



# **New York Wood Products Development Council**

**Annual Report for 2010-2011**

## ***Executive Summary***

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New York's land mass is over 60% forested. It is to a large degree an underutilized economic asset for the people of the state. The northeastern forest is unique in the world because it is the only hardwood forest in close proximity to major population centers. From maple syrup, to paper pulp, to furniture, to finished hardwoods, or biomass energy, New York's forests could potentially be a significant engine for economic activity across the state. About 47,000 New Yorkers work in the forest products industry, earning approximately \$2 billion in high-paying jobs in small rural communities. Nearly half of these jobs are tied directly to the standing timber resource located on the State's 19 million acres of forestland. New York's wood products industry is smaller than in the past due to a number of factors. These range from foreign competition to changes in federal tax laws to changing demographics and attitudes.

In 2009, the unrealized potential of the wood products industry inspired New York State to create the Wood Products Development Council in law. Charged specifically with the promotion and development of the private wood products industry, the Council was closely modeled after the successful Pennsylvania Hardwoods Development Council, established in 1988. The council was formed in early 2010, and began meeting that year.

During its first year, the Council sought to determine the state of the wood products industry in New York in order to decide upon a course of action. Accordingly, the Council studied the way that New York State programs do or do not meet the needs of the industry, the state's potential for biomass energy, and the importance of forest certification. The Council ended its first year by deciding that the series of studies on the condition of New York's forest products industry provided over the past two decades adequately serve their purposes. The Council also decided that it must turn now to concrete proposals to improve the business climate for the State's wood products industry and catalyze the development of new and expanded markets for New York timber products. Significant strides have been made with the resources received from the principal agencies represented on the Council (Department of Agriculture and Markets, Empire State Development, and the Department of Environmental Conservation). With additional technical and financial assistance, significant steps can be taken at the landowner, industry and agency levels to further the development of the wood products industry.

In the interim, State agencies involved on the Council can, with existing resources, take action to move the Council's mission ahead by providing technical services and the implementation of projects and activities that develop real markets for timber products and further economic activity in rural New York.

## ***Background***

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Chapter 325 of the 2009 Laws of New York created the Wood Products Development Council (WPDC) to:

“increase the economic contributions and employment opportunities related to the practice of forestry and manufacture of wood products in New York state.  
The council shall give priority to increasing private investment in working

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forests; maintaining access to working and family forests; coordinating policy and permitting issues with state agencies, academia and the private sector; working to improve public understanding of and appreciation for forestry and forest products; and increasing export and market opportunities for New York forest products.”

The bill is attached as an appendix to this report. The Council was specifically charged with submitting an annual report. This is the Council’s first annual report.

### ***Formation and Chronology***

The legislation for the Council specified its membership as follows:

Such council shall consist of the commissioner, the commissioners of environmental conservation and economic development, or their designees, and ten other persons to be appointed by the governor, including one member on the recommendation of the temporary president of the senate; one member on the recommendation of the speaker of the assembly; one member on the recommendation of the minority leader of the senate; and one member on the recommendation of the minority leader of the assembly. Of the members so appointed, at least one member shall be a sawmill owner, one member shall be a secondary wood products manufacturer, one member shall be a logger, one member shall be a maple syrup producer, one member shall be a commercial forest owner, one member shall be a nonindustrial forest owner, one member shall be a representative of a state-wide forest industry organization, and one member shall be a representative of a statewide forest landowners association.

The statute also required the Department of Agriculture and Markets to provide the Council with an executive director. Former Governor Paterson named the following members toward the end of 2009:

Logger	Doug Handy	A&H Forest Management	Sharon Springs	(recommended by Senate Majority)
Commercial Forest Owner	Jon Spink	Rayonier	Saranac Lake	(recommended by Senate Minority)
NonIndustrial Forest Owner	Alan White		Halcott Center	(recommended by Assembly Minority)
Sawmill Owner	Steve Servies	Gutchess Lumber	Cortland	
Secondary Manufacturer	Kathy Juckett	Metowee Lumber & Plastics	Granville	
Forest Industry Association	Ed Wright	Immediate Past President, ESFPA	Clarence	(recommended by Assy Maj)

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Forest Landowner Association	Jim Waters	NYS Tree Farm	Arkville	
Maple Producer	Mike Parker		West Chazy	
Unspecified	Robert McCormack	International Paper	Ticonderoga	
Unspecified	Maureen Fellows	SUNY-ESF	Syracuse	
DEC	Sloane Crawford	DEC Lands & Forests		DEC Rep
ESDC	Robert Crowder	ESDC Policy Office		ESDC Rep
Executive Director, Wood Products Development Council	Phil Giltner	NYSDAM		

Since the formation of the Council, Robert Crowder at ESDC has retired and has since been replaced by Patrick Hooker. Jon Spink of Rayonier has been transferred out of state. The position representing a commercial forest owner recommended by the Senate Minority is currently vacant.

The Council held a preliminary organizational meeting at the Department of Agriculture and Markets in Albany on February 3, 2010. It then held the following meetings:

- July 21, 2010, Cortland (at Gutchess Lumber).
- October 13, 2010, Ticonderoga (at International Paper)
- February 15, 2011, Rensselaer (at Empire State Forest Products Association)
- May 25, 2011, Syracuse (at SUNY ESF)

The meetings of the WPDC were held in compliance with the state open meetings law, were publicly announced in advance, were audio recorded as available, and were made available on the Department of Agriculture and Markets website. Meeting notes are posted on the Wood Products Development Council Website, located at [www.newyorkwood.org](http://www.newyorkwood.org).

The WPDC continues to remain active to the extent possible with the Hardwood States Export Group (HSEG), an informal group of hardwood trade specialists from the eastern hardwood states region. Sloane Crawford, the Forest Utilization Specialist at DEC Lands & Forests, is the official member of this group for New York and assists the group on a part-time basis. She submits grant proposals to the American Hardwood Export Council and USDA Foreign Agricultural Service for funds used to set-up and administer overseas trade events and site visits for marketing eastern hardwood products. The funds provide very low cost booth space, site visits, and business meetings for hardwood producers that directly market their products to countries such as China, Vietnam, and India. New York companies have participated in these events in the past and have found them to be beneficial. If the WPDC were able to secure a full-time hardwood trade specialist or overseas economic development agent similar to all of New York's competing states, New York could have a

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greater presence at these events. Having state personnel managing these events on site for HSEG creates a more successful effort at such shows. However, without a dedicated hardwood trade specialist, it has been difficult for New York to fully participate and gain optimum benefits for state companies.

### ***Proceedings***

#### ***February 2010 Organizational Meeting***

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The goal for this initial meeting was to familiarize members of the Council with the Council's mandate, procedures and processes, and to discuss the means by which it could proceed. Speakers included Pat Hooker, then-Commissioner of the Department of Agriculture and Markets, and Kevin King, then-President of the Empire State Forest Products Association. Notes for this meeting are posted on the WPDC website, [www.newyorkwood.org](http://www.newyorkwood.org).

- Kevin King, then-President and CEO of the Empire State Forest Products Association spoke about the legislation behind the Council and the industry's expectations for it. A copy of his PowerPoint used for this is archived on the WPDC Website.
- Council Member Sloane Crawford of DEC gave a short presentation on historical efforts by New York State government or other government supported entities to report on the status of the industry and recommendations for increasing the viability of forest products in the state. These reports included:
  - Governor's Task Force on Forest Industry, "Capturing the Potential of New York's Forests", 1989
  - Adirondack North Country Association, "A Wood Products Development Strategy for Northern New York", 1991
  - SUNY-ESF, "Western New York Forest Industry Initiative" (for NYS Urban Development Corp.), 1994
  - Governor's Industry Blueprint for "Growth the Forest Products Industry in NYS", 1996
  - Adirondack North Country Association, "Working with Wood: Eight County Wood Products Development Strategy for the Adirondack North Country Region", 1997

These reports, where available in electronic form, are posted on the WPDC website.

- The Council representatives from DAM, DEC, and ESDC discussed the nature of public-private cooperation for council members.
- The Council developed a list of actions to pursue in the four following categories:
  - Maintain Working Forests
  - One-Stop Shopping (regulatory reform) for contact with State government
  - Promotion of Wood Products
  - Market Development and Technical Assistance.

#### ***July 2010 Meeting: Gutchess Lumber, Cortland***

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Gutchess Lumber in Cortland hosted the second meeting of the WPDC on July 21, 2010. The two main elements of this meeting were a presentation from the Pennsylvania Hardwoods Development Council and a presentation from the NYS DEC on the state of New York State Forests.

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Notes for this meeting are posted on the WPDC website, [www.newyorkwood.org](http://www.newyorkwood.org). An audio recording of the meeting appears on line at [www.agriculture.ny.gov/webcasting.html](http://www.agriculture.ny.gov/webcasting.html).

The DEC representative on the council, Sloane Crawford, gave a presentation on the state of New York's forests. The powerpoint for this presentation is posted on the WPDC website, [www.newyorkwood.org](http://www.newyorkwood.org). The chief conclusion of Mr. Crawford's presentation is that the forests of New York are underutilized, and that there is tremendous opportunity for the forest products industry in New York State. Trees are currently growing at over twice the rate they could be harvested for a sustainable forestry practice. In collaboration with the industry, DEC Lands & Forests has provided information to the industry on best management practices and helped with forestry training. Forest products in NYS represent \$9.1B in sales, and there are 95 sawmills in the state with the capacity of producing over one million board feet of lumber. Over 49,000 New Yorkers, many in rural parts of the state, are employed in the wood products industry. Over one-half of these people produce wood products that come directly from timber products grown on the state's 16 million acres of timberlands. There is tremendous opportunity for forest products in biomass heating and cogeneration of heat and power. The number of facilities heating or powering with wood or producing wood products feedstocks such as wood pellets, continues to rise slowly. For example, three additional public schools came on line heating with wood in 2011.

The Pennsylvania Hardwoods Council was created in 1988 to promote the development of Pennsylvania's \$16B/year hardwoods industry. The Hardwoods Council also has executive and legislative representatives in addition to representatives from the industry. The Hardwoods Development Council has an executive director, a promotion specialist, and administrative support staff, although this staffing level had been reduced at the time of the July meeting. The council staff work with industry statewide to learn of industry needs, to help producers and manufacturers find markets, to promote careers and education in the industry, and to help resolve regulatory issues for the industry. Historically, the Council has rented and staffed booth space at trade shows worldwide, and has promoted public awareness and understanding of the industry with its "Pennsylvania WoodMobile," a traveling educational display. The council also has funded research on expansion opportunities for the industry, development of new products, and the state of the state's forests. The Hardwoods Council hosts reverse delegations to promote the industry and tracks the success of these efforts.

### **October 2010 Meeting: International Paper, Ticonderoga**

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International Paper hosted the third meeting of the WPDC on October 13. The main focus of this meeting was a series of presentations on the state of economic development processes and programs for the wood products industry from Empire State Development. This meeting was recorded as an audio recording, and appears on the Department of Agriculture and Markets website on its webcasts page: [www.agriculture.ny.gov/webcasting.html](http://www.agriculture.ny.gov/webcasting.html). At this meeting, ESDC sent representatives to discuss how economic development ties into the wood products industry. Doug Shilling, Trish Driscoll, and Ed Kowaleski each gave a presentation.

Doug Shilling discussed financial incentives ESDC offers. The Economic Development Fund (EDF) containing the Manufacturing Assistance Program (MAP), had \$31M appropriated for the current fiscal year. This is principally a "dollars for jobs" program, whereby the more jobs a project had, the more it would be eligible for state funding. They use a flexible 3 year horizon for job creation

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and 5 years for job retention. They lend at 3% fixed rate. Between 50 and 100 projects are funded annually. The MAP is a “dollars for efficiency program,” for projects entailing at least \$1M in capital outlay and showing a 20% improvement in efficiency. Excelsior Jobs Program (EJP) is a five-year program launched under the Paterson administration, and consists mostly of tax breaks. Trish Driscoll spoke about the Environmental Investment Program. This program is designed to provide assistance in areas of business activity. ESDC also acts as a free and confidential small business environmental advisor through its Small Business Environmental Ombudsman program. ESDC acts as an informal matchmaker for businesses and markets. Ed Kowaleski of ESDC’s International Division spoke about the work he does specifically to support the wood products industry. He has helped wood products companies find markets and technical assistance, while at the same time ESDC promotes NY wood products through its overseas offices. Ed gave a case study of a company he helped to transition into the manufactured wood industry with great success.

Council members concluded that closer cooperation and communication between the state’s economic development agency and the industry is vital and needs to be improved.

### **February 2011 Meeting: Empire State Forest Products Association, Rensselaer**

The Empire State Forest Products Association hosted the WPDC on February 13. Notes for this meeting are posted on the WPDC website, [www.newyorkwood.org](http://www.newyorkwood.org). For this meeting, the Council turned to a thematic discussion on sustainable forestry practices. In particular, the Council wanted to discuss whether it would be advisable or practical for it to promote forest certification. The Council heard presentations from Victoria Lockhart of the American Forest Foundation, who spoke about the American Tree Farm forest certification program; Herb Boyce, a Consulting Forester, who spoke about the relative merits of different tree certification programs; and Kellen Murphy, a forester with Harden Furniture, who spoke about how certification of forests fits into Harden Furniture’s business plan.

#### **Council Findings:**

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- Currently, there is not sufficient consumer recognition or preference to keep these programs economically viable in the long term.
- There are too many certification programs; they have confusing acronyms that can create mixed messages and obscure the development of a clear branding program. More promotion is needed, but it is unclear whether the current certification product will sell unless it is redesigned.
- There are significant barriers to landowner adoption, created mainly by the lack of economic return for the additional expenses. The barriers are more significant for small landowners that cannot achieve economies of scale on the expenses. There might be an opportunity to strengthen the incentives for certification by linking property tax abatement with certification in NYS.
- Although certification is popular in the industry and with the public, the economic and policy justifications for further efforts to promote certification may be unrealistic. Many participants in the conversation agreed that certification is largely assumed by consumers and customers, and any business that wishes to be seen as competitive is already certifying. However, there was also discussion that maybe in the future, additional facilities will strongly consider certification simply to maintain market share, particularly with highly influential consumers such as

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government, large institutions, and overseas markets. With this impending development, it will be important to enroll a much larger share of New York's privately owned forests in a certification program so that New York wood products producers can continue to source their raw material locally rather than be forced to locate sources of hardwoods from states such as Pennsylvania, Maine, Wisconsin, and Minnesota. These states have a much higher percentage of their forests currently enrolled in a globally recognized certification program. Landowners may need incentives and assistance to become certified due to barriers to enrollment mentioned earlier.

### **May 2011 Meeting: SUNY Environmental Science and Forestry, Syracuse**

SUNY ESF hosted the WPDC on May 25, 2011. For this meeting, the council returned to a thematic discussion. In particular, the council wanted to discuss the biomass energy industry and how it relates to forest products. Notes for this meeting and copies of PowerPoint presentations given there are posted on the WPDC website, <[www.newyorkwood.org](http://www.newyorkwood.org)>. At this Meeting, Phil Giltner announced to the council that the WPDC website was on-line and ready to fill in with content. The Department of Agriculture and Markets has provided support for this project.

Professor Larry Walker, Director of the New York State College of Agricultural and Life Sciences at Cornell University Biomass Conversion Laboratory, spoke on the general framework of the Biomass Industry. The biofuels system will require the production of raw materials, the logistics of moving them around, and the conversion to useful biofuels. Thus far, research has focused upon the last of these three steps, which is now well in hand. We now need to work on building the infrastructure to make this a viable commercial world.

Judy Jarneveld from NYSERDA presented on the topic "Renewable Fuels Roadmap and Sustainable Feedstock Supply Study for New York, aka "The Roadmap". A copy of her powerpoint with some very useful graphs and tables appears on the WPDC website: <[www.newyorkwood.org](http://www.newyorkwood.org)>. The Roadmap concluded that NY could produce about 16% of its biomass needs and provide employment for about 14,000 people.

Jesse Caputo, a doctoral student at ESF, presented on the role of woody biomass in New York's future. At the moment, the harvestable wood from standing family forests is estimated to be 60% less than historical levels. The great growth potential in biomass energy in the northeast may be in willow.

Mike Kelleher of ESF presented on ESF's current project to build a wood-burning combined electric-district heat project. The Gateway Building will have an overall efficiency of 75%. A \$1M NYSERDA grant made it possible to expand the project from merely being heat to a combined heat and power (electricity) project. Estimates that the project will save the college \$450k per year off its current annual \$2.5M cost and will burn 2,500t/year of wood pellets.

Steve Walker, president of New England Wood Pellets (NEWP), spoke about the business of wood-based biomass in the Northeast. NEWP has two facilities in New York (Fulton and Deposit) and one in New Hampshire, and produces 250,000t of wood pellets annually between its three facilities. He made the following specific policy suggestions:

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- NYS should actively and affirmatively endorse the use of biomass energy to meet the state's energy needs. This includes Executive Order #111 (2004), which calls for renewable energy in state facilities.
  - NY State should study how state procurement policy can undermine efforts to use renewable biomass in building heating.
  - Biomass Heat and Combined-Heat-Power should be listed as eligible technologies within NYS Property Assessed Clean Energy (PACE) program.
  - NY should explore ways to redirect LIHEAP funds to support locally produced biomass fuels.
  - NYS should institute a swap-out program for replacing old inefficient wood stoves with modern efficient ones.
  - NYS should pursue a renewable heat standard similar to the Renewable Portfolio Standard (RPS) for electricity.

### **Conclusions:**

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The WPDC's main mission is to promote the wood products industry as an economic development tool, *i.e.* the wood products industry is located in rural upstate regions and provides a source of jobs for many small communities. Currently, the Council has been able only to work on exploring the issues and opportunities at hand for the industry. The Department of Agriculture and Markets has staffed the Council, but the actual work of promoting will require additional time, effort and resources. The Council believes that its work in its initial year has uncovered several areas for action and intends to turn its attention to concrete action steps in its second year. One of the key elements of this project will be collaboration with Governor Andrew Cuomo's Regional Economic Development Councils.

### **Recommendations and Action Steps**

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- The Council agreed that there has been sufficient study of the state of the wood products industry during the last twenty years, and that it should turn at this stage to concrete steps of action that were recommended in these studies.
- The Council recommends, in order to increase the economic activity associated with the wood products industry, that the Department of Environmental Conservation increase the amount of logging conducted on state forest lands. This will create jobs, raise money for the state, and increase the overall level of activity in our industry.
- In order to compete more effectively with manufacturers in competing hardwood producing states, concrete steps would include efforts to publicize and promote an awareness of our wood products industry in both domestic and international markets. A branding initiative for "New York Wood Products" will be included in any such effort. This may be in conjunction with the "Pride of New York" initiative.
- The Council has agreed that the three agency representatives on the Council will meet regularly with industry representatives and coordinate specific ways to promote the industry with resources already available. These meetings have been planned and will begin at the start of February 2012. One suggested step is to ensure that foreign offices and representatives of ESDC have information on the availability of wood products from New York.
- The Council should become a state level member of the American Hardwoods Export Council. This membership will ensure New York's eligibility for certain funding opportunities provided by USDA Foreign Agricultural Service.

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- The Council will explore ways to promote community scale and combined power applications for woody biomass energy.
  - The Council will explore ways to assist in the promotion and expansion of the DEC's Working Forest Conservation Easement program, as it helps to expand active commercial forestry.
  - The Council will expand its collaboration with the Regional Economic Development Councils in those regions where the wood products industry is a significant factor in the regional economy. Specifically, the Council will work on promoting the wood products industry in the Western New York, Finger Lakes, Central New York, Southern Tier, Mohawk Valley, North Country, and Capital Region areas.
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STATE OF NEW YORK

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4330--A

2009-2010 Regular Sessions

IN SENATE

April 22, 2009

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Introduced by Sens. VALESKY, AUBERTINE, WINNER -- read twice and ordered printed, and when printed to be committed to the Committee on Agriculture -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the agriculture and markets law, in relation to establishing a wood products development council

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 16 of the agriculture and markets law is amended by adding a new subdivision 44 to read as follows:

44. Encourage and support the practice of forestry and manufacture of wood products in the state, in coordination with the departments of environmental conservation and economic development; and provide for the operation of the wood products development council as established in section two hundred twenty-five of this chapter.

§ 2. The agriculture and markets law is amended by adding a new article 18 to read as follows:

ARTICLE 18  
WOOD PRODUCTS DEVELOPMENT  
Section 225. Wood products development council.

§ 225. Wood products development council. 1. There is hereby established within the department a wood products development council. Such council shall consist of the commissioner, the commissioners of environmental conservation and economic development, or their designees, and ten other persons to be appointed by the governor, including one member on the recommendation of the temporary president of the senate; one member on the recommendation of the speaker of the assembly; one member on the recommendation of the minority leader of the senate; and one member on the recommendation of the minority leader of the assembly. Of the members so appointed, at least one member shall be a sawmill owner, one member shall be a secondary wood products manufacturer, one member shall be a logger, one member shall be a maple syrup producer, one member shall be a commercial forest owner, one member shall be a nonindustrial forest owner, one member shall be a representative of a state-wide forest industry organization, and one member shall be a representative of a statewide forest landowners association. Members shall be appointed for a term of three years and may serve until their successors are chosen, provided, however, that of the members first appointed, three shall serve for a term of one year, three shall serve for a term of two years, and four shall serve for a term of three years. The governor shall select a member of the council to serve as chairperson.

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Council members shall not receive compensation for their services, but may be paid their actual and necessary expenses incurred in serving upon the council.

2. The council shall work with wood-using manufacturers to increase the economic contributions and employment opportunities related to the practice of forestry and manufacture of wood products in New York state. The council shall give priority to increasing private investment in working forests; maintaining access to working and family forests; coordinating policy and permitting issues with state agencies, academia and the private sector; working to improve public understanding of and appreciation for forestry and forest products; and increasing export and market opportunities for New York forest products. The council shall deliver an annual report outlining its work and making recommendations with regard to economic development and marketing initiatives and research and development initiatives consistent with the purposes of the council. The report shall be delivered to the governor, the speaker of the assembly, the temporary president of the senate, the minority leader of the assembly and the minority leader of the senate.

3. The department shall provide necessary support services to the council, including, within funds available, the appointment of an executive director to coordinate the work of the council.

§ 3. This act shall take effect immediately.

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