

March 19, 2010

MFRC hosted Roundtable Discussion

Participants: Mike Halligan – *Washington Corp*, Tracy Stone-Manning – *Senator Jon Tester’s Office*, Jim Lewis – *Montana Rail Link*, Bruce Fox – *US FS Region 1*, Bob Harrington – *State Forester*, Mark Vander Meer – *Watershed Consulting*, Gordy Sanders – *Pyramid Mountain Lumber*, Lauren Caldwell – *Senate Max Baucus’ Office*, Ellen Simpson – *Montana Wood Products Association*, Steve Hayes – *U of M Bureau of Business & Economic Research*, John Manz – *Citizen-at-Large*, Larry Anderson – *Congressman Denny Rehberg’s Office*, Al Christophersen – *Rocky Mountain Elk Foundation*, Matt Jones – *USDA Rural Development*, John Guthmiller – *USDA Rural Development*, Brian Kahn – *Artemis Common Ground*, Chuck Roady – *Stoltze Land & Lumber*, Julia Altemus – *MT DNRC – Forestry Division* (Members Dale Harris – *Great Burn Study Group*, Matt Arno – *Woodland Restoration* and Jason Todhunter – *Montana Logging Association* had schedule conflicts.)

Guests: Doug Mote – *Representing private landowner*

Facilitator: Marcia Hogan – *Hogan Facilitation Services*

Notes: Julia Altemus – *MT DNRC – Forestry Division*

Session Objectives

1. Continue addressing impacts of the SSCC’s closure on the forest products industry and the restoration of Montana’s forests.
2. Continue discussion on short-term action items.
3. Identify individuals who can commit to work on short-term actions.

Introductions

Getting Started –Marcia provided a recap of the last meeting, review of the short-term action items and a reminder of the ground rules. Then asked the queried the group, “Has anything happened in the past month that impacts our work?”

- Bruce Fox provided the Region 1 woody biomass report that was developed in response to a woody biomass feasibility study underway by Northwest Energy and Porter Bench. The FS was asked to assess woody biomass within a 40 and 70 mile radius, merchantable, non merchantable, live and dead. The study does not take into account specific treatments that could occur, it is simply an inventory. Information used is from FIA data that is collected every 10 years. Fairly sophisticated study. Gordy wanted to know if BBER participated. Bruce, it was solely in house. **Bruce has an electronic version and will send it out.** Mike wanted to know why supply was an issue since SSCC was using 900,000 tons per year. Response, supply is different than inventory and for economic reasons these two companies needed to understand available inventory. Gordy wanted to know how many truck loads the study suggested. Bruce didn’t

know. Larry wanted to know if this had any bearing on sustainability of supply. No, just inventory. Tracy, how viable is the dead tree component to energy production. Steve, dry produces more BTUs. Al, first 2 tables in the handout indicate live standing, where is the dead standing? **If it's not in there, we will track it down.** Bob, how is this getting incorporated into the feasibility study? When the report is finalized, there will be a ranking where the best sites are and the results will be presented to the EQC in May 6 & 7. Porter Bench is focusing on the northwest area around Troy. Al, will the report will go out to inform other companies that are looking at biomass energy. The report is not proprietary information. The feasibility studies were funded through ARRA dollars that came to the state. The 2009 legislature passed HB645 allocating \$500K to MT Department of Commerce which funneled \$50K DNRC for the biomass program, \$275K Porter Bench, \$175K Northwest Energy. Larry, will the study highlight any legislation that may be needed? What is EQC going to do with it? Ellen, they will decide if legislation is needed. If EQC chooses not to develop legislation, someone representing state legislature may take it on.

- Mike reported back on a search of HB670 by Chas Vincent which provided business property tax relief for 2009, 2010, 2011. In order to qualify, the operator did not use the property for six months before, nor intend to use for six months after. Question, was why the bill written this way. Bob, may have had to do with the closure of Ksanka. Ellen, the tax relief has to come at the instigation of the county which in effect they will be taking away their own tax revenue. **Gordy, it may be beneficial to find out what counties have used this bill?** Ellen, the equipment tax is not 30%, it is 3%.
- Bob, Secretary of Ag visited. Anything tangible to the rumor that there is money available or additional funds – Matt respond. He did have several good conversations regarding biomass and Tracy had similar conversations at Deerlodge. USDA Rural has several loans and grant programs. Grants are more limited than loan guarantee programs. From very small businesses, up to \$25M for CHP. The fuel facilities loan guarantee much larger than that. Grants for renewable energy cap out of \$500K. **Tracy, Senator working on compiling a list of all the available funds from all the different agencies to help groups like this, and working with Rural Development.** Bob would like to add this to Funding and Grant opportunities. Matt said his programs work in conjunction with the BCAP program, which is payment to the producers of biomass that deliver to a conversion facility. USDA has a program on the other side as well that provides a payment to the conversion facility. Only 2 in MT that received money under this program. Small program. Julia handed out information packet regarding BCAP and **Tracy will provide the comprehensive list of funding and contacts to the group.**

Developing an action plan for each grouping

Marcia, do we need to add anything to the short-term action items? Gordy, received comments from a member of the MFRC suggesting that the FS move road projects up that are shovel ready and look for opportunities for decommissioning or road restoration projects. This keeps logging contractors working. Bruce responded that ARRA dollars coming on line and the FS is working hard to get contracts out. No

project or money is sitting idly at this point. **Marcia, maybe we can look at other funding and grant sources as part of road restoration opportunities on the mid-term action list.**

Mark – we need to avoid small diameter cuts. This suggestion was omitted from the list. Smaller diameter should be avoided on larger projects as well, including forest restoration work. Subsidies and grants deter innovation. Gordy suggested that his comment was incorporated into the short-term action item pertaining to utilization standards.

John M., the wording of any potential letter from the congressional delegation and governor needs to be well thought out due to the a variety of issues including issues that come with the age of the site.

The group broke into 4 groups to determine the top shelf items, who and what information is missing.

Private Sector Opportunities: Ellen, Jim, Mark, Doug, Matt, John G.

Priorities:

- 1) Continue working with MRL on moving chips and logs. Leads: Jim/Larry
- 2) Wood broker/cooperative. Leads: Matt/John G. It was suggested that independent logging contractors and mills need to be involved. Swan valley and the Yaak are looking at this right now. **Mark will follow-up and get back to Matt and CC Tracy.** Communities need to be identified with industry help.
- 3) Financial gridlock with business loans. Leads: Matt/John G. USDA Rural Development has the ability to work with banks by guaranteeing loans. **Matt needs a sense of what businesses are looking for loans. Interested in hearing if there is bank that should be visited to make sure they are up to speed on what is offered through the recovery act. We will get the word out.**
- 4) CREBs Jobs Bill passed has information regarding funding opportunity. Lead: Lauren

Legislative Action/Funding & Grant Opportunities: Mike, Julia, Tracy, Jason

Priorities:

Legislative -

- 1) Work on extended BCAP and make it better. Lead: Congressional Staff/Julia/Mike
- 2) Extend stewardship contracting an additional 10 years. Lead: Congressional Staff/Julia
- 3) Woody Biomass PTC must receive parity with wind and solar. Lead: Congressional Staff/Julia
- 4) New Jobs Bill had language for electric cooperatives that will help. **Need the language.**

Funding & Grant Opportunities -

- 1) \$6-8 Million for Jumpstart. Lead: Congressional Staff/Julia
- 2) Programs under Title IX include funding for biomass conversion to renewable energy and grants for existing and new renewable energy producers or CHP facilities. Lead: Congressional Staff/Julia

- 3) Identify short-term subsidy needs, i.e. RLF – **“National Forest Products Stabilization and Retention Act”** (how did MT’s work, how many jobs created/retained) Lead: Congressional Staff/Julia
- 4) State endowment fund from oil and gas and coal royalties to do restoration work on the landscape through the industry. Lead: **Al will research**
- 5) **Gordy will talk to Jason about the county tax relief for business equipment tax and give an update next meeting.**

Administration/Government: Bob, Bruce, Al, Lauren, John M.

- 1) Ensure the viability of existing and future projects on federal lands and state timber projects. **Summarize what is being done and recognize that the revision of programs is not going to result in major changes, but the recognition that materials will be left on the site.** Lead: Bob/Bruce
- 2) Bonding. Lead: Congressional Staff/Julia
- 3) Relative to SSCC site, focus on alternative uses for the site rather than firing up the paper mill MAEDC is taking the lead. **Gordy will invite MAEDC to give a presentation at the next meeting of the roundtable.**
- 4) Renewable Energy for America program, any energy efficiency program can get a \$25K grant or apply to a loan guarantee program, must be small business. **USDA Rural could use a list of business that could use.** Maybe get the information out to the bank and the businesses. Lead: Matt/John G.

Next steps and set meetings

Brian Kahn would like to spotlight this effort on his Home Ground radio show. He could come to Missoula and record a show concerning the impact of SSCC closure and that the MT community cares enough to make something happen. Not a solutions show. Mike Halligan, SSCC may be out of bankruptcy in April so maybe the end of April – first of May would be good timing. The group didn’t see any downside to such an effort. Lead: Brian/Julia

It was decided to meet the 4th Friday of April 23rd from 1 – 3, location to be determined.