Forestry GDP Baseline Needed
4. Energy Costs & Regulatory Barriers Hinder Growth
5. Maine Needs Comprehensive Plan For Growth
6. Spruce Budworm Infestation On It's Way

Terminology

Goal: Long Term – Condition or State We Want to Get To

Objective: Shorter Term – A Milestone We Wish To
Achieve On The Way To Our Goal

Action: Deliberate Act or Event; Doing Something To
*Affect A Change; May Need a Number of Specific
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- **KEY** To This Process Is To Establish The **Private Sector Priorities/Actions** and Then Engage With State/Public/Other Agencies To Implement

Northern Forest Products
Industry Cluster
Meeting #3

Bob Dorsey & Carole Martin

Apr 2, 2015

AGENDA

- 1. Introductions – New Members**
- 2. Desired Outcomes Review/Meeting Process**
- 3. Quick Review / Progress Update**
- 4. Opportunities & Challenges – Inputs?**
- 5. Organization Going Forward**
- 6. Expectations/Communication/Details**
- 8. Next Meeting ?**

Mtg #3 Desired Outcomes

- **Agree on Organizational Approach**
- **Select Challenge Areas To Address**
- **Set Up Committees & Establish Leads**
- **Clarify Committee Actions & Outputs**
- **Agree on Communication Protocol**
- **Set Date For Mtg #4**

Priority Categories

- 1. Workforce Development/Labor/Training**
- 2. Transportation – Rail, Roads, Diesel etc**
- 3. Energy Costs**
- 4. Access To Capital/Insurance**
- 5. State Barriers/Environmental regulations**
- 6. State Long Term Economic Platform**

Opportunities

- **Workforce Feeder System**
- **New Training Programs**
- **Collaborative Training Simulators**
- **Increase/Influence Railcar Production**
- **Improve Roadways & Bridges**
- **Increase Weight Limits / Equipment Movement**
- **Remove Legislative Restrictions**
- **Eliminate Diesel Fuel 5.5% Sales Tax**
- **Form a Non-Profit Energy Cooperative**
- **Expand Co-Generation Capability**
- **Better Tie R&D To New Value Added Products**
- **Develop New Products: CLT, High Tech Modular Housing, Laminated Flooring**

Our Purpose

- Establish Goals & Objectives
- **Develop An Action Plan!** (WHAT)
- Derive A Strategy (HOW & WHAT ORDER)
- Execute/Implement Action Plan (WHO)
- **Increase Value Added Production Potential**

**Maximize Opportunities/Mitigate Challenges
To Advance Forest Sector Economy**

Progress Update

- Steering Committee Met on Mar 24th
 - Discussed NMCC, Training, Bills, & Committee Approach
- NMCC – Tim Crowley offered update once program funded
- Discussed **Teachers Tours/Workshop Series** w/ **PLT** Folks
 - May 2nd Workshop Possible @ UMFK
- **Logger's Training Set for May 5 & 6 (Lakeview)**
- **Congressional Delegation Working Transportation Issues**
 - 18-21 CMV Drivers To Travel Interstate
 - Students Under 18 To Get Their CDL Permit
- **Legislative Update:**
 - **LD-290** (Diesel Fuel Tax) Scheduled for Apr 7th Work
 - **LD-434** (Insurance) Scheduled for Tuesday Apr 7th
 - **LD-979** (Workforce Dev) hearing scheduled for Apr 6th
- **2015 NBRC Grant Availability** – Apr 6th Announcement

Suggested Process

- Establish Committees / Designate Lead
- Committees Meet
 - Prioritize Actions
 - Transmit Action List/Rationale to Bob Dorsey
- Steering Committee Will Meet To:
 - Review/Combine Actions
 - Develop Draft Action Plan (to review at Mtg #4)
- Mtg #4
 - Review/Refine Draft Action Plan

Committee Makeup

Suggestions:

- **One Steering Committee Member Per**
- **One NMDC Support Member Per**
- **Enough Subject Matter Experts/Agencies**
To Address Issues

**Question? – Do We Bring In Agencies NOW
Or Wait Until We Conclude Action Plan**

Establish Committees

- **Workforce/Education**
- **Transportation**
- **Energy**
- **Capital/Insurance**
- **State Barriers/Environmental**
- **State Long Range Econ Platform**

Committee Actions

- Review Category Challenges & Opportunities
- Draft Actions to Mitigate or Enable
- Prioritize Actions, Establish Sequence & Rationale
- Assess If Additional Members/Agencies or Expertise Needed To Implement Actions
- Transmit Action List/Sequence & Rationale to Bob Dorsey for Steering Committee Review
- Don't Forget R&D!

- **Program Management**
 - MTI, EDA, RBDG & NBRC
 - Coordination, Collaboration, Communication
- **R&D Application & Innovation!**
 - Applicable to Everyone!
- **Execution**
 - Who, What, When, Where & How
- **Cluster Mtgs Going Forward**
 - Timing, Frequency

- **Other Issues**
- **Time Needed For Committees**
- **Mtg #4 Date?**

Back Up

Goals & Objectives

ULTIMATE GOAL

**INCREASE VALUE ADDED PROCESSING
POTENTIAL, CREATE JOBS & GROW
AROOSTOOK & MAINE'S FOREST
INDUSTRY ECONOMY**

GROW THE FOREST SECTOR!

SUB GOALS

- 1. ENSURE WE HAVE A WORKFORCE CAPABLE OF SUPPORTING SUSTAINED FOREST INDUSTRY OPERATIONS**
- 2. INCREASE THE EFFICIENCY, COMPETITIVENESS & PROFITABILITY OF FOREST INDUSTRIES TO INCENTIVIZE EXPANSION IN MAINE**

OBJECTIVES

1. INCREASE WORKFORCE AVAILABILITY

- IMPROVE IMAGE
- PROMOTE SECTOR
- REDUCE AGE TO OPERATE
- REVISE INT'L REQUIREMENTS

2. INCREASE TRAINING CAPABILITY

- EQUIPMENT OPERATIONS
- OFF ROAD TRUCKING
- CONTRACTOR BUSINESS ACUMEN

OBJECTIVES

3. MAXIMIZE TRANSPORTATION CAPABILITY

- ROADS**
- RAIL**
- BRIDGES**

4. AMEND/MODIFY MAINE REGULATIONS

(THAT REDUCE COMPETITIVENESS)

- VOC**
- NOX**
- SO₂**

OBJECTIVES

5. REDUCE THE COST OF ENERGY

- DIESEL
- ELECTRICITY

6. CREATE A STABLE ECONOMIC PLATFORM

- CONSISTANT POLICIES
- COMPETITIVE W/ OTHER STATES
- DEPENDABLE – LONG TERM

OBJECTIVES

- 7. MAINE DEVELOP A LONG TERM PLAN
TO GROW THE FORESTRY SECTOR**
- REGULAR ECONOMIC ANALYSIS**
 - PERIODIC STATE COMPETITIVE STUDY**
 - EDUCATION TO LEGISLATURE**

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*Affect A Change; May Need a Number of Specific
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Terminology

Value Chain: The Entire System - All the Actions From The Stump to the Final Product Getting to Market

Strength In Numbers!



Forest Resources Assoc.—MFPC--PLC--Maine MEP--CLP--Chopper One

Logging--Nadeau Logging--TNT Transport--Frank Martin & Sons--Region 2 School--

Sen. Collins, King, & Rep. Poliquin Reps + 15 – 20 Other Companies

Northern Forest Products
Industry Cluster
Meeting #4

Bob Dorsey

Jun 3, 2015

AGENDA

- 1. Desired Outcomes (5 Min)**
- 2. Progress Update Since Last Mtg (10 Min)**
- 3. Budworm Update – Dave Struble (20 Min)**
- 4. Committee Outbriefs & Feedback (60 Min)**
- 5. ACTION PLAN Next Steps (5 Min)**
- 6. Future Meetings Discussion (10 Min)**
- 7. Cluster Positions Discussion (30 Min)**
 - Proposed Nat’l Park Issue Update**

Mtg #4 Desired Outcomes

- **Understand Budworm Status**
- **Agree on Cluster Position Approach**
- **Understand Legislative Progress To Date**
- **Understand Committee Action Suggestions**
- **Get Feedback on Committee Process**
- **Agree on Future Cluster Mtg Approach**
- **Set Date For Next Mtg**

Progress Update

- Committee Mtgs Held:
 - **Workforce/Training:** Apr 27th
 - **Transportation:** Apr 30th & May 21st
 - **Energy:** May 14th
 - **Capital / Insurance:** May 19th
- Steering Committee Met on May 27th
 - Discussed CC Training, Bills, & Committee Inputs
- NMCC – Tim Crowley provided CC program overview
- May 2nd PLT **Teachers Workshop @ UMFK** Cancelled
- **Logger's Training Held May 5 & 6 – Attendance Down**
- May 13 - US Endowment for Forestry & Communities
- Jun 2 – Connected w/ Rhonda Fletcher (DOT)

Progress Update

- **Legislative Update:**

- **LD-290** (Diesel Fuel Tax Elimination) - **Dead**
- **LD-434** (Insurance Revised) – **Tabled** on Senate Floor
- **LD-979** (Workforce Development) - **Dead**
- **LD-1373** (Put ME To Work) – 7 to 6 Vote in Committee
- **OTHERS ???**

Spruce Budworm Update

Dave Struble

- **Workforce/Training** – Dave Morse
- **Transportation** – Gary Voisine
- **Energy** – Don Tardie
- **Capital/Insurance** – Steve St Pierre
- **Barriers** – Nick Archer

Workforce:

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- Must Tackle Perception That Industry Is Dying
- **Finish Video & Proliferate To Schools**
- **Educate County Educators**
 - *Coordinate w/ Teachers Unions*
 - *Set Up PLT Tours & Workshops*
 - *Work w/ Principals/Guidance Counselors*
- **Work on CAREER LATTICE** (Torry, Dave, Ryan)
- **Market Campaign About Jobs**

Note: Actions in Bold

Training & Equipment:

- Multiple Needs Exist
 - **Survey Program Equipment Total Needs**
 - **CTE (SJV)**
 - **Region II**
 - **Simulators**
 - **Implement CC “Mech. Forest Operator” Prgm**
 - **Expand SJV Tech Ctr Program for Forestry**
 - **Ensure Coordination Between CTE & College**
 - **Off Road Trucking Training Program Needed**

Note: Actions in Bold

General Issues:

- Equipment Movement -Time, Wt. Size Requirements
- Rail Service Needs to Grow & Lack of Cars
- Road & Bridge Improvements Needed
- Differences in US & Canadian Regulations

ACTIONS:

- **Work w/ DOT on Wintertime Weight Limits**
- **ID Specific Roads (Target Areas) To Focus On**
- **Seek Out Funding to Assess Roads**
- **Clarify Hrs of Service & Log Book Use (US/Can)**
- **Seek Harmonization of Regs (US, Quebec & NB)**
- **Support ME TIGER Grant Application (Rail)**

General Issues:

- Supply = 60-70% of Industrial Costs
- T&D Are Essentially Fixed Costs
- Power Reliability a Major Issue
- Few Suppliers & Low County Generation Capability

ACTIONS:

- **Determine Cluster Interest in *Exploring* the creation of an “*Energy Cooperative*”**
- **Hire Energy Consultant to Formulate Approach**
- **Conduct Cost/Benefit Analysis & Downside**
- **Brief Cluster on Plan Details to Consider**

General Issues:

- Lack of Business Acumen
- Lack of Equity
- Unfamiliar With Business Plans & Proformas
- Lack of Technical Advisors
- Lack of Experience (Insurance)

ACTIONS:

- **Acquire SBA Generic Bus Plans & Proforma**
- **Build Tailored Documents Germane to Forestry**
- **Brief Cluster on “What Lenders Are Looking For”**

Barriers

General Issues:

- Maine Has Additional Rules (beyond Federal) That Hurts Competition & Value Added Production

ACTIONS:

- **Ask DEP To Brief Cluster on Specific VOC, NOX & SO2 Rules**
- **Determine Better Language For ME Regs**
- **Submit Change Language & Rationale To Legislators To Facilitate Change**

Cluster/Committee Actions:

- ✓ • Draft Actions to Mitigate or Enable
 - Prioritize Actions
 - Establish Sequence & Rationale
 - Determine WHO Will/Should Lead the Action
 - Assess If Additional Members/Agencies or Expertise Needed To Implement Actions

Suggestions:

- **Steering Committee Draft Action Priorities & Send Out For Cluster Review**
- * **Committees Determine Who Leads Actions**
- **Form an R&D Committee**

Note: R&D (new processes & products) is an important issue that our region's businesses need to pay greater attention to!

Future Cluster Meetings

Frequency: *Steering Com. Recommends Every 2 Months*

Topics:

- **ACTION PLAN & Progress Reports**
- **Committee Briefings/Updates/ME Dept. Briefings**
 - Energy Coalition Exploration
 - Capital Suggested Bus Plans/ Proforma Templates
- **R & D Updates – UMO, Canadian etc.**
- **Special Topic/Info Briefings:** Eg. DEP Rules, Barriers
- **Legislative Inputs – Meetings w/ Aroostook Reps**

Proposed Future Meetings

- **August 5th (Wednesday)**
- **Oct 14th (Wednesday)**
- **Dec 2nd (Wednesday)**

Note: Standard Plan to Meet @ 11:30

Does This Work?

Suggested August Agenda

- **Review & Finalize Cluster ACTION PLAN!**
- **UMO Brief on R&D Efforts**

Forest Cluster Positions

- **Issues:** Legislative Bills, State Policies, & Proposed New National Park in ME
- **Background:** (Many Variables)
 - Cluster Reps Have Various Levels of Empowerment
 - Cluster Companies Have Various Arrangements
 - Cluster Members May Have Differing Positions
 - Cluster Reps May Have Different Opinion Than Company
- **Questions/Discussion:**
 - Does Cluster Wish to Take a Collective Stand?
 - How Do We Decide – Simple Majority, 2/3rds, Unanimous?
 - Is It More Effective/Simpler For Each Member To Decide?
 - **Is Our Higher Purpose To PROMOTE Industry, Increase Awareness, & Educate?** *Steering Com. Thought So!*

Forest Cluster Position?

- **Proposed New National Park in ME Update**
 - Sen. Collins: Opposed
 - Sen. King: Actively Soliciting Inputs
 - Rep. Poliquin: ?
 - PLC: Neutral
 - MFPC: Opposed
 - Bangor Chamber: Endorsed
 - Houlton Chamber: Endorsed
 - Medway Chamber: Endorsed
 - Maine Snowmobile Club: Opposed

How Does Cluster Wish To Handle?

Back Up

Priority Categories

- 1. Workforce Development/Labor/Training**
- 2. Transportation – Rail, Roads, Diesel etc**
- 3. Energy Costs**
- 4. Access To Capital/Insurance**
- 5. State Barriers/Environmental regulations**
- 6. State Long Term Economic Platform**

Opportunities

- **Workforce Feeder System**
- **New Training Programs**
- **Collaborative Training Simulators**
- **Increase/Influence Railcar Production**
- **Improve Roadways & Bridges**
- **Increase Weight Limits / Equipment Movement**
- **Remove Legislative Restrictions**
- **Eliminate Diesel Fuel 5.5% Sales Tax**
- **Form a Non-Profit Energy Cooperative**
- **Expand Co-Generation Capability**
- **Better Tie R&D To New Value Added Products**
- **Develop New Products: CLT, High Tech Modular Housing, Laminated Flooring**

Our Purpose

- Establish Goals & Objectives
- **Develop An Action Plan!** (WHAT)
- Derive A Strategy (HOW & WHAT ORDER)
- Execute/Implement Action Plan (WHO)
- **Increase Value Added Production Potential**

**Maximize Opportunities/Mitigate Challenges
To Advance Forest Sector Economy**

Terminology

Goal: Long Term – Condition or State We Want to Get To

Objective: Shorter Term – A Milestone We Wish To
Achieve On The Way To Our Goal

Action: Deliberate Act or Event; Doing Something To
*Affect A Change; May Need a Number of Specific
Actions to Achieve an Objective or Goal*

Strategy: A Plan of Action or Series of Actions Required
To Achieve a Specific Goal (Can Be *Sequential*
or *Simultaneous*)

Terminology

Value Chain: The Entire System - All the Actions From The Stump to the Final Product Getting to Market

Draft Goals & Objectives

ULTIMATE GOAL

**INCREASE VALUE ADDED PROCESSING
POTENTIAL, CREATE JOBS & GROW
AROOSTOOK & MAINE'S FOREST
INDUSTRY ECONOMY**

GROW THE FOREST SECTOR!

SUB GOALS

- 1. ENSURE WE HAVE A WORKFORCE CAPABLE OF SUPPORTING SUSTAINED FOREST INDUSTRY OPERATIONS**
- 2. INCREASE THE EFFICIENCY, COMPETITIVENESS & PROFITABILITY OF FOREST INDUSTRIES TO INCENTIVIZE EXPANSION IN MAINE**

OBJECTIVES

1. INCREASE WORKFORCE AVAILABILITY

- IMPROVE IMAGE
- PROMOTE SECTOR
- REDUCE AGE TO OPERATE
- REVISE INT'L REQUIREMENTS

2. INCREASE TRAINING CAPABILITY

- EQUIPMENT OPERATIONS
- OFF ROAD TRUCKING
- CONTRACTOR BUSINESS ACUMEN

OBJECTIVES

3. MAXIMIZE TRANSPORTATION CAPABILITY

- ROADS**
- RAIL**
- BRIDGES**

4. AMEND/MODIFY MAINE REGULATIONS

(THAT REDUCE COMPETITIVENESS)

- VOC**
- NOX**
- SO₂**

OBJECTIVES

5. REDUCE THE COST OF ENERGY

- DIESEL
- ELECTRICITY

6. CREATE A STABLE ECONOMIC PLATFORM

- CONSISTANT POLICIES
- COMPETITIVE W/ OTHER STATES
- DEPENDABLE – LONG TERM

OBJECTIVES

- 7. MAINE DEVELOP A LONG TERM PLAN
TO GROW THE FORESTRY SECTOR**
- REGULAR ECONOMIC ANALYSIS**
 - PERIODIC STATE COMPETITIVE STUDY**
 - EDUCATION TO LEGISLATURE**

Attachment C

Public Outreach

<http://archive.constantcontact.com/fs196/1110134972697/archive/1119787541156.html>

<http://archive.constantcontact.com/fs196/1110134972697/archive/1120236584960.html>

<http://archive.constantcontact.com/fs196/1110134972697/archive/1120925875350.html>

<http://archive.constantcontact.com/fs196/1110134972697/archive/1121200586106.html>

<http://www.mainebiz.biz/article/20150601/CURRENTEDITION/305279990/aroostook-county-initiative-touts-potential-of-a-%27forest-products-cluster%27>