

South Carolina Forestry's 20/15 Project

Keeping SC Forestry Growing Strong Job Creation and Economic Development

In 2008, the South Carolina Forestry Commission took the lead in conducting an economic impact study of forestry in South Carolina based on 2006 data. This study revealed a strong industry with \$17.4 billion in total economic impact which was confirmed by several subsequent analyses. Forestry was the state's leading manufacturing industry in terms of employment (90,000 total jobs) and labor income (\$4.1 billion).

The recession, which lasted from late 2007 into 2009, took its toll on the entire manufacturing industry in South Carolina, and economic conditions were difficult for the forest industry as well. A project like the 20/15 initiative was clearly needed to help the forest industry recover as quickly as possible. Fortunately, the state's forest resource was and continues to be at record levels of total timber volumes and growth rates. Recognition of the industry's large current and potential economic impact led the South Carolina Forestry Commission to initiate the **20/15 Project** in cooperation with the SC Forestry Association and other allies.

The project was conceived and designed as a way to help the forest industry grow out of recession, move to higher levels of economic impact, and expand its already important role in improving South Carolina's economic and environmental health. The goal of the **20/15 Project** is to increase forestry's economic impact from \$17.4 billion to \$20 billion by 2015 and increase job numbers by about 14,000.

The 20/15 Project made steady progress with limited funds initially. A \$195,000 federal grant was awarded to the Forestry Commission in 2011 and has allowed renewed activity.

On October 28, 2009, nearly 50 forestry and economic development professionals gathered in Columbia for the first 20/15 conference. Through a SWOT analysis (Strengths, Weaknesses, Opportunities, and Threats), the group created a list of factors that most needed attention for the industry to recover from the recession and to grow to new heights. Six task force committees were formed to address the critical issues. Task force members represented a diverse, cross-section of South Carolina's forestry community. Below are the core recommendations of each task force.

Task Force Reports

Retain and Strengthen

Mike Macedo (International Paper Company), Task Force Chairman

Goal: To grow the economic impact of forestry from \$17 billion to \$20 billion by 2015.

Recommendations:

1. Utilize 2011 forest resource and mill output data to identify the best opportunities to sustain & grow forest industry in South Carolina.
2. Increase the political activism of SC Forestry Association members and



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- allies to create a more favorable business climate.
3. Become proactive in attracting a qualified workforce to forestry.

Accomplishments:

1. An agribusiness (forestry and agriculture) project manager position has been funded within the SC Department of Commerce. The agribusiness project manager will be proactive in identifying potential forest industry growth areas. Once SC's 2011 FIA data is fully analyzed, along with wood supply projections, there will be a focused effort to identify areas for growth, including both primary and secondary forest products sectors.
2. The SC Forestry Association is discussing political activism tools. The Association is considering small area teams of SCFA members that can be key contacts with legislators in their respective geographical areas. These ideas are still in early developmental stage.
3. The Task Force has worked with the SC Department of Education to create two virtual job shadowing modules to help attract a qualified workforce. One module is for logging equipment operators and the second module is for foresters.

The Forest Resource

Sam Houston (Forest2Market), Task Force Chairman

Goal: To describe the present and future forest resource in South Carolina based on accurate, up-to-date data.

Recommendations:

1. Update South Carolina forest resource & mill output reports based on 2011 data.
2. Run wood supply projections looking out 20 years.
3. Design and implement a wood availability study.

Accomplishments:

1. South Carolina's FIA data has been analyzed and updated based on 2012 data. The Timber Products Output data for 2011 has been collected. Both reports will be published by the USDA Forest Service. The 2013 TPO survey will begin Spring 2014.
2. The Task Force completed a wood supply outlook study for South Carolina. This action item was completed in Summer, 2013 and presented at the 2013 SC Forestry Association annual meeting.
3. A wood availability study, based on 2011 FIA data, has been completed. Results were presented to this committee. An article was written and submitted to the Southern Journal of Applied Forestry.

Research & Development

George Askew (Clemson Extension), Task Force Chairman

Goal: To increase both wood supply and wood demand through research and development in order to grow forestry economic impact in South Carolina

Recommendations:

1. Promote the use of existing technologies on timberland to increase wood supply.
2. Encourage state funding for forestry-based research and development to increase future wood supply & demand.

Accomplishments:

1. The Forestry Commission has begun installing silvicultural demonstration stands to promote the value of existing technologies at landowner workshops. Fact sheets will be developed to be used as handouts at landowner meetings. The committee also discussed the need for a landowner

publication that highlights state-of-the-art silvicultural technologies. Hopefully, work will begin on the publication later this year.

2. Funds have been used to support the development of genetically-improved tree planting stock for private landowners. Membership in university-based research cooperatives has been funded for tree improvement and seedling production.

Marketing

Furman Brodie (Charles Ingram Lumber), Task Force Chairman

Goal: To expand the use of forest products.

Recommendations:

1. Promote the use of wood in new construction by offering continuing education coursework to building design professionals.
2. Promote the use of wood through educational materials at retail establishments.

Accomplishments:

1. Worked with AIA & Woodworks to offer continuing education credits for architects at annual meeting.
2. Discussed the need for educational materials promoting wood at retail establishments. Industry check-off programs may cover this.
3. The South Carolina Forestry Commission has a lead role in a national initiative by the National Association of State Foresters to improve the US market share of worldwide wood production which will benefit all states' markets including South Carolina's.
4. The Forestry Commission is participating with the (SGSF) Southern Group of State Foresters' Services Utilization and Marketing (SUM) Task Force to grow markets for southern forest products.

Infrastructure Needs

Mike Chodnicki (Kapstone), Task Force Chairman

Goal: To identify the highest priority transportation issues that would improve the movement of processed and unprocessed forest products to their ultimate markets.

Recommendations:

1. Provide support to SC DOT for funding for maintenance of high priority H-10 bridges and rural roads.
2. Allowable truck weights should be adjusted to better compete with other countries.
3. The forest products industry should support the placement of the State Forester on the Coordinating Council for Economic Development.
4. The SC State Ports Authority should report on the feasibility of providing bulk handling facilities for the export of forest products.

Accomplishments:

1. The SC Department of Transportation lists county bridges with weight restrictions on their web site. With reduced economic activity the past few years, the State Transportation Improvement Act program funds have been reduced primarily because of lower user fees. There is intense competition for shrinking resources to fund road and bridge maintenance and to match federal funding for federally-supported state projects. A priority listing of highway bridge projects from forest industry has been developed. Twelve bridges were identified statewide.
2. Language was included in the Federal Surface Transportation Reauthorization Act to allow states to elect to allow 97,000 pound 6 axle trucks to operate on the interstate highway system in their respective states. This language was supported by many groups including the SCFA, Forest Resource Association, SC Timber Producers Association, American Loggers Council and others. Intense lobbying by primarily railroad special interests were successful in getting the

language removed and a two-year study by the Department of Transportation substituted to study the safety and infrastructure impacts of high-productivity trucks considering both length and weight reforms. This effectively delays any implementation of weight reform for two years, however reforms will continue to be pursued.

3. Senate Bill 579 was introduced by Senator Cromer to place the SC State Forester on the SC Coordinating Council for Economic Development. The Bill did not pass during the 2012 legislative session, but will continued to be pursued.
4. The SC State Ports Authority (SPA) has break-bulk handling capacity available today for forest products such as lumber and paper at a number of port facilities. In addition, the SPA studied the feasibility of providing bulk handling facilities for additional forest products such as wood chips and pellets. Only two port facilities were identified as potential sites – Georgetown and Veterans Terminal in North Charleston. Georgetown has draft restrictions (27') and will not accommodate the large bulk vessels needed. While the Veterans Terminal has the required draft and space needed, there are large up-front capital cost hurdles for chip/pellet loading/unloading equipment to overcome to show attractive 5 year ROI's. In general, the SPA's preference is to handle finished or semi-finished products to support job creation in SC. Current chip and pellet projects are communicating with SPA in addition to private port facilities in an effort to establish necessary bulk capacity.

Forest Protection Capacity

Joey Ferguson (Resource Management Services), Task Force Chairman

Goal: To develop a concept and present a solution designed to rebuild and strengthen South Carolina's fire protection capacity.

Ideas:

1. Develop a user-based funding mechanism to meet the annually recurring firefighting needs of the SC Forestry Commission.
2. Address the immediate need, jump-start the rebuild of South Carolina's fire protection capacity through a state-level mechanism such as a bond fund.

Accomplishments:

1. The Property and Firefighter Protection Bill (H4082) passed during the 2012 legislative session. The law will generate about \$3+ million annually for 5 years starting July 1, 2013 for firefighting and firefighting equipment. The funding will be transferred from taxes already being collected on insurance premiums.
2. H4082 created a stable source of annual funding for equipment replacement over the next five years, however there is still a need to replace a backlog of about 65 firefighting units in addition to normal replacement schedule to reduce the safety hazards associated with unreliable equipment and to put all operators in protective enclosed dozer cabs. Additional capital funding or a mechanism like a bond fund that could be repaid with H4082 funding is being considered for the 2013-2014 fiscal year.

Where do we go from here?

Task Force reports and recommendations represent a strategy for helping the forest industry recover from the recession and grow to its full potential. As a five-year initiative, the **20/15 Project's** near- and long-term objectives must be accomplished over time to produce continuous improvement. The Project will create a blueprint that can be followed to keep forestry as the #1 manufacturing industry in the state and continually increase its economic impact, number of well paying jobs, and improve the economic and environmental health of South Carolina.

