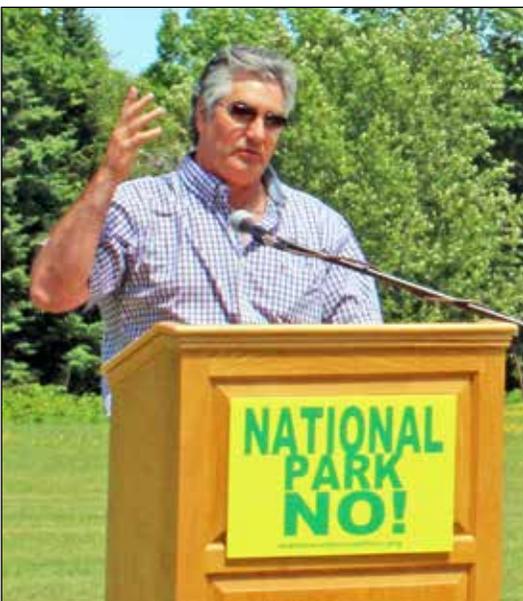
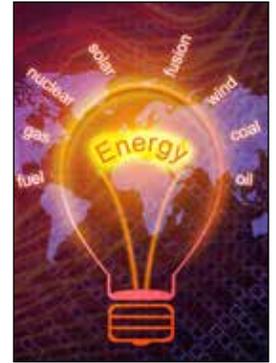


# 2015 MFPC Annual Report







# Maine Forest Products Council

*The voice of Maine's forest economy*

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September 2015

Dear Members,

I always look forward to our annual meeting because it's a time to reflect on the accomplishments and challenges of the year and to think strategically about the issues on the horizon. I think the staff has done a great job on the arrangements and program. I'd like to thank Office Manager Sue McCarthy, Communications Director Roberta Scruggs and Pat Sirois of SFI, who coordinated the awards. We're honoring some great members of our industry.

Despite the chaotic legislative session, we prevailed on many issues and sent some detrimental ideas into the "ought-not-to-pass file." We mitigated land zoning challenges related to wind power and helped the Maine Forest Service pass a modified Spruce Budworm Act. However, the revised mining regulations didn't pass and no one found a way to resolve the Land for Maine's Future debate.

The budget took an inordinate amount of time. A well-intentioned tax reform package appeared to have many upsides for our membership, but a reasoned debate did not occur. Tree Growth tax provisions were a concern, but they were stripped from the budget. The debate over arming rangers also receded. While the legislative mood is fiery now, I'm optimistic we'll find a way to work with the administration and Legislature.

Another success was the effort to push back on the inaccurate messaging about the proposed national park. We worked closely with the Maine Woods Coalition, Maine Snowmobile Association, Sportsman's Alliance of Maine and others, including community members from the Katahdin region. For us, the issue is about keeping opportunities in the region open. I'm participating on an economic development committee created by the Governor's Office of Management & Policy as well as a local group hoping to revive manufacturing in the region.

The industry gains in lumber activity seem to be offset by additional paper mill reductions. My sense is legislators want to know how they can help and it's important to articulate those needs. As we gear up our second analysis of the forest economy this year, we need to include benchmarking data obtained by the administration to outline our costs for production compared to the north central and southern regions of the United States. Developing policy stability and creating a case for capital investment in Maine's forest industry are top priorities.

We continue to urge you to get to know your local legislators and show them your business. Our strength as an association is demonstrated regularly by the activism of our members. As always, I appreciate the effort and energy you invest in insuring forest products remain an important piece of Maine's economy and environment.

I look forward to working with you on the challenges ahead.

With warm regards,

A handwritten signature in black ink, reading "Patrick J. Strauch", with a long horizontal line extending to the right.

Patrick Strauch  
Executive Director



### Why heavily forested Maine imports wood each year

By Darren Fishell, BDN Staff  
Posted March 13, 2015, at 3:21 p.m.

PORTLAND, Maine — Timber doesn't flow liberally on Maine's waterways any more, but it does flow in and out of the state. Mostly, it flows to Maine, not out of it.

For the most heavily forested state in the country, it may seem counter-intuitive, but there are a lot of reasons why Maine gets its wood from elsewhere — and, it's not a bad thing, according to Patrick Strauch, executive director of the Maine Forest Products Council.



## 'We are far from being dead': Millinocket economic group forms

By Nick Sambides Jr., BDN Staff  
Posted Aug. 17, 2015, at 7:30 p.m.

### Angus King has the right idea with commitment to locally produced energy from wood

By Mark Doty, Special to the BDN

Posted June 03, 2015, at 9:27 a.m.

It's a shame that Mary Booth's prejudice against biomass led her to attack Sen. Angus King in her May 28 BDN OpEd. King has shown real leadership on energy and the environment with his bill, *S.1284*, "to clarify the treatment of carbon emissions from forest biomass."

This is good news for Maine, where for three decades biomass has been an integral part of the state's \$8 billion forest economy, which supports nearly 40,000 jobs (direct and indirect) statewide.

### National park, or monument, a misguided attempt to provide a legacy for Quimby

Columnist erred in recommending Quimby pursue nation monument designation.  
By JIM ROBBINS

Don't worry about those decisive losses in East Millinocket and Medway, columnist Douglas Rocks tells supporters of a proposed national park. The concerns of local residents, 228 Maine businesses that employ more than 5,000 people in good-paying jobs, and the state's \$8 billion forest products industry are "almost silly," Rocks write.

Sen. Susan Collins, Sen. Angus King and Rep. Bruce Poliquin were simply "wrong," he added, to say that, "robust local support is essential for the success of any new endeavor."



He advises Roxanne Quimby to take a shortcut around all that wrong thinking and aim for a national monument. "And here's the thing about national monuments, as opposed to parks," Rocks write. "They're created by the president. No one else has any say."

Amazingly, Rocks thinks that's a good thing.



"The total economic impact of Maine's forest industry is \$8 billion, with direct and indirect employment of 38,789 workers," Gov. LePage stated. BDN 12/10/2014.

### Maine Gov. Percival Baxter's vision did not include national park

By Patrick Strauch, Special to the BDN

Posted May 26, 2015, at 1:33 p.m.

### Maine Voices: Quimby's promises don't sound right

pressherald.com/2015/05/21/maine-voices-quimbys-promises-dont-sound-right/

By Patrick Strauch

AUGUSTA — "I thought I would be appreciated," Roxanne Quimby told *Yankee* magazine in 2008. "I mean, doesn't everybody love a park?"

Only until people start asking questions. That's why Quimby and park proponents have done everything in a multi-millionaire's power to keep from giving us answers.

## Communications update

Over the past year, we've seen continued improvement in our reputation as a credible source for information about Maine's forest economy. MFPC has been working with publications across the state and beyond, including daily and weekly newspapers, magazines, web publications, television news teams, Maine Public Radio and Mainebiz.

Executive Director Patrick has been quoted on everything from international exports to the "Plight of Fungus-Infected Bats." We've helped reporters and editors find information, set up interviews, suggested story ideas and provided photos on a variety of issues. We've done the same for legislators, our congressional delegation, industry partners and many others. Our photo library is growing every year and, thanks to our "This is my office"

project (details below), we now have a lot of great quality video available, too.

MFPC's book on *Maine's Forest Economy*, which we plan to update early in 2016 (details below), continues to be cited often, especially the \$8 billion figure for the total impact of forest products in Maine. It also helps us defensively, as when a Wall Street Journal reporter called the office this summer for help with a story – a very sad story – she wanted to do about the decline of forest products in Aroostook County. We sent her the economy book and an excellent article (June 1) in *Mainebiz* headlined: "Aroostook County initiative touts potential of a 'forest products cluster,'" and steered her to a Department of Labor source who had up-to-date statistics. So far, no sad story has appeared.

It's also worth noting that the *Mainebiz* reporter called



MFPC first to find out what's happening in Aroostook and Patrick helped provide the background that made the story so good.

Most importantly, we help our members express their points of view, whether it's on the proposed national park or biomass. You could call this the Year of the Op-ed piece, because we've seen quite a few published in the Bangor Daily, Maine Sunday Telegram and Central Maine newspapers. Op-eds are a great way to help our neighbors throughout the state understand forestry issues from the perspective of those who actually work in our industry. The writer has about 700 words (as opposed to about 250 for a letter to the editor) to express his or her opinion and most editorial departments, from the large dailies to the small weeklies, are happy to run them.

## What's happening now?

**THIS IS MY OFFICE VIDEO:** Sherry Huber, executive director of the Maine TREE Foundation and Roberta Scruggs, MFPC communications director, have been working on this video, intended to tell job-seekers and others about our industry. They would like to thank the sponsors (below), Advisory Committee members, loggers, foresters and all who helped us develop and create the video, especially videographer Andy Collar of Digital Spirit Media in Waterville. We're showing the video now to select industry groups (including, of course, MFPC) and talking with folks about how to get it out to a wide audience. If you have suggestions, please contact Roberta at 622-9288 or [rscruggs@maineforest.org](mailto:rscruggs@maineforest.org).

Many thanks to all who helped create this video, especially the loggers and foresters who are featured and the sponsors who made the production possible, including:

**Primary sponsor:** Plum Creek.

**Other sponsors:** Farm Credit East, Irving Woodlands ReEnergy, Professional Logging Contractors of Maine, Certified Logging Professional program, Maine TREE Foundation and the Maine Forest Products Council.

**MEMBER PROFILES:** We also have started work on a series of profiles of MFPC members, who are always the best representatives of our industry. We'll not only feature these profiles on our website and in our newsletter, but they'll be sent to the media with photos. One of our

communication goals is to show our neighbors across the state that forest products businesses aren't just located far up in the Maine woods, but right next door. If you would like to suggest a member or business to profile – including your own – please contact Roberta.

**TAKE A LEGISLATOR TO WORK!** Another important initiative now in development is to provide a very personal option in our long-running campaign to get members and legislators together. Of course, we're still planning to hold our annual legislative reception in 2016 and have a Forest Products Day at the Hall of Flags, an event that draws more members and legislators every year (could it be the free food?). But even better would be for legislators to spend a morning with an MFPC member at a business or on a job site in their own district. Please let us know if you'd be willing to take your legislator to work and we'll help set things up for you. These personal relationships are very important as we try to improve the business climate for our industry.

**MAINE'S FOREST ECONOMY:** Mindy Crandall, the new forest economist at the University of Maine, will update our statistics on the economic impact of forest products early next year, when the 2014 figures become available. We're also talking with Sandra De Urioste, assistant professor of Nature-based Tourism, School of Forest Resources, who is leading a study to better understand the economic impact of tourism in the state.

Our hope is that we can get figures to illustrate the economic impact of forest-based tourism. We also are still searching for a way to include sole proprietors in the economic impact of trucking – a figure that eluded us in the previous research. We'd also love to hear from members about topics, issues and statistics to include in the new book. Again, if you have suggestions, please contact Roberta.



# *MFPC committee reports*

## **Landowner Committee**

**By Peter Triandafilou, chair**

The Landowner Committee worked on proposed changes in LUPC subdivision rules and wind power zoning changes. The LUPC subdivision rules concern Level 2 subdivisions and common sense changes to make smaller scale subdivisions easier to accomplish. Some of the issues under discussion are:

- Changes in the adjacency rule
- Reductions in road standards, engineering and up-front costs for smaller subdivisions
- Changes to large lot rules.

The committee also worked on protecting property rights as the Legislature considered bills to amend the expedited wind power zoning law. Residents in some unorganized towns wanted the right to remove areas on other properties from the expedited zone. The final bill allows for residents to petition for a public hearing on the matter instead of automatic rezoning.

## **Manufacturing Committee**

**By Jim Contino, chair**

In August we revived the Manufacturing Committee with a meeting with about two dozen participants to discuss and prioritize issues. We had a good conversation on priority areas for focus and have the following list to use which is organized in order of importance to the group: Transportation, Labor & Workforce Development, Fiber Supply, Federal issue, and Energy.

A long list of action items was created, including sharing information researched by DECD that compares Maine benchmarks for forest manufacturing against studies done in the lake states region. Staff will continue to work on action items and convene our next meeting and communications to the manufacturing committee have been established in order to keep the group connected on legislative issues of concern.

## **Taxation Committee**

**By Steve Schley, chair**

Tax reform was the battle cry for this past legislative session, but in reality there were only some modest changes that were made. In the early stages the group reviewed the governor's budget with tax attorney Jonathan Block of Pierce Atwood and identified an overall favorable opinion of the changes from the perspectives of forest manufacturers.

There were some concerns for landowners about the effect of reduced revenue-sharing for organized towns and the resulting pressure on real estate taxes. Much hand-wringing resulted in a compromise that included:

- BETR fully funded in budget.
- Estate tax exemption for individuals dying in or after 2016 is now equals the federal estate tax exemption.

A large fiscal note doomed the PLC's effort to achieve fuel tax exemptions.

The committee reviewed and rejected the modifications proposed in the Tree Growth Taxation program that were in the budget. The perception by the administration and legislators that this program is being abused by some forest landowners with high-value parcels is an issue on which the committee will need to develop a strategy.

Tax expenditures programs continue to be of interest to legislators and we expect an ongoing effort to review these programs in the coming session.

## **Policy Committee**

**By Patrick Strauch, chair**

The policy committee was busy during the duration of the regulatory session with weekly calls open to the membership designed to discuss strategy and organize responses to policy issues of importance. The Friday morning calls are a chance for members to be actively involved and cover a broad range of issues. Let staff know if you wanted to be placed on the notification list.



# Wildlife Committee

By Barry Burgason, chair

The Wildlife Committee has had a fairly busy year dealing with policy issues on several different species.

- **Canada Lynx:** In January, USFWS announced a status review for the federally threatened Canada Lynx. The Council submitted testimony arguing that anecdotal reports indicated high lynx numbers and that these should be supported by MIFW track surveys in the same region. We solicited reports from company foresters who work within the lynx habitats of northern Maine and received observations from over 20 foresters, supported with some great lynx photos. We also argued that there has been no significant loss of suitable habitat and that with the pending spruce budworm outbreak, more salvage clearcutting may actually result in improved habitat in the next decades. MIFW alerted us that they'll be having monthly meetings with USFWS as the review moves forward and they'll keep us informed.
- **Northern Long-Eared Bat:** On April 2, after several years of deliberation, USFWS listed the NLEB as a threatened species with an interim 4(d) exemption from take for forestry, and certain other land management activities. The Service acknowledged that the fungus causing White-Nosed Syndrome is the real reason for the recent decline in bat populations. Private forest landowners with no federal nexus have seen little or no impact on their harvesting operations. However, state or federal agencies or private landowners who require a federal permit or receive federal funding have seen projects delayed during the summer season until USFWS can review their project for potential impacts on NLEBs that may be roosting in harvested trees.
- **State Wildlife Action Plan:** Last summer, MIFW started development of its second Wildlife Action Plan, which takes place every 10 years and is designed to help MIFW identify Species of Greatest Conservation Need (SGCN) and to prioritize programs for 10 years. Completion of the plan qualifies the state for federal funding for programs and must be completed with considerable input from the public and various "conservation partners," including large and small landowners, who have been represented at meetings and on the steering committee by MFPC and SWOAM. The draft plan was open for a 30-day comment period and MIFW staff is currently incorporating comments into the final plan.
- **Migratory Bird Treaty Act:** This Act has been used to regulate or prohibit the take of birds that migrate between states and the adjacent countries of Mexico and Canada. It also prohibits the take of non-game birds that may not migrate. MFS recently alerted us that USFWS had a comment period open for its proposal to establish incidental take permits for certain industries that may "take" protected species during the normal course of their activities. National forestry groups were aware of the comment period, but chose not to comment since forestry and agriculture were only mentioned once in the Federal Register. At the present time, various energy industries seem to be the focus. This obviously bears watching.
- **Songbird forest management guidelines:** A small group of wildlife committee members have been engaged with scientists who are developing forest management guidelines for select species of forest songbirds that have declining populations in the Northeast, including the Canada warbler, rusty blackbird and Bicknell's thrush. Before developing guidelines, we want these folks to document that declines are, in fact, caused by forestry practices in the bird's breeding habitats and not issues during migration or in the wintering habitat or other population factors. Landowners contend it's difficult or impossible to manage for individual species and that we need to look at the entire landscape.
- **Fisheries Improvement Network:** FIN is an outgrowth of the SFI/SIC's engagement with state, federal and private groups who are focused on fish passage and road crossing issues. The goal is to continue the dialogue among landowners and the other groups and to share information and updates on voluntary improvements and innovations in constructing crossings and prioritizing crossings most in need of upgrades. A field trip to the Brownville area is planned for September 16 to discuss what constitutes a barrier and to review a variety of up-graded crossings.



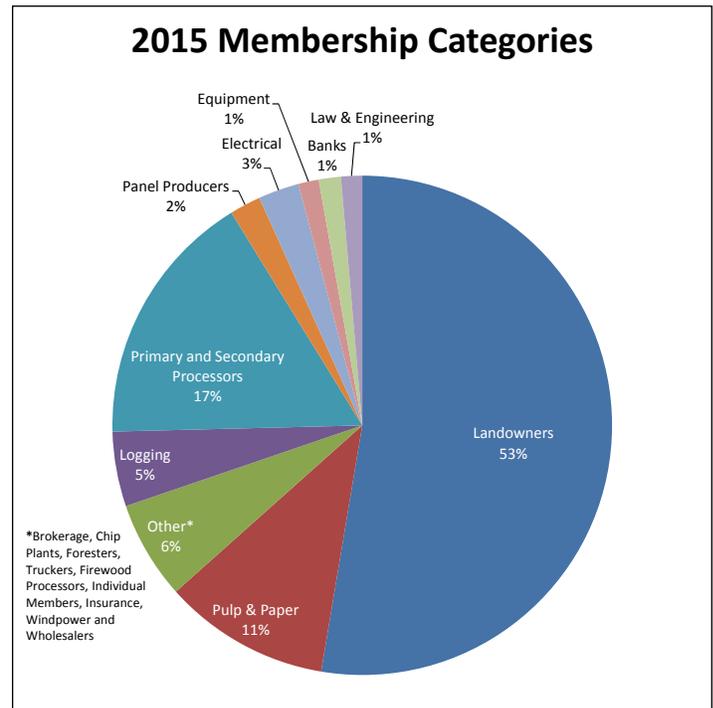
# 2014/2015 Financial Report

In 2014, the Board of Directors of the Maine Forest Products Council approved a budget with a dues increase of 3 percent. As of Dec. 31, 2014, we had received \$404,949 in revenues, compared to the budgeted \$413,712.

Our Membership Committee continues to be very active in recruiting new members. Please contact Sue McCarthy if you would like to suggest a candidate for membership.

Thanks to a great effort by MFPC Office Manager Sue McCarthy and Brian Flewelling from Key Bank and strong support from members, our major fundraising event, the summer golf tournament, set another record, netting more than \$20,000 in July.

Our building continues to provide an exceptional work environment and is heavily utilized by members, partners and colleagues, such as the Natural Resource Network and the Maine Forest Service. We hosted a legislative reception in February and continue to collect revenue from outside groups using our conference room.



We continue to market the adjacent property and are trying to capitalize on the potential to use the traffic light as an entrance to the lot. The area is expanding with the addition of the new Maine General Hospital and we expect land values to increase as well.

## Advocacy partners

**State legislative partners:** A very important part of our strategy is to connect members and their legislators. Having members talk directly to their lawmakers about the industry provides enables legislators to craft more effective laws.

**Congressional delegation:** We have a very good working relationship with our congressional leaders and we are considered an important sounding board for national policies. EPA's Tailoring Rule, Forest Roads/Clean Water Act, International Trade provisions and Critical Habitat issue are all examples of the federal regulations these legislators help us navigate through. We also continue to work with national associations such as FRA, NAFO, AF&PA, to manage national issues.

**Other Partnerships:** The Council acts as a large umbrella for policy issues, but independent organizations provide focused input into our discussions. Tom Doak from SWOAM, Mike St. Peter of Certified Logging Professional and Dana Doran from the Professional

Logging Contractors are examples of valued partners..

**Coalition-building:** We continue to build alliances among various groups in the natural resource fields, especially the Natural Resource Network, to strengthen the legislative focus on the larger policy issues.

**Keeping Maine's Forests:** Membership in KMF results in constructive dialogue among members of the industry and the environmental community. This group has promoted the benefits of the state's working forest and provided an important forum for budworm issues.

**The Sustainable Forestry Initiative:** The efforts of Pat Sirois on the Fisheries Information Network (FIN), are an example of how SFI works with the Council to demonstrate stewardship and sustainability.

**Forest Legacy PAC:** The Forest Legacy PAC is separate from the Council, allowing individual members to participate as campaigns gear up for election season. Participation affords us the opportunity to support legislators representing our interests and keep them informed of issues concerning MFPC members.



# Celebrate the 20th anniversary of SFI!

The SFI program celebrates its 20th anniversary in 2015, so I'm thinking about its start. It struck me as more than just another industry initiative. There was more enthusiasm and energy at the ground level about striving to improve practices. Now, 20 years later, some may be asking, "How has this program benefited sustainable forestry in Maine?" Fair question, let's take a look.

The establishment of the SFI Implementation Committee (SIC) was probably one of SFI's best decisions. There are 34 SICs throughout the U.S. and Canada. This grassroots network ensures that initiatives are developed, customized and implemented appropriately for the states, provinces or regions they serve.

Maine's SIC consists of landowners, loggers, mills, foresters, government agencies, conservation groups, management companies, recreation representatives, educators, researchers, etc. It provides an effective forum for promoting sustainable forestry and addressing issues.

Here are some of the Maine SIC's



significant collaborations and developments over the past 20 years:

- **Logger training:** Working with Certified Logging Professional and Quality Logging Professional, the SIC and its members provided incentives for more loggers to enter training programs. The SIC continues to provide financial support and curriculum input that's encouraged the programs to expand beyond safety and business principles and include key sustainable forestry principles. Since 1991, CLP alone has trained 6,189 loggers.
- **Best management practices for water quality:** BMPs have been a focus for the Maine Forest Service (MFS) and the SIC has been involved since the beginning. We've helped develop the BMPs and continue to work with MFS to develop and conduct new

workshops. BMP education is paying big dividends in protecting Maine's waters. MFS reports 83 percent of sites had BMPs applied appropriately on crossings and approaches (or crossings were avoided) and 91 percent of opportunities evaluated for sediment input found no sediment entered a waterbody.

- **Research:** The Cooperative Forest Research Unit (CFRU) at the University of Maine is one of the premier research cooperatives in the nation. Founded and supported by researchers, landowners, mills and organizations, it has been developing practical information to improve forest management since the mid 1970s. SFI is the only standard requiring the support of forest research. About 14 SIC member companies currently pay almost 80 percent of annual CFRU dues.

These are just a few highlights of how the SFI Program has made a difference in Maine.

## SIC members

American Forest Management  
 ATV of Maine  
 Certified Logging Professional Program  
 Catalyst Paper  
 Expera Specialty Solutions  
 Fraser Paper Inc.  
 Forest Resources Association  
 Hancock Lumber Co.  
 Hilton Timberlands Inc  
 Huber Engineered Woods  
 Huber Resources Corp.  
 Irving Forest Products Inc.  
 Katahdin Forest Management  
 LandVest Management

Lincoln Paper & Tissue  
 Louisiana Pacific  
 Madison Paper Industries  
 Maine Pulp and Paper Association  
 Maine Tree Farm Committee  
 Maine Tree Foundation  
 Maine Bureau of Parks and Lands  
 Maine Department of Conservation –  
 Recreational Trails Division  
 Maine Department of Environmental  
 Protection  
 Maine Department of Inland Fisheries  
 and Wildlife  
 Maine Forest Service  
 Maine Snowmobile Association  
 Orion Timberlands

Plum Creek Timber  
 Professional Logging Contractors of  
 Maine  
 Re-Energy  
 Robbins Lumber Co.  
 Small Woodlands Owners Association of  
 Maine  
 Southern Aroostook Adult Education  
 Twin Rivers Paper Co.  
 University of Maine Orono School of  
 Forestry Resources  
 Verso Paper Corp.  
 Sappi Fine Papers, NA  
 Seven Islands Land Company  
 Wagner Forest Management  
 Woodland Pulp

