

2011 Annual Report
of the
Pennsylvania Forest Products Association
September 14, 2011



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The Pennsylvania Forest Products Association

Mission

To promote the common interests of the forest products industry within Pennsylvania by:

Creating a regulatory environment in Pennsylvania that enhances the profitability of the entire forest products industry;

Creating among the general public an increased knowledge of, and appreciation for, the value of the forest products industry in Pennsylvania, and the contributions the industry makes to forest sustainability; and

Increasing the amount of information available to the industry regarding legislative and regulatory issues, technical matters, and activities within the industry.

Membership

As of August 31, 2011, PFPA membership includes 177 companies, individuals and organizations. Since October 2010, PFPA has added 15 new members and lost 14 members, for a net gain of 1 member.

PFPA Financial Report

The balance in the PFPA General Operating Account as of August 31, 2011 (eleven months of the fiscal year) was \$54,340. For the first eleven months of the fiscal year, revenue for the unrestricted general operating account was \$246,883 and expenses were \$286,121 resulting in a net loss of \$39,238.

The balance in the Capital Campaign, restricted fund accounts and other reserve accounts as of August 31, 2011 was \$392,480. For the first eleven months of the fiscal year, revenue for these accounts was \$1,800. There were no expenditures from these accounts in the first eleven months of the fiscal year.

The balance in HLMA Educational Inc as of August 31, 2011 (eight months of the fiscal year) was \$19,887. For the first eight months of the fiscal year, revenue for HLMA Education Inc. was \$16,079 and expenses were \$13,826, resulting in a net gain of \$2,253.

PFPA Government Affairs Program (Oct. 2010 - Sept. 2011)

Highlights of Legislative and Regulatory Activities

PFPA continues to communicate with PennDOT and work with supportive legislators and agencies to implement relief for sawmills, loggers and truckers who are impacted by the road posting issue in the Marcellus Shale region. PFPA's input helped table a PennDOT proposal to expand the road posting regulations that would have devastated our industry.

PFPA efforts helped secure continued state funding and staffing of the Department of Agriculture's Hardwoods Development Council, allowing the HDC to continue its market promotion, public outreach and industry support activities.

We worked with AF&PA and others on the successful adoption of HRes 879 (2010) which expressed opposition to proposed federal EPA Boiler MACT regulations. PFPA also helped secure similar communications from Governor Corbett to EPA.

PFPA worked with DCNR to reestablish the State Forest Timber Harvesting Committee and we continue to provide input to DCNR's Bureau of Forestry and the Game Commission on timber sale volumes, timber contracting, forest planning, green certification and various other policy issues.

We supported DCNR's recently released gas development guidelines, which encourage PA SFI logger training for those engaged in Marcellus-related timber harvesting and vegetation removal.

PFPA's participation in the development of Pennsylvania's EPA-mandated Chesapeake Bay TMDL plan ensured that forestry activities were not targeted for additional regulation. We continue to participate in this ongoing process to ensure that county-level plans also do not target our industry.

PFPA Chairman Rich Conti served on the Agriculture Committee of the Corbett Transition Team.

We brought back the PFPA Legislative Event after a one year hiatus. The 2011 event included participation by 54 PFPA members and was attended by nearly 80 legislators and agency officials.

We continue to educate our members and work closely with state and federal agencies to curtail the spread of invasive pests such as Emerald Ash Borer, while working to ensure that quarantine regulations are reasonable, practical and effective.

PFPA worked with the Pennsylvania Department of Agriculture to inform the USDA about the difficulties of exporting EAB-compliant ash lumber to the European Union, which has resulted in a formal request from the U.S. that the EU reconsider its current rules on ash imports

PFPA worked with the Jt. Legislative Conservation Committee to hold hearings and develop recommendations on a number of important forestry and industry issues. We also are working with Rep. Scott Hutchinson (R-Venango) on the passage of HRes 309, which formally reestablishes the Committee's Forestry Task Force.

PFPA is working with DEP staff to update the E&S plan application and related BMP documents. PFPA was able to ensure that the recent revision to state Chapter 102 Erosion and Sediment/Stormwater regulations will have a minimal impact on most timber harvesting operations, which includes keeping the current earth disturbance threshold at 25 acres before a timber harvest E&S Permit is required.

PFPA opposes the passage of HB 1235, which would license and regulate foresters in the state.

PFPA is working with other groups to oppose legislation that would require the use of licensed interior designers for most residential and commercial remodeling and build-out projects.

We are working with the HDC to promote and implement recommendations from its state action plan for sustaining Pennsylvania's hardwood industry. This plan was developed with substantial input from PFPA and industry.

PFPA continues to educate legislators and other officials about our industry. We testified this spring on the state of our industry and the need for Pennsylvania to moderate its regulatory climate.

We have commented on legislation and policy proposals addressing business taxation and regulation, landowner liability, deer management and biomass energy promotion.

Staff responded to dozens of member inquiries on state and local regulatory matters.

PFPA has worked with national groups such as the Hardwood Federation, AF&PA, and the National Alliance of Forest Owners to comment on federal issues, including pesticide permitting, the listing of endangered species and the continued non-point source designation for forest roads.

PFPA provided comments on the reorganization of Penn State's College of Agricultural Sciences to ensure the continuation of education and research resources in supporting commercial forestry and wood products.

PFPA was awarded a grant from the Pennsylvania Department of Agriculture's Ag Research program to work with Penn State Goddard Chair Jim Grace to examine the potential for implementing a state-sponsored, third-party certification of private forests.

Acting as industry spokesperson, PFPA fielded media inquiries, participated in press events, and submitted letters to the editor on a variety of issues impacting our industry. PFPA is also a regular contributor to the Pennsylvania Forestry Association quarterly magazine and has provided updates and issue presentations to a number of other outside groups.

PFPA continues to support PA SFI as the premier logging training resource in the state and promote its positive impacts on harvesting performance and water quality. PFPA helped secure a DEP Environmental Education grant for PA SFI to update its Environmental Logging curriculum.

PFPA developed a 30 minute presentation entitled *Engaging in the Political Process: Effective Communication of Logging Interests* for use as a component of 2011 PA SFI continuing education training and focuses on tips to effectively communicate with legislators and other officials.

TimberPAC

TimberPAC is PFPA's political action committee, which supports the election campaigns of state legislative candidates. In the 2009-2010 election cycle, TimberPAC provided financial support to the campaigns of 39 state legislative candidates and directly supported a gubernatorial candidate for the first time in recent memory. TimberPAC has provided financial support to 17 incumbent legislative candidates in 2011.

Industry Representation

PFPA represented industry interests at more than 50 separate meetings of the various formal committees and advisory groups, working on various policy and regulatory issues. PFPA formally participates in the following groups:

- Pennsylvania Hardwoods Development Council
- Governor's Advisory Council on Rural Affairs
- Governor's Invasive Species Council
- DCNR Citizen's Advisory Committee
- DCNR State Forest Timber Harvest Advisory Committee
- DCNR Forest Stewardship Committee
- DCNR Forest Legacy Subcommittee
- DEP Chesapeake Bay WIP Agriculture and Urban/Suburban/Rural Work Groups
- PennDOT Motor Carrier Safety Advisory Committee
- Joint Legislative Conservation Committee - Forestry Task Force Advisory Committee
- Continental Dialogue on Non-Native Forest Insects & Diseases
- Penn State School of Forest Resources Advisory Committee
- Penn State Ag Council
- Sustainable Forestry Initiative® State Implementation Committee

Other Activities and Initiatives

Pennsylvania WoodMobile

PFPA is proud of its partnership and support of the Pennsylvania WoodMobile. This year, PFPA and the Pennsylvania Department of Agriculture's Hardwoods Development Council commemorated the Pennsylvania WoodMobile educational program and mobile reaching 100,000 students with its educational programing. In 2010, the WoodMobile reached a milestone of one million patrons of its exhibits. Since the project's inception, the WoodMobile has participated in more than 510 events across the state.

Timber 2011

The Timber 2011 Forest Products Equipment and Technology Exposition was held June 3-4, 2011 at the Ag Progress site in Centre County, with 76 registered exhibitors and an estimated attendance of 1,300.

PA Sustainable Forestry Initiative® SIC

The Pennsylvania Sustainable Forestry Initiative® State Implementation Committee is a committee of the PFPA Board. Since its inception, more than 3,330 individuals have participated in logging safety and environmental training and more than 26,000 outreach and education packets have been distributed to Pennsylvania forest landowners. Thus far in 2011, PA SFI® has conducted or recognized 41 training programs and 347 individuals have participated in training. Currently, 645 Individuals hold current PA SFI® training cards.

Administrative Support

PFPA has provided bookkeeping and support services to the Keystone Wood Products Association through an administrative service agreement. This allows the KWPA Board to maximize its effective use of its resources while providing supplemental income for PFPA.

Log a Load for Kids

PFPA distributed more than \$6,215 to Children's Miracle Network hospitals across Pennsylvania from its 2009-10 Log a Load for Kids activities. In 2011, our Log a Load for Kids efforts have raised more than \$5,800.

Industry Outreach, Education & Networking

The following activities and initiatives keep members informed and provide marketing and networking opportunities:

- PFPA Annual Meeting
- PFPA Legislative Event
- Forest Products Executive Development Workshop
- Regional Meetings and Informational Workshops
- Timber Show
- The Ticker – weekly government affairs fax update
- Annual Membership Directory and Buyers' Guide
- Pennsylvania Marketing Bulletin
- Informational brochures
- Exhibits at public and industry events
- PFPA Website – www.paforestproducts.org