

Future Forest Economy Initiative

A Cooperative Agreement between the U.S. Economic Development Administration (EDA), U.S. Endowment for Forestry & Communities, and the Northern Forest Center

Investment Strategy and Call for Project Concepts

I. Context. For over a century the Northern Forest region of Maine, New Hampshire, Vermont and New York provided lumber and fiber to feed economic growth along the eastern seaboard. In those communities that produced and added value to the forest resource, residents benefited from some of the highest per capita incomes in their states. Over time, however, consumer tastes, world trade, multinational corporate ownership and regulations eroded the economic vibrancy – and ultimately the socio-demographics – of this region. Despite the more than 70 million people that live within a day’s drive, the region is struggling to adapt and has limited investment dollars for developing new markets for forest products and services that deliver economic value back to the region’s businesses, landowners, and communities.

In recognition of this challenge, Congress appropriated \$3 million in FY18 *“for EDA to collaborate with the Northern Border Regional Commission to support the development of markets for wood products. The Committee encourages EDA to work with communities researching and developing new construction technologies, such as engineered wood products.”*

II. Goals. The Initiative is a direct response to this mandate. Over the next three years, the Initiative cooperators will provide \$2.6 million in sub-grants to projects in the Northern Forest region that deliver regional approaches to:

- ∞ ***Innovate new forest products and the business infrastructure to commercialize them;***
- ∞ ***Create market demand for wood and wood products across the Northeast and New York; and***
- ∞ ***Enable the conditions that allow businesses and communities to benefit from these innovations.***

III. Objectives. To be eligible for funding a project must advance one or more of the following investment objectives. These objectives are informed by extensive stakeholder engagement by the Northern Forest Center, in the form of 1-1 conversations with public and private-sector leaders, a survey of wood products businesses in the region, and assessment of relevant state and federal strategies. Per the Congressional mandate these objectives also align with those of the Northern Border Regional Commission.

1. Support the development of new products and services from the region’s forests, particularly those that create or expand uses for low grade wood, mill residuals, and/or underutilized species.

Priority project activities include:

- ∞ Research, Development and Commercialization of new products from wood.
- ∞ Testing and real-world demonstration of new wood-based product applications.
- ∞ Design and pre-engineering for innovative use of wood for construction and energy applications.

2. Conduct strategic marketing campaigns to expand wood industry interest in the region as a place to do business and increase consumer demand for wood products. Priority project activities include:

- ∞ Business Attraction. Coupled with necessary market research, market the region to locate and grow wood products businesses.
- ∞ Consumer Awareness and Marketing. Conduct strategic marketing campaigns to increase consumer awareness of Northern Forest wood products and services.

3. Improve the efficiency of wood products supply chains to reduce transportation and production costs and increase access to markets for the region's manufacturers. Priority project activities include:

- ∞ Regional site assessment(s). Identify suitable locations for new wood utilizing facilities (e.g. site characteristics, proximity to raw material, workforce, transportation, and available financing options).
- ∞ Transportation solutions. Develop innovative solutions to optimize supply chains, particularly for low-value wood.
- ∞ Co-location. Advance initiatives that lead to co-location of multiple wood-utilizing facilities in close proximity to one another.

4. Strengthen the ability of the region's wood manufacturers to capitalize on new market opportunities. Priority project activities include:

- ∞ Workforce development and retention. Develop innovative and replicable models for attraction, retraining and retention of workers in the wood products sector, with an emphasis on post-secondary education strategies.
- ∞ Innovation technical assistance. Deliver non-exclusive programs of business technical assistance to assist the sector in implementing business and manufacturing innovations that enable access to new markets.

IV. Desired Outcomes. Across all of the initiative objectives, funded projects are expected to deliver tangible and clearly articulated outcomes that speak to how the project has helped create new markets for wood products and how those market opportunities in turn connect back to business and community benefit. Priority outcomes include:

- ∞ Increased utilization of wood from the region
- ∞ Development and commercialization of new forest-based products and services
- ∞ Business benefit (improved financial performance, access to new markets, increased consumer base, etc)
 - Job created and retained
 - Improved quality of jobs (wages and benefits)
- ∞ Private investment leveraged

V. Award Information

- ∞ Funding Available. Approximately \$2.6 million is available through this announcement.
- ∞ Award Size: The maximum award size is \$1,000,000. Minimum award size is \$50,000. The Initiative will prioritize projects that can demonstrate regional impact as outlined below. The Center reserves the right to increase or decrease the grant maximums and minimums based on concepts submitted.

- ∞ Period of performance. Projects must be completed by September 30, 2022

VI. Project Eligibility and Evaluation. Potential projects for investment will be evaluated using the following investment rubric.

Basic eligibility criteria. To be considered for funding, a project must demonstrate all of the following:

- ∞ Align with and advance the Congressionally mandated goal for these funds- grow markets for wood products- and address one or more of the objectives of the Future Forest Economy Initiative.
- ∞ Meet all Economic Development Administration eligibility criteria (see full details in Appendix I)
- ∞ Impact a county or counties within the service region of the Northern Border Regional Commission (<http://www.nbrc.gov/content/northern-border-region>)
- ∞ Have required matching resources committed (up to 50% of project cost, depending on level of economic distress)

Investment principles. Projects selected for investment will demonstrate most, if not all, of the following principles:

- ∞ Clear and direct benefit to the wood products sector. While non-profits and the public sector provide important infrastructure and support, the private sector must be a core stakeholder when considering project benefit. (Note: private companies cannot receive direct financing through this project. See Appendix I for eligible applicants.)
- ∞ Scale of impact. Projects must fill or have the potential to address a significant gap in the regional supply chain or act boldly on a new opportunity resulting in a documentable impact in both sourcing of regional timber and opening or broadening market demand.
- ∞ Readiness of implementation. Delivery of the project concept within the grant period will be prioritized over longer-term projects. Other considerations will assess overall management, financial, project development and other readiness.
- ∞ Regional impact across a diversity of ideas, geography, and industry sectors. It is important that this investment be relevant to market development across the Northern Forest region.
- ∞ Integration and balance across economic development, community, and forest sustainability interests.

VII. Call for Project Concepts

Interested applicants should submit a brief project concept paper to request consideration for funding. These requests will be accepted on a rolling basis until project funds are committed. Please review the eligibility criteria for the Initiative carefully before beginning work on your submission.

- a) Project Concept—Required Information. Your project overview should include the following information:
 - a. Name, physical address, and primary contact person for the organization/entity leading the project;
 - b. The region—communities and/or counties—where the project benefits will be accrued;
 - c. Two-page narrative describing the details of the proposed project and its alignment with the goals, objectives, desired outcomes, and investment principles of the Future Forest Economy Initiative; and
 - d. One-page project revenue and expense budget indicating major categories of expense, estimate of funds requested from the Initiative and projected use(s) of requested funds,

and indication of matching commitments secured or pending.

- b) Submission Instructions. Please email your project concept document to FFEI@northernforest.org with “Future Forest Economy Project Concept-[organization name] as the subject line.
- c) Questions and inquiries should be directed to Joe Short, jshort@northernforest.org

Project concepts will be reviewed on a rolling basis, and applicants will be contacted within four weeks of submission regarding the status of their request. Concepts will be evaluated for alignment with the eligibility criteria, goals, objectives, desired outcomes and investment principles outlined above.

For projects determined to be a potential fit for the initiative, the Northern Forest Center will work with applicants to prepare a full application for review and decision by the Initiative Cooperators. The Northern Forest Center reserves the right to request multiple applicants to align or integrate their proposals.

Please read Appendix I below for important eligibility criteria.

APPENDIX I—EDA Eligibility Criteria

The U.S. Economic Development Administration (EDA) is the source of funding for this Initiative and all projects must meet EDA eligibility criteria and comply with EDA regulations. The Northern Forest Center will work with project applicants and EDA to clarify and assist with eligibility criteria and documentation for the specific project proposed. Standard requirements are as follows:

1. Eligible Applicants. Applicants for funding must be one of the following:

- ∞ City or township governments
- ∞ County governments
- ∞ Native American tribal governments (Federally recognized)
- ∞ Native American tribal organizations (other than Federally recognized tribal governments)
- ∞ Nonprofits having a 501(c)(3) status with the IRS, other than institutions of higher education
- ∞ Nonprofits that do not have a 501(c)(3) status with the IRS, other than institutions of higher education
- ∞ Private institutions of higher education
- ∞ Public and State controlled institutions of higher education
- ∞ Special district governments
- ∞ State governments

Individuals or to for-profit entities are **not** eligible for Initiative grants.

2. Cost Sharing or Matching

Cost sharing is a required element for any project funded under this Initiative, and the availability and committed nature of matching funds is a competitiveness factor in evaluating applications against each other.

Generally, the amount of an award may not exceed 50 percent of the total cost of the project. Projects may receive an additional amount that may not exceed up to 30 percent of the total project cost, based on the relative needs of the communities or counties in which the project will be located. In general, the maximum grant contribution to the total project cost is determined by the average per capita income or unemployment rate of the place(s) in which the project is located.

Based on the information provided in the project inquiry form, Northern Forest Center will work with the applicant and EDA to determine the required match rate.

3. Economic Distress Criteria

In order to be eligible for Initiative funding, an applicant must propose a project that meets EDA's distress criteria. Applicants must self-define the appropriate Region geographically. The geographic area comprising a Region need not be contiguous or defined by political boundaries but should constitute a cohesive area capable of undertaking self-sustained economic development. Applicants will be required to provide third-party data that clearly indicate that the relevant Region is subject to one (or more) of the following economic distress criteria:

- (i) an unemployment rate that is, for the most recent 24-month period for which data are available, at least one percentage point greater than the national average unemployment rate;

- (ii) per capita income that is, for the most recent period for which data are available, 80 percent or less of the national average per capita income; or
- (iii) a “Special Need,” as determined by EDA. Relevant to the Northern Forest region, these can include but are not limited to:
 - a. Recent or pending closure or restructuring of industries or the loss of a major employer
 - b. Substantial out-migration or population loss
 - c. The project is located in a designated “Qualified Opportunity Zone.” A current list of Qualified Opportunity Zones designated by the U.S. Department of the Treasury can be found at <https://www.cdfifund.gov/pages/Opportunity-Zones.aspx>