



STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

GRETCHEN WHITMER
GOVERNOR

PAUL C. AJEGBA
DIRECTOR

Commission for Logistics & Supply Collaboration

FINAL Meeting Minutes

May 9, 2019

Members Present:

Peter Anastor *for Gary McDowell*
Robert Boehm
Tim Hoeffner *for Paul Ajegba*
Beth Colosimo *for Jeff Mason*
Roger Huff (via phone)
Dr. Pasi Lautala (via phone)
Fred Schlemmer
James Fults, Workforce Development Agency

Members Absent:

Les Brand
Dr. David Closs
Janice Walsh

The LSC meeting started off with a Tour of ARAUCO North America in Grayling, Michigan. The tour was presented by John Belger, Logistics Manager and Charles Detiege, Environmental Manager. The presentation and tour of the facilities were all very informative and well-received by all Commissioners and staff in attendance. Arauco manufactures the industry's most comprehensive selection of composite panels, premium plywood, millwork, lumber and wood pulp. Arauco has grown to become the second largest wood panel producer in the world.

Following Arauco's tour the LSC meeting was held at Kirtland Community College in Grayling. The meeting was called to order at around 12:00 Noon.

Tim Hoeffner, MDOT Office of Rail Director welcomed commission members and MDOT support staff. Tim introduced Craig Newell as the new Administrator for Asset Management and Intermodal Policy replacing Polly Kent. Also, Beth Colosimo was officially designated as Jeff Mason's delegated alternate replacing Matt Chasnis.

Draft minutes from February 9, 2019 were approved.

Michigan Logging

Donna LaCourt, Economic/Community Development Specialist with the Michigan Department of Agriculture and Rural Development provided a presentation on Michigan's Forest Product Sector. The presentation provided information on Michigan's forests as well as sector economic contribution, manufactured products, and supply chain. Michigan boasts the 5th largest timberland in the nation with 19.3 million acres. Growing twice as much as is harvested, Michigan's sustainably managed forest is 69% hardwood and 31% softwood with the majority in private ownership, followed by state, federal and other (65%, 20%, 13% and 2% respectively). Michigan's forests support a diverse industry and some of the best hard maple and red oak timber in the world. There are over 800 logging and trucking firms, about 300 primary manufacturers (e.g. sawmills, veneer mills, pulp and paper mills, and engineered board manufacturers) and more than 1,000 secondary manufacturers – companies that use lumber or products made by a primary manufacturer to make finished goods. Michigan's forest product sector contributes \$21 billion annually to the State economy, representing 6% of Michigan's manufacturing jobs and supporting 99,000 jobs (39,000 direct). Michigan is the unofficial "Office Furniture Capital of the World." Michigan's office furniture and institutional furniture business is the largest and growing the fastest of any state. Michigan boasts eight of the top 20 furniture and cabinet secondary wood products firms in North America (2019 FDMC 300 Report). Sector supply chain challenges include capital intensive logging businesses (\$3 – 5 million/crew), commodity products that require delivery to customer in lowest quartile of cost to be globally competitive, freight disadvantages to international markets, and lack of markets for mill residues. Outlets for low quality hardwood are especially important as >70% of harvests are pulpwood size and quality. Michigan's sustainable forests grow a wide variety of tree species and sizes supporting a diverse portfolio of primary and secondary value added manufacturers. The commodity-based supply chain requires efficiency in manufacturing, outlets for multiple products and fine-tuned logistics to be globally competitive.

MM45 Freight Survey Results

Sara Moore, International Border Crossing and Trade Specialist provided the State Long Range Plan Freight Survey results.

Due to constrained timeframe, the following handouts were provided: Federal update; Workforce Development update; MEDC update; and Port Advisory Group update.

Open Discussion

Beth Colosimo, Senior Project Manager – Critical Projects, MEDC handed out materials and provided information on the Michigan Strategic fund approved changes to the Michigan Business Development Program (MBDP) and the Michigan Community Revitalization Program. MBDP provides grants, loans, and other economic assistance for highly competitive projects in Michigan that create jobs and/or provide investment.

The Muskegon Regional Planning Agency (MRPA) will be hosting the next Joint LSC and Port Advisory Committee on August 15th in Muskegon. This meeting will include a visit and tour of the Port of Muskegon facilities.

A Hotel room block is reserved at the Delta Hotel in Muskegon. Reservations must be made by July 15th. A handout was provided with more information on how to make your reservations. Additional information to follow.

Meeting was adjourned at around 1:00 p.m. followed by a Tour of Camp Grayling facilities and their logistics operations.