Season’s greetings from your friends at the Council

By Patrick Strauch
MFPC Executive Director

I hope this newsletter finds all who read it healthy, profitable, and rested amongst the hustle and bustle of this wonderful holiday season.

As you know well, 2008 is rapidly coming to an end. Here at MFPC headquarters, staff members are diligently preparing for what will almost certainly be a hectic legislative session beginning on January 7th.

It is important that we reflect on all that has been accomplished in the past year, and identify those successes as benchmarks by which to measure our success in the future.

With assistance from our lobbyist Michele Maclean, we managed to navigate the final session of the 123rd Maine Legislature. The Council faced a wide range of issues in the Legislature that included everything from taxing real estate investment trusts to implementing the recommendations put forth by the Governor’s Task Force on Wind Power Development.

The Council was also successful in our attempt to reach out to a much broader group of stakeholders who would be affected by LURC’s draft of the Comprehensive Land Use Plan. With leadership from Winning Strategies Consulting Group, MFPC was able to produce mailings, email

Landowners Hear from State on Taxes, TIF’s, Wildlife, and Habitat Program

On Tuesday, December 9, dozens of MFPC members participated in a landowner forum held at the MFPC headquarters.

On the agenda were discussions on Tax Increment Financing in the Unorganized Territory (U.T.), Deer Wintering Areas, the Beginning with Habitat Program, and updates on critical habitat proposals for Canada lynx and Atlantic salmon, and the Comprehensive Land Use Plan.

Doreen Sheive, Fiscal Administrator for Maine’s Unorganized Territory kicked off the day with a presentation designed to brief participants on taxes in the U.T. and how education funding will affect property taxes in coming years.

Sheive also provided an overview of the U.T. Fiscal Year 2007 Annual Report, which can be made available to members upon request.

Following Doreen, were Bob Doiron and Dave Ledew of Maine Revenue Services. Their presentation focused on a new trend, Tax Increment Financing, or TIF’s, in the U.T., the history and how they work.

(Continued on page 4)
President’s Message:

Membership recruitment is this year’s priority

The Council is making a concentrated effort to increase its membership this year. Financially this makes great sense as adding membership can keep dues rates at reasonable levels. More membership can also translate to our Council having a greater impact on issues critical to our industry.

I believe the best way to recruit new members is through one-on-one contacts made by satisfied Council members. The Council’s best ambassadors are those folks that, through experience, can link Council activities with positive results for our forest industry.

Since the Council represents the entire forest industry, not every member will prioritize what they think works best for them at the Council. That’s fine, talk about what the Council means to you – your sincerity and conviction are better than a long list of “canned” rhetoric.

At the risk of ignoring my above advice, some things I like to bring up as I recruit new members are:

The Council is a very democratic organization. Every member is encouraged to participate in Council affairs to the extent they can spare the time. Unlike some huge environmental groups that have a couple dozen paid staffers, the Council actually relies on its membership to actively promote its collective interests. Opinions are respected and given careful consideration. Most, if not all direction, taken by the Council is an amalgamation of input from many folks.

If you want to participate in the Council as a member, there are many ways to do so. There are a number of “standing” committees that deal with issues related to our industry such as taxation, energy, forest practices and endangered species – just an endless list. Participation on a committee can lead to many proactive opportunities such as testifying at hearings and direct involvement with government agencies and study groups or task forces depending, of course, on one’s interests in such things.

The Council, while typically focusing on State Administration, Legislative and Agency activities also gets involved in County (taxes) and Federal (interstate trucking weights and lynx) issues as well.

An organization that depends on member participation for its success must keep its membership well informed. The Council has developed a number of initiatives to perform this task. There is a daily “MFPC Forest News” that captures recent news worthy events. A monthly Newsletter gives more in-depth analysis to key issues. Several times a year, the Council holds forums on key issues such as energy, taxation and critical habit. If an issue needs the membership’s immediate attention, an “Alert” is sent out defining the needed action.

(Continued on page 3)
President. *(Cont. from page 2)*

I don't know of another organization that brings together such a breadth of forest industry experts. Council membership provides a unique opportunity for individuals to obtain a much greater understanding and appreciation for the complexity and interrelated aspects of our industry. Collectively, this understanding of the industry creates a tremendous united force to productively face and conquer our challenges.

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In addition to fostering relationships throughout our industry, the Council has helped bring together other natural resource based groups such as agriculture, fishing and sportsmen's associations called the "Natural Resource Network". In a relatively short time, this network has proven to be very effective in focusing its combined interests on several key issues.

It would be difficult to remember a time when the industry faced more challenges than it does to today. Many of these challenges are financial in nature and make the decision to join another organization more difficult than normal. Does the Council have enough to offer to justify the cost of joining? I strongly believe it does. The Council creates the opportunity for an individual or company to be heard as one voice with the entire forest industry in creating a better business climate.

This is a powerful force as we are still the biggest single factor in the State's economy. And everyone's voice is heard, respected and counted at the Council. Come join us.

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Communications Corner  *By: James Cote*

MFPC Communication Priorities for 2009

It is important that our communications strategy reflects the Board of Directors and Executive Committee's decision to focus on recruiting new members in the coming year. To do that, staff and several members have discussed a menu of options designed to invite potential members to experience the range of services that the Council has to offer. Below are several projects that we will be working on in coming months that will be oriented towards membership recruitment and retention.

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MFPC Website

MFPC has contracted with Insyt New Media of Farmington to develop a comprehensive new website. The website will be available as a tool for members, policy makers, media, and potential members alike, and will act as the operations center for all communications. Of course we will continue to mail hard copies of communications such as the monthly newsletter to members who do not have access to email or the Internet. The new site will include comprehensive information on how to become a member, how to get involved at the Legislature, a schedule of events, and news updates. We also hope to build in the technology that will enable members to view MFPC meetings and events online.

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MFPC Communications Committee

Having input from both forest products industry and communications professionals will be critical to delivering effective information to the membership and policy makers. In order to obtain such input, I will be working in the next several weeks to assemble a revived communications committee that will participate in monthly conference calls to review current issues and strategy.

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MFPC Monthly Newsletter, Weekly Forest Advocacy Review, and Daily MFPC Forest News

In order to capture and deliver the range of information that our industry requires to be politically successful, we have designed a three-tiered communication approach. The first tier is to provide in depth coverage of issues and events in our traditional monthly newsletter. The second tier is to provide an update of what events transpire during the week in our new weekly Forest Advocacy Review. The third tier is a daily email which is distributed to any member who requests it, and contains the day's news clippings from local, state, and national news sources, and MFPC calendar and issue updates. These three services will be complimented by the new website, and increased focus on reaching out to the news media.

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Increased focus on news media and policy leaders

It is the desire of the Council to introduce the news media and policy leaders to many of our issues on a more detailed scale. In order to do this, MFPC will work on providing a

(Continued on page 5)
Landowners Meeting. . . . (Cont. from page 1)

Tax Increment Financing, or a “TIF”, is a local financing program that uses local funds. It is used primarily to “shelter” a company from adverse adjustments to State subsidies and county taxes based on valuation.

Ledew began the discussion by providing an overview of Maine’s property tax and how it is calculated. Doiron then illustrated how taxes in the Unorganized Territory are being used and how they can be broken down.

Following that, Ledew and Doiron provided a detailed overview of how TIF’s work in the Unorganized Territory. Their presentations are available to members upon request.

In Maine, TIF’s have become very popular in recent years, and are known to be one of the most flexible economic development tools the state has to offer. Traditionally, TIF’s were implemented at the municipal level, but have recently been used at the countywide level in Franklin and Washington Counties by wind-power developers.

The concern heard by many landowners is that because the entire Unorganized Territory is treated as one municipality, TIF decisions made by one county may affect taxes in any or all of the other eleven counties, without representation from residents and property owners.

MFPC will look to clarify these details in the upcoming legislative session.

Next on the agenda was an update on Deer Wintering Areas from John Pratt of the Department of Inland Fisheries and Wildlife. Pratt entertained questions from the audience on a variety of different subjects. Perhaps of most interest was the concern heard by many foresters and landowners that they are finding it difficult to alert the Department about new deer yards that they are finding being utilized, but not mapped, when there is very little flexibility by the Department to eliminate DWA designations where no deer are currently using a mapped yard. Non-active DWAs make up a significant piece of forested land that cannot be harvested due to its designation.

A more flexible approach to managing Deer Wintering Area is hoped to be achieved as an outcome of this and other current discussions with the Department.

Over lunch, Patrick Strauch, James Cote, and Ken Elowe briefed members on the status of Maine’s Comprehensive Land Use Plan, Maine Lynx Conservation Agreement, and proposal for critical habitat to be designated for Atlantic salmon in response to a recent proposal to list the species as endangered. (Please see articles located elsewhere in this publication for more details on the status of these projects.)

(Continued on page 5)
To end the day, Ken Elowe from DIFW, and Steve Walker from the Beginning with Habitat Program joined the group to give a presentation on what the Beginning with Habitat Program is, and what they are trying to accomplish.

Beginning with Habitat is a habitat-based landscape approach to assessing wildlife and plant conservation needs and opportunities. The goal of the program is to maintain sufficient habitat to support all native plant and animal species currently breeding in Maine by providing each Maine town with a collection of maps and accompanying information depicting and describing various habitats of statewide and national significance found in the town.

These maps provide communities with information that can help guide conservation of valuable habitats.

MFPC members expressed concerns over a map that has been published by the program that identifies conservation priorities across the state. The map was generated without the knowledge of many landowners, who seemed frustrated with the potential for municipalities to look at the map and zone those areas for conservation or to exclude development from those areas altogether.

MFPC will work to develop legislation in conjunction with other organizations, which requires state agencies to have policies outlining access to private land and how to publish information generated from data derived from visits to private land.

range of opportunities for those people to learn more including media tours of mills and timberland, issue forums, and more frequent press releases and editorial board visits on issues of importance. This will also assist in our efforts to inform candidates for the 2010 election for governor about what concerns Maine’s forest products industry has, and what they can do about them.

As always, I invite any members with suggestions or questions to contact me at any time. In closing, I just want to wish everyone in the industry a very happy holiday season and the opportunity to rest and relax. After all, 2009 is just around the corner.
Energy Issues Top Council’s Legislative Agenda

The Forest Energy Task Group met on December 2 to discuss current energy issues and proposals for the 1st Regular Session of the 124th Legislature, which convened on December 3.

The group, made up of FRA and MFPC members who are interested in energy issues, heard presentations by Ian Burns of the Governor’s Office of Energy Independence, Rosaire Pelletier a Senior Forest Products Advisor to the Governor, Eric Kingsley of Innovative Natural Resource Solutions, and a representative from Efficiency Maine.

Today, Maine’s lumber mills find themselves with very few options in reducing their exposure to ever-increasing electrical costs. Members, along with Ian Burns and Eric Kingsley, participated in a discussion that generated several ideas for the Public Utilities Commission and Legislature to consider. Among the ideas were creating enhanced cooperative electrical purchasing capabilities, surplus grid sales, and long-term contracting. Participants also considered the possibility that Regional Greenhouse Gas Initiative money could be pooled to create low interest loans for manufacturers in need.

Representative Tom Saviello of Wilton was a guest at the meeting. “We can talk until we are blue in the face about ideas, but until this group commits to being in the halls of the State House on a regular basis, they will be just that…ideas. Being there, and in front of legislators is what makes the difference, is what can make those ideas a reality”, said Saviello in response to a question about how to achieve lower energy costs.

The meeting was organized as a result of previous meetings of the task group, and increased concerns over the price of electrical costs.

“If the Maine border could be moved 15 miles south I could buy my electricity at half the price of what I’m paying today” said Charlie Lumbert, President of Moose River Lumber in Jackman.

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NEWPORT, VT 802-334-8402 TUPPER LAKE, NY 518-359-2385
LOWVILLE, NY 315-376-2832 ST. MARYS, PA 814-781-1637

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In many areas of the State, manufacturing facilities are within close proximity of facilities that produce power, but are unable to create private transmission lines due to regulations that prevent lines from crossing public roads.

The MFPC legislative team will begin developing legislation in response to concerns heard at the meeting. The next meeting of the group will be scheduled for late December or early January, where they will review proposed legislation.

If you would like to participate, please contact Sue McCarthy at 207-622-9288, or smccarthy@maineforest.org.

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MFPC also held seven membership breakfasts in the spring and fall. During the spring, James and I were able to visit with members at breakfasts in Fort Kent, Jackman, and Farmington. It was an important opportunity also for us to learn more about what issues the industry is currently facing. This fall, the Council held legislative forum breakfasts in Rangeley, Machias, Greenville, and Gray. There were a significant number of legislative candidates who attended these breakfasts and we are thankful to both them and the members who joined us for participating in such important discussions about the regulatory future of our industry.

Over the course of the summer and fall, the Council also participated in several meetings of a task force charged with finding efficiencies amongst the State’s natural resource agencies. Along with the Natural Resources Network, the Council spent much time developing thoughtful, achievable, and cost effective recommendations for the task force to consider. Although recently Administration officials have claimed that no consensus could be reached by the group, MFPC and members of the Natural Resources Network believe there was broad support for many of the recommendations we proposed. We will continue to pursue those recommendations in an effort to help align the mission of the agencies.

MFPC was also pleased to have a seat at the table of the Governor’s Wood to Energy Task Force chaired by Les Otten. This was an important discussion to be had about the future of Maine’s forest products industry and our state’s energy needs. In recent weeks, Governor Baldacci

(Continued on page 9)
LURC Outlines New Direction for the CLUP

At the November 5th meeting of the Commission, staff and interested members of the public met in Bangor to discuss what the process should be for the plan moving forward. While there were mixed reactions and recommendations, there seemed to be strong support to put the planning process on hold, and create a forum where stakeholders could discuss issues of concern, with a focus on the Vision and development trends.

Commissioners asked staff to compile a menu of options that could be presented at the Commission’s regularly scheduled meeting on December 3. At that meeting, staff presented four options, with a specific recommendation for “Option 3”, a working group.

According to the LURC memo that outlines this process, the working group would be made up of a variety of stakeholders and is intended to discuss issues, not decide policy.

MFPC submitted a letter to the Commission that outlined principal concerns and goals that included:

1. Commissioners must attend the meetings; it is vitally important that Commissioners hear first-hand the concerns of group participants rather than relying on filtered summarizations.

2. The group and facilitator must publicly recognize that this arm of the process is not intended to build consensus, but to discuss a variety of issues, including development and the Vision of the jurisdiction.

3. The process must be broad enough to incorporate the views of all of the representative stakeholder groups who spoke at the public workshops—especially landowners and residents of the jurisdiction, but also including economic development representatives, municipal and county officials, and recreational users.

4. Each category of landowner named in the CLUP must have a seat at the table.

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5. The process should not deal with hypothetical scenarios and should utilize current data and information as the basis for discussion.

6. An achievable Vision must be created. Many of the desires expressed in the 1997 CLUP were based upon unrealistic expectations as evidenced by the fact that they have not been addressed.

The Commissioners ultimately voted to endorse Option3, which would include the following:

- A series of approximately four meetings ending in the spring of 2009
- Commissioners will attend the meetings
- The meetings will be professionally facilitated.
- Detailed discussion on development trends and a Vision for the jurisdiction

Staff will begin the process of working with the Governor's Office and Legislative Committee on Agriculture, Conservation and Forestry to identify participants, funding, and ground rules for the process in coming weeks. MFPC will continue to monitor this process and advocate that landowners and the forest products community in general have adequate representation at the table.

Upon completion of these meetings, LURC will finalize a draft plan that will then be subject to a formal public hearing process. The next regularly scheduled meeting of the Commission is currently planned for January 21, 2009 in Bangor. For more information, please contact Patrick Strauch or James Cote.

Most recently, we have submitted final comments on proposals to designate critical habitat for Canada lynx and Atlantic salmon. Members of the Maine Forest Products Council worked together to design and propose a Maine Lynx Conservation Partnership Plan, as an alternative to the critical habitat designation. This proposal is currently under review by federal services. In response to the proposal to expand the endangered species listing to Atlantic salmon in the Penobscot, Kennebec, and Androscoggin Rivers, MFPC worked in partnership with coalitions of allied industries and trade organizations in an effort to oppose a critical habitat designation. Comments were submitted on December 5th, and a decision on that proposal is expected to be made in April of 2009.

While this is just a sampling of all the activities that the Council has participated in this year, we hope that it serves as a reminder of all the work that MFPC is doing on behalf of the industry in Maine. We continue to encourage members to invite new members to our events, and introduce them to all the services we provide.

On behalf of all of us at the Maine Forest Products Council, we wish you all a happy holiday season, and much success in 2009!

Exec. Director. ........... (Continued from page 7)
2009 MFPC Membership Application and Dues Schedule Released

Please find the 2009 Maine Forest Products Council membership application and dues schedule below. Members are encouraged to share this information while recruiting prospective members.

Dues reflect a 3.5% increase as voted on by the MFPC Board of Directors at the November 2008 Board meeting.

For more information on how to become a member, please contact the MFPC office at 207-622-9288.

For more questions regarding dues calculation, please contact Kerry Casey at 207-622-9288 or kcasey@maineforest.org.

Maine Forest Products Council
Membership Application 2009

CONFIDENTIAL, FOR INTERNAL USE ONLY

Business Name: ________________________________
MFPC Contact: ________________________________
Address: _____________________________________ City: ____________ Zip: ____________
Phone: _______________________________________ Fax: ______________
Email: ________________________________________

Please complete all categories that apply for business(es) in Maine.

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<td>Chip and Mulch Plants</td>
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**MFPC 2009 Dues - sub-total**

Yes, please enroll me as a sustaining member, for 20% of my annual dues. The Sustaining Membership Program provides additional funding to help build a “rainy day fund”.

**MFPC 2009 Dues TOTAL Please pay this amount**

20%
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