

Social and Economic Monitoring in the Blue Mountains: Grant, Union and Wallowa Counties as Case Studies



The Impact of Restoration and Stewardship Projects in Northeast Oregon with an Emphasis on National Fire Plan Contracts

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Further Information

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Executive Summary

Brief Description: Investment in restoration and stewardship projects including those funded by the National Fire Plan in northeast Oregon has highlighted the need to monitor social and economic effects on local communities. The Northeast Oregon Community Assessment Workgroup (NEOCAW) worked closely to develop an overall framework for social and economic assessment and monitoring using a system-based approach. Grant, Union, and Wallowa counties were examined as case studies.

Goals and Objectives: This project compliments the core principles of collaboration, priority setting, and accountability identified in the *Collaborative Approach for Reducing Wildland Fire Risks to Communities and the Environment*. This 10-year comprehensive strategy was developed as part of the National Fire Plan by the Departments of the Interior and Agriculture in conjunction with governors from the western United States. The intent of NEOCAW's collaboration is to eliminate redundant social and economic assessment and monitoring efforts, prioritize partners' limited resources, and provide a mechanism for distributing information.

Accomplishments: Six products or related findings resulted: (1) a framework and database for assessing and monitoring social and economic conditions has been developed based on 11 criteria and 43 indicators for sustainability. Six priority indicators were analyzed, methods were refined or new methods were developed incorporating current research, and the database was populated with collected data; (2) individual input-output models for Grant, Union, and Wallowa counties determined the value-added and employment impacts from all contracts awarded by the three Blue Mountains National Forests (Malheur, Umatilla and Wallowa-Whitman) from 1999-2001 in these counties. All contracts were examined along with work funded by the National Fire Plan. The National Fire Plan was not implemented until 2001 (\$4.5 million), but it does not appear that more work was awarded to resident contractors in these counties with the advent of the National Fire Plan investments; (3) understanding of barriers to local contractor's competitiveness was increased through a survey of contractor's in the three counties. Opportunities were highlighted for expanding resident contractor's competitiveness such as providing the size of contracts and type of work that more closely matches the firms and skills in the local area and providing a more consistent supply of work. Contractors also expressed needs for technical assistance and training in bonding requirements, bidding procedures, business expansion, and increasing skills and consistency in the local labor force. Procedures were developed to gather additional data to better understand socioeconomic impacts from contracting; (4) efforts to quantify and assess volume, work, and areas of National Fire Plan projects identified land use limitations in utilizing material in the wildland-urban interface; and (5) data gaps in how agencies and partners are tracking natural resource improvement expenditures were revealed. Opportunities exist to refine existing mechanisms to increase the value of information for multiple objectives; and (6) preliminary results from this project and related reports and findings have already been used to assist strategic planning at the community level and will be used for broader applications in the Forest Plan revisions.

Successful Outcomes: The major outcome of this effort is a strong foundation to build upon for understanding the socioeconomic effects at multiple scales of future policies including the Healthy Forests Initiative and revision of the Blue Mountains National Forest plans. The collaborative relationships and learning process will continue to be dynamic and increase in value over the longer term and help partners facilitate combining resources and time to assess multiple social and economic objectives for decision-making and reporting.

Introduction

The question of how natural resource management trends relate to local social values and economic conditions has always been a key issue for people in northeast Oregon. Today, people are increasingly concerned about water quality, the relationship between the forest industry and environmental groups, fish and wildlife habitat protection, losing forestlands to development and other uses, and danger from wildfire (Davis, Hibbitts, & McCaig, Inc. 2001).

Goals for natural resource management in the last 5 to 10 years include restoring watersheds and water quality, recovering populations of federally-listed fish and wildlife species, reducing risks to forests and grasslands associated with wildfires, insects and disease, and noxious weeds. Restoration activities that contribute to the economic and social health of local communities are a primary emphasis along with learning and accomplishing the work together to benefit future restoration efforts (Grande Ronde Model Watershed Program 2004, State of Oregon 2003, USDA Forest Service 2004, and Wallowa Resources 2004).

These concerns led to prioritizing natural resource activities and investments across the landscape in the Blue Mountains to emphasize restoration efforts among partners. New approaches are continually developing and existing processes have been refined to facilitate collaboration among participants, diversify local employment opportunities, and seek creative solutions to sustaining people and the land.

All of these collaborative efforts have identified a compelling desire to understand how changes in natural resource management have affected people residing in the area and what conditions and interactions are necessary to sustain ecological, economic and social systems. This report builds on work to date on these topics to provide an initial framework for assessing and monitoring changes to social and economic conditions related to natural resource management in the Blue Mountains Province. The findings of the report identify initial trends in social values and economic conditions and recommendations for further study in the following sections:

- Collaborative Process
- Objectives
- Social and Economic Framework and Analysis Methods
- Summary of Products and Related Findings
- Overall Assessment of National Fire Plan Projects
- Assessment of Vegetation Conditions and Restoration Opportunities
- Opportunities for Future Collaboration

A literature cited section and several appendices provide further background information related to this report.

Collaborative Process

A collaborative process to address these concerns was initiated with a meeting in November 2000 in La Grande, Oregon. Representatives from various local, county, state, and federal agencies convened to discuss several duplicate and overlapping social and economic assessment and monitoring efforts in northeast Oregon. These efforts include the Wallowa Community Forest Stewardship project initiated by Wallowa Resources in Wallowa, County; Grande Ronde

Model Watershed Program assessment of economic impacts in Wallowa and Union counties; and the Local Unit Criteria and Indicator Development (LUCID) test of criteria and indicators for sustainability conducted by the three Blue Mountains national forests (Malheur, Umatilla and Wallowa-Whitman) across several counties (USDA 2002).

Some broader relevant social and economic assessment and monitoring efforts include the Inland Northwest Economic Adjustment Strategy prepared for Idaho, Montana, Oregon and Washington to identify strategies to help Upper Columbia Basin counties adjust with changes in the traditional-resource based economy (Barney & Worth, Inc. 2001); and the Oregon Progress Board benchmarks for measuring progress toward a shared vision for the state of Oregon (State of Oregon 2003). The Oregon Department of Forestry's (ODF) work on establishing statewide criteria and indicators for sustainability (State of Oregon 2000) and the University of Oregon's Ecosystem Workforce Program efforts to define emerging ecosystem management strategies related to healthy communities and healthy environments are also ongoing efforts related to this process.

The outcome of the initial meeting was the formation of a technical work group to develop the key questions, identify and refine the assessment and monitoring framework, and prepare the initial results. The partners established themselves as the Northeast Oregon Community Assessment Workgroup (NEOCAW). While each member has their organization's goals and objectives related to socioeconomic monitoring, they share an interest in understanding the impact of natural resource management trends on local communities. Monitoring and reporting needs varied according to county, state and federal policy initiatives.

A key NEOCAW member, the Grande Ronde Model Watershed Program (GRMWP), acquired a National Fire Plan grant from the USDA Forest Service in September 2001 to support the continuation of the economic monitoring program. The grant focused attention on understanding the socioeconomic impacts of natural resource projects and, in particular, on National Fire Plan funded projects. This grant also enabled expanding the scope of the monitoring to include Grant County, in addition to the initial areas of interest, Union and Wallowa counties. Over the last three years, a number of people have contributed to this assessment and monitoring process. Many others have provided valuable information or comment. Additional outreach to other participants is needed to broaden the understanding of social values and economic conditions in northeast Oregon. Refer to **Appendix A** for a list of partners, participants, and preparers.

Objectives

Central to NEOCAW's mission is a clear willingness to work together to:

- develop an overall framework for assessing social and economic baseline conditions;
- use common indicators, protocols and standards to monitor meaningful and measurable changes over time;
- develop methods to answer key questions;
- facilitate and focus partner's limited resources on collaborative data collection, storage and analysis;
- establish a system that compliments and validates other regional, state and national efforts for public understanding of progress toward goals

The partners seek to establish a framework for assessing and monitoring the social and economic impacts of county, state and federal laws and initiatives applicable to the Blue Mountains Province in northeast Oregon. A strong emphasis is placed on investigating the effects of restoration and stewardship related investments, with a particular emphasis on fuel reduction or risk management projects.

The National Fire Plan's *Collaborative Approach for Reducing Wildland Fire Risks to Communities and the Environment* outlined a 10-year comprehensive strategy in August 2001 to collaboratively reduce wildland fire risks to communities and the environment reinforced the group's core principles of collaboration, priority setting, and accountability (USDA, USDI, and Western Governors 2001). The intent of the combined efforts of the NEOCAW partnership is to eliminate redundant assessment and monitoring, facilitate and maximize partners' limited resources, bring together expertise from a diversity of organizations and interests, and distribute credible information to all influential and interested entities.

The employment response from National Fire Plan investments as identified in the grant to the GRMWP is of particular interest. The completion of the report with a specific emphasis on Grant, Union and Wallowa counties and the resulting products is the first step in NEOCAW's broader intent to quantify and assess social values and economic impacts resulting from different natural resource management and investment actions.

The social and economic framework will also provide the basis for assessing changes in social values and economic conditions over the last 5-10 years to assist in identifying the need for revising the Forest Plans associated with the three national forests. The overall findings and products will be useful to other partners for assessing multiple objectives for decision-making and reporting.

Social and Economic Framework and Analysis Methods

As a starting point for developing the social and economic framework and determining the most appropriate analysis methods, a list of known plans and efforts was reviewed. NEOCAW developed seven key questions to pursue around the central questions generated at the initial meeting of how natural resource management trends affect social values and economic conditions in northeast Oregon.

Seven Key Questions

1. What is the baseline condition of the economy, social well-being, and the quality of life in northeast Oregon, and what factors and trends (natural resource management, economic development, agricultural production, etc.) are affecting these conditions?
2. What key assets and business and workforce capacity is available for ecologically sustainable natural resource management, economic development, agriculture production, etc.?
3. What opportunities exist or are forthcoming to utilize local skills, businesses, and resources to address ecosystem restoration needs and create by-products or value-added opportunities?

4. How can investments in community based watershed restoration lead to improvement in the natural resource management of landscapes, generate economically viable local employment and income, or improve the socioeconomic conditions?
5. Where and how can investments in high priority watersheds for conservation and restoration be most effects in providing a high probability of benefits to local communities?
6. What are the tradeoffs between alternative choices for ecosystem restoration management activities and what is the distribution of impacts to local communities, other individuals and future users of the area?
7. How are communities involved in decision making, implementation, monitoring and are these efforts effective?

Systems-based Framework

The group adopted the development of a systems-based framework considering that social, ecological and economic systems interact with each other as elements of the ecosystem. Systems are groups of interrelated, interacting or interdependent elements forming a complex whole. Any knowledge or behavior within the systems can only be studied and understood within the context of how it fits into a larger or smaller system (Flood and Carson 1993). Assessing the elements of the systems and the interaction between the systems advances the understanding of relationships and cause and effects influences on the whole system.

This effort focuses on key questions related to the social and economic systems while acknowledging that full development of the ecological key questions is imperative for a meaningful understanding of the linkages within an ecosystem framework.

Scale and Scope of Analysis

Two spatial scales are analyzed to describe ‘local’ impacts across the Blue Mountains and at the community level. Analysis of economic and social conditions in the interior Columbia Basin highlights the importance of understanding conditions with a change in the scale of analysis. Each “scale tells a different story, each being ‘right’ but limited in scope” (Reyna et al 1998). Analyzing information at one scale above and below the question contributes to a fuller understanding of the interactions between communities, counties and the broader region.

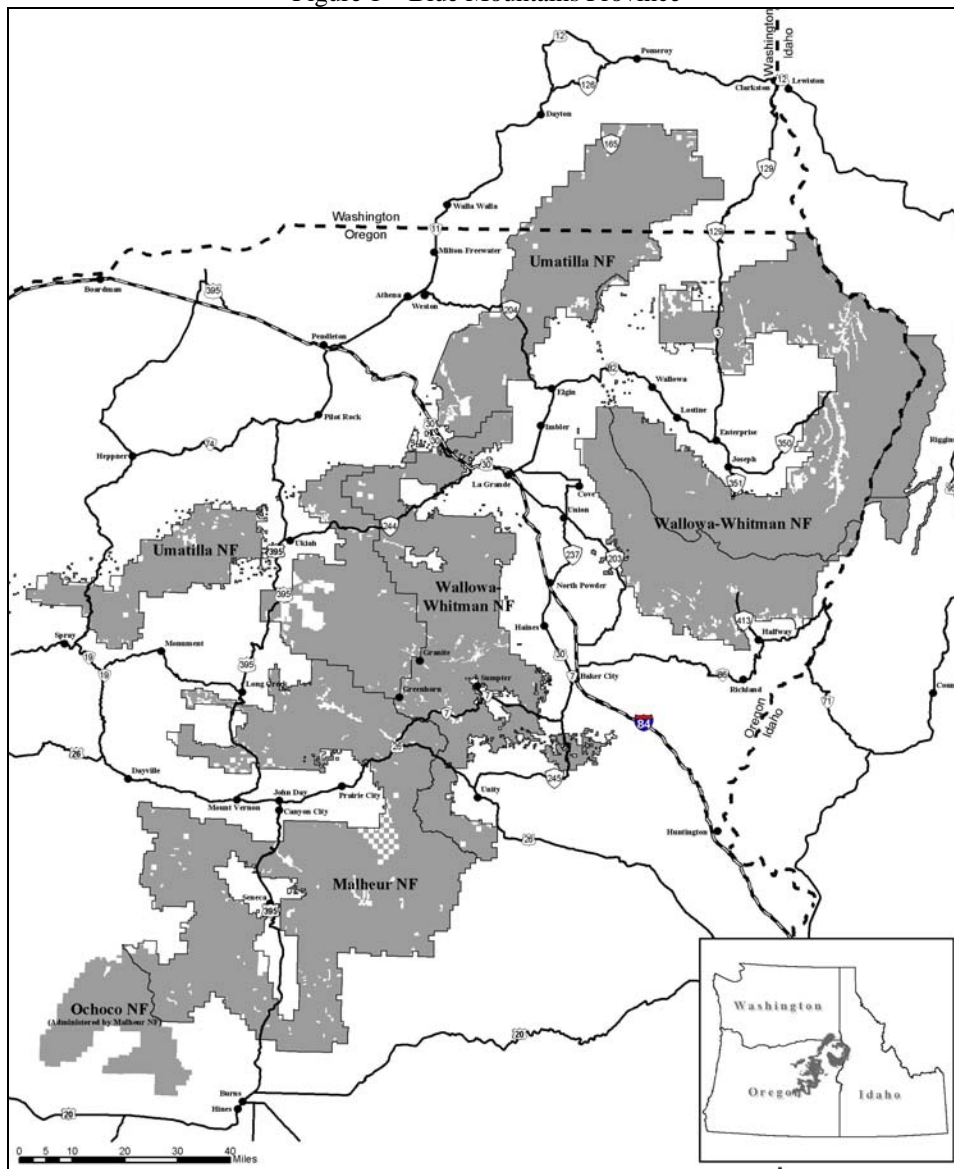
The Blue Mountains scale relates to the area potentially impacted by natural resource management activities occurring on the Blue Mountains National Forests (approximately 5.3 million acres on the Malheur, Umatilla, Wallowa-Whitman, and a portion of the Ochoco administered by the Malheur National Forest). This area is represented essentially by the Blue Mountains Province. This diverse physiographic area borders the Snake River plain on the east, extends south into the Great Basin, west to the Columbia River plateau, and borders the Palouse prairie to the north. See Figure 1.

The Province includes all or portions of 18 counties in Oregon (11), Washington (4), and Idaho (3) encompassing approximately 37 million acres. A small portion of the Province occurs in west central Idaho primarily associated with the Snake River of the Hells Canyon. Population of these counties is about 393,000 people (2002 estimates) with a density of less than seven people per square mile. Five counties have a population density of less than two people per square mile.

Approximately 160 communities in the area rely on timber and forage from federal lands; agriculture, wood products, mining, and recreation for their primary economic activities. The area is dominated by rural lifestyles, a strong interest in natural resource management, and high perceptions about the quality of life in the Province. The majority of the Province is in federal ownership with the rest in private, state, or tribal ownership.

The county and community-level scales of analysis are important to understand differences compared to the larger Blue Mountains context and also to analyze distinct and unique differences between areas at the smaller scale. Grant, Union and Wallowa counties represent case studies of the county and community scale of analysis for this report. Wallowa County was considered in greater detail during this phase of monitoring due to the abundance of data compiled by Wallowa Resources before the start of this project. Future efforts will continue to build upon the data available for all counties to eliminate this gap.

Figure 1 – Blue Mountains Province



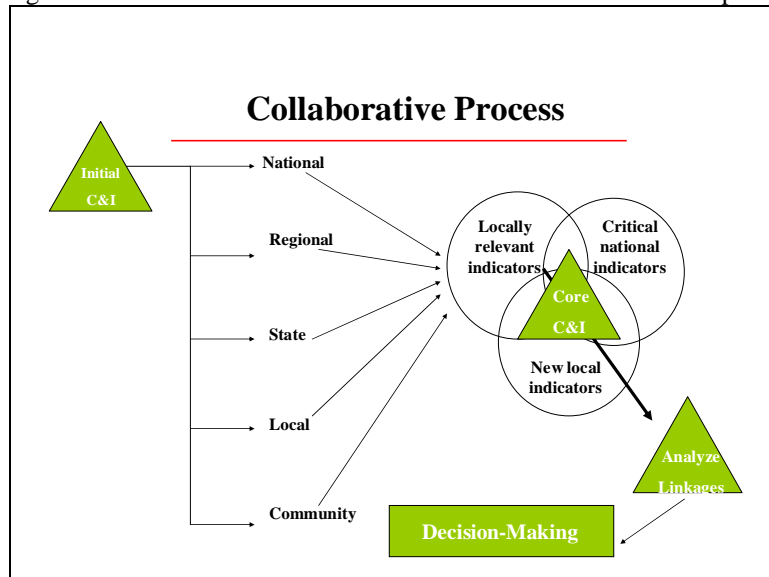
The scope of the analysis encompasses all activities across all ownerships and types of land at both scales. Functional definitions of social, economic and ecological systems occur at various spatial and temporal scales depending on the key questions. Expansion of the framework and questions in the future could include additional counties, watersheds, and other broad scale features across the Blue Mountains Province. The timeframes examined included data as far back as was available for the most part.

Criteria and Indicators

The criteria and indicators used to quantify the social and economic condition of the study area are closely modeled after the socioeconomic chapter of the Montreal Process. Set forth in 1992, during an international conference sponsored by the United Nations, the Montreal Process establishes guidelines to identify and measure ecological, economic and social conditions necessary for the conservation and sustainable management of temperate and boreal forests. When NEOCAW first formed in November 2000, two partners – the USDA Forest Service and ODF – had already built their monitoring frameworks in accordance with the Montreal Process Criteria and Indicators. NEOCAW used this framework but modified it to fit local priorities and needs.

The underlying principle adopted from this process is the maintenance and enhancement of long-term multiple socioeconomic benefits. Criteria were identified to describe aspects of the ecosystem that should be in place as a result of adherence to the principle. Indicators of quantitative or qualitative parameters that can be assessed in relation to the criteria were refined or added. Methods to answer the key questions were developed and data collection was conducted for the priority indicators identified for this first round of reporting.

Figure 2 – Collaborative Process for Criteria and Indicators Development



The criteria and indicators framework serves as the baseline against which future assessments can be compared in order to ascertain the social and economic impacts of any changes in natural resource policies and management. Methods of analysis were collaboratively developed and reviewed for use as the initial protocols for measuring impacts. They are intended to be replicated and updated periodically in the future as necessary.

Summary of Products and Related Key Findings

The first phase of NEOCAW's socioeconomic monitoring efforts was focused on the products identified for the National Fire Plan grant. National Fire Plan investments and projects were specifically analyzed in this round of monitoring and yielded the following products and related findings:

- Framework and database for monitoring social and economic effects
- Input-output models for Grant, Union, and Wallowa counties
- Understanding of local contractor's competitiveness
- Assessment of volume, manner, and areas of National Fire Plan projects
- Investment in National Fire Plan projects
- Other related reports and findings

Framework and Database for Monitoring Social and Economics Effects

A framework for assessing and monitoring social and economic conditions has been developed based on criteria and indicators for sustainability. Criteria and indicators were defined and locally adapted to measure the impacts of National Fire Plan funds and natural resource projects on the local economy. Four criteria from the framework (6.1 Production; 6.4 Investment in Natural Resources; 6.5 Cultural, Social, and Spiritual Needs and Values; and 6.6 Employment and Community Needs) and six related indicators were prioritized or added for study by NEOCAW because they matched or were similar to the indicators developed for the State of Oregon by ODF and by the Oregon Progress Board (State of Oregon 2003). Existing methods were refined and several new methods are currently under development.

A wealth of data has been assembled into spreadsheets that comprise the database of information for monitoring effects. That data is being analyzed in order to elucidate trends in timber production, recreation and tourism, investment in natural resources, social values, employment and community needs. Information gathering and analysis is ongoing due to various forms of data available over differing time periods at different scales.

For purposes of this report and determining impacts from National Fire Plan projects, a new indicator (6.6.4 Program of work captured by local contractors) was developed with assistance from the University of Oregon's Ecosystem Workforce Program to measure the impact service contracts had on the three counties. The intent was to understand how much restoration-related work was being acquired by residents of the Blue Mountains and the impact that work had in the three counties. The data gathered on service contracts was used in the Input-Output models described below. The Ecosystem Workforce Program subsequently identified the most appropriate measures for monitoring impacts and this research will be incorporated into future evaluation of contracting data (Moseley and Wilson 2002).

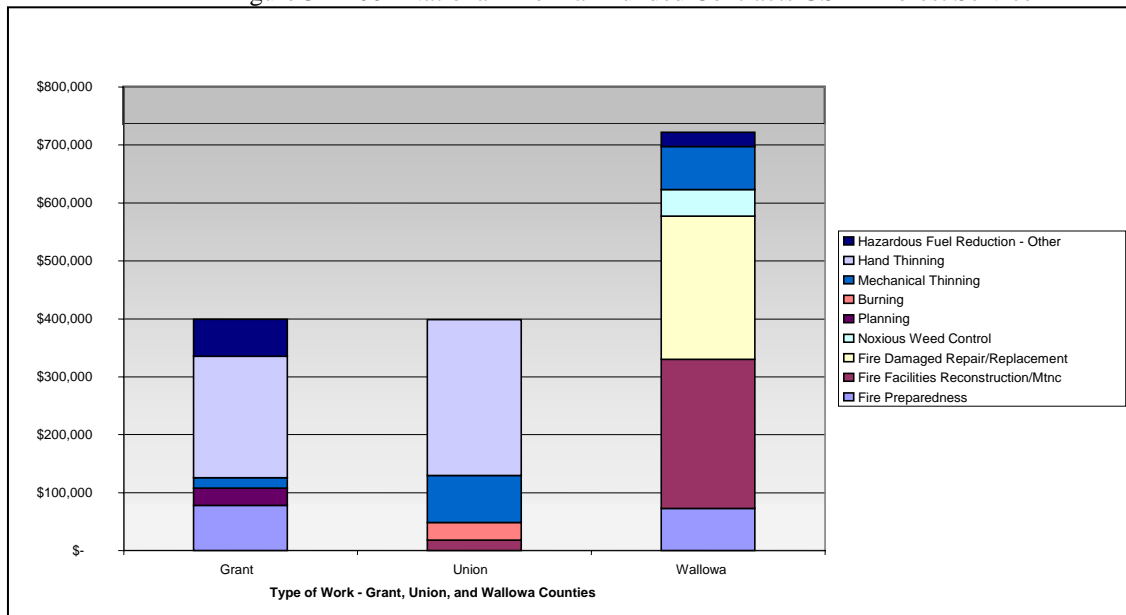
This framework forms the foundation for the evaluation of the social values and economic conditions across the study area and is intended to provide the basis and focus for ongoing collaborative monitoring efforts. Refer to **Appendix B** for the complete "Criteria and Indicators for Social and Economic Assessment and Monitoring."

Input-Output models for Grant, Union, and Wallowa Counties

Two indicators were identified in the framework to better understand the direct and indirect effect employment in the forest sector (6.6.1) has on the viability and adaptability of forest-dependent communities as a result of changing economic conditions (6.6.5). GRMWP contracted researchers at Oregon State University (OSU), Department of Agricultural and Resource Economics, to build an economic model (IMPLAN) capable of emulating the flow of goods and services into, out of, and within the local economies of the three county study area. In September and October 2002, and summer 2003, OSU staff met with key businesses and agencies in each county to validate the data, edit the model and compare the results to more general demographic and economic data.

Because the National Fire Plan program was not fully implemented until 2001, only one year of data was available for the study period 1999-2001. National Fire Plan contracts in 2001 (\$4.5 million) represented 25 percent of the total contracts awarded from the Blue Mountains Procurement and Property Management Zone (Malheur, Umatilla, and Wallowa-Whitman National Forests). Approximately one-third (\$1.5 million) of the total contract work (\$4.5 million) funded by the three Forests from the National Fire Plan was invested in Grant (\$399,113), Union (\$398,820), and Wallowa (\$722,119) counties. Figure 3 illustrates the amount of investment by type of work.

Figure 3 – 2001 National Fire Plan Funded Contracts USDA Forest Service



One issue raised by this report is the definition of *nonresident* and *resident* contractors. For this analysis, the definition of resident meant the contractor was located within the county being analyzed. For example, a Grant County contractor was considered nonresident if they obtained a contract in Union County. This differs from the definition used generally in the Blue Mountains National Forests in that a contractor is considered a resident if they are located in any of the counties where the Blue Mountains National Forest lands occur. In this case, the Grant County contractor would be considered resident if they did work on any of the three national forests in the Blue Mountains region. While this question of scale has important implications as policies are designed to encourage local contractors, it is likely that if it is too narrowly defined to be

within the same county as residence there will not be enough work to support many contractors and may reduce competition.

Table 1 summarizes the total contracts awarded and the subset of contracts for actual restoration work for resident and nonresident contractors in the three counties. The value added and employment total impacts are shown. Value added is defined as the impacts due to payments made by industries to workers, interest, profits, and indirect business taxes. Employment is for any full or part-time job created due to the contract. For example, the Forest Service contracted a total of \$1.6 million to resident contractors in Union County and \$5.9 million to nonresidents. The total value added was slightly less for resident contracts compared to nonresident contracts as was employment. The same kinds of relationships can be seen for just the restoration projects in Union County. Individual year comparisons can be made by looking at the various tables.

Table 1: Summary of contracts awarded, value added, and jobs for Wallowa, Union, and Grant Counties for resident and nonresident contractors, 1999-2001

	Wallowa Resident	Nonresident	Union Resident	Nonresident	Grant Resident	Nonresident
All Projects						
Total Contracts	911,117	2,836,220	1,624,826	5,940,578	1,801,396	7,286,667
Total Employment	19	26	49	54	54	56
Total Value Added	584,472	429,701	1,164,122	1,301,633	1,390,934	1,182,952
Restoration Projects						
Restoration Contracts	247,042	1,569,424	644,086	3,763,543	1,631,056	1,904,623
Total Employment	13	16	32	27	48	37
Total Value Added	207,294	279,839	557,975	636,000	1,300,672	916,146

These models will be maintained by partners in each of the three countries and updated regularly. The models will be used as a tool to analyze interdependent effects of possible investments or modification to the local economies. Refer to **Appendix C** for more discussion and a summary of the results from the input-output models for Grant, Union, and Wallowa counties.

Understanding of Local Contractor’s Competitiveness

An indicator was identified in the framework to better understand local contractor’s competitiveness (6.6.3) and their ability to acquire contracts for service work in the Blue Mountains Province.

A database listing natural resource contractor’s skills, equipment, competitiveness, and abilities was launched by enables the frequency of local contractors obtaining public agency and other contracts to be tracked. The database can also be queried for a variety of purposes such as to create lists of local contractors suited to specific types of restoration work. It also provides a baseline of local data to track business cycles within the natural resource sector.

A sample of contractors from all three counties was interviewed by Wallowa Resources personnel in order to glean information about local contractors' skills, equipment, competitiveness and ability to participate in formal bidding processes. Contractors involved in all aspects of natural resource contracting, including logging, pre-commercial thinning, stream restoration, forest/wildlife survey and inventory, soil mapping and fire suppression were represented in the sample.

Several factors have been identified that tend to inhibit local contractors from transitioning into the restoration sector and successfully capturing a larger portion of the contracts offered on the Blue Mountains National Forests. These limitations include lack of contracts, timing issues, bonding requirements, bidding procedures, capital investment and equipment needed, small crew sizes, and lack of skilled labor.

Addressing these limitations would increase the likelihood that the contracts will be awarded to businesses that are closer to the project sites or that nonresident contractors spend more of the awards within the counties where the work is performed. Tailoring the number of contracts and the type of work to more closely match the firms and skills in the local area and providing a more consistent supply of work would expand opportunities for resident contractors. Training and financial assistance in bonding requirements, bidding procedures, business expansion, and increasing skills and consistency in the local labor force would build greater capacity for local contractor's to procure the work that is available. Refer to **Appendix D** for a summary of the contractor interviews.

Some of these limitations are already being addressed. The USDA Forest Service has limitations on their ability to award contracts based solely on geographic criteria. The contracts typically need to be awarded on a competitive basis. The benefit to the local community can be identified as one of the selection criteria considered as part of the overall proposal. The USDA Forest Service has enhanced their market research efforts to provide a fuller understanding of resident contractor's capabilities. However, if there are not enough resident contractors of a sufficient number and scale to be competitive in bidding for contracts, the awards to resident contractors will be minimal.

As a result of this study, the USDA Forest Service has developed a form based on this indicator to collect information and better understand impacts from all service contracts across the Blue Mountains National Forests. The content of the form is based on the findings from the Ecosystem Workforce Program and was fully utilized on all service contracts in FY 2003. Results are currently being compiled.

Assessment of Volume, Manner, and Areas of National Fire Plan Projects

An indicator (6.1.1) was identified in the framework to analyze the value and volume of wood and wood products production from private and federal lands, including value added through downstream processing. For purposes of the grant, the main emphasis was on determining the level of utilization from National Fire Plan projects 1999-2001.

During this period, only a very small volume of pole size logs were removed as by-products of National Fire Plan projects. The primary use of these logs in Union and Wallowa County was as firewood under the Warm Hearts Warm Homes charitable firewood program with over 60 chords delivered over a two-year period to low-income households. Mobile sawmill operators achieved

limited additional utilization. Utilization under most of the National Fire Plan projects was limited by either access or by project design (including NEPA and ESA considerations).

The initial emphasis of National Fire Plan funded fuel reduction work has been in the wildland-urban interface of residential and commercial developments like the Wallowa Lake Basin in Wallowa County. Under Oregon State Law, wherever a county has created a residential area (such as surrounding Wallowa Lake), and taken an exception to Goal IV (Forestry) of the State's Land Use Plan and prohibited forest practices (in order to maintain scenic and aesthetic values) then the commercial harvest, sale or transfer of logs is illegal. In cases where this exception applies, there will be no utilization of material. Even a "goods for services" transaction between a contractor and a landowner is considered commercial under the State's definition. Further consideration of these laws is required to identify opportunities which will allow utilization of woody material from fuel reduction work off of private land in Oregon.

Investment in National Fire Plan Projects

An indicator (6.4.1) was identified in the framework to analyze the value of investments in ecosystem management, primarily restoration and stewardship projects funded by the National Fire Plan for this analysis. This part of the study became larger in scope than originally anticipated and revealed a significant void in how total investments in natural resource improvement and related stewardship expenditures are currently being tracked. Some individual entities such as ODF, USDA Forest Service, GRMWP and Wallowa Resources have good records of their own stewardship expenditures, but each of the named entities compiles their data according to incompatible areas: for example by county, national forest, or watershed boundaries. Some other agencies fail to tally annual stewardship expenditures at all.

Thus far only one significant effort has been made to comprehensively track expenditures of all agencies. GRMWP spearheaded the effort but due to mismatching boundaries and limited cooperation by agencies with different objectives the effort records only some of the expenditures. GRMWP's database of stewardship expenditures holds great potential and improved reporting by other agencies could vastly increase the value of the database. Refer to **Appendix E** for an example of how the Wallowa-Whitman National Forest reported FY 2001 National Fire Plan accomplishments.

Other Related Reports and Findings

Other reports and findings have emerged as a result of this work. Wallowa Resources completed a case study of Wallowa County to identify ways to help adapt the community's livelihood to the opportunities and constraints offered by the surrounding natural system within prevailing political and economic frameworks. The study identified how indicators of success from a variety of "place-based collaborative efforts will broaden understanding of the need for local community leadership to address a variety of social, ecological and environmental challenges relevant to public land management that are inadequately addressed at national levels today."

The study concluded that isolating leaderships factors and values is relevant to understanding what increases collaborative groups ability for creative thinking and decision making. Additional analysis is also needed "to understand the existing incentives influencing private landowner decision-making, and the various policies and investments that will maintain working landscapes and conservation areas in the face of development pressure" (Christoffersen 2003).

Additional work has been completed to examine community well-being, the role of the private forestry service sector on federal lands, and the socioeconomic impacts in this historically timber-dependent region. The resulting report provides further analysis of baseline community data, profiles other socioeconomic monitoring tools, and provides conclusions, recommendations, and topics for further research (Hawkins 2003).

During the study period, Wallowa County applied some of the preliminary findings from the NEOCAW's work and the other reports and findings mentioned to host an economic summit last winter. Ideas and emerging issues identified at the summit are being incorporated into strategic development plans for Wallowa County. The socioeconomic monitoring framework will be applied to assess any potential changes as a result of implementing these strategies.

Overall Assessment of National Fire Plan Projects

Because the National Fire Plan was not fully implemented until 2001, the economic impacts of the National Fire Plan projects from 1999-2001 are too insignificant to be quantitatively measured in the regional economy.

This current monitoring effort was possible in large part because a great deal of meaningful data had already been collected and simply awaited comprehensive analysis at the county level in relation to the seven key questions posed about social and economic impacts from natural resource management actions.

Conventional economic and social indicators are collected by numerous state and federal agencies such as the US Census Bureau, Oregon Departments of Employment, Economic Development and Education, and are excellent tools for monitoring community well-being. ODF collects and maintains superb records of timber harvest levels and the Oregon Tourism Commission already monitors the impacts of travel dollars spent across the state. The focus of the products and findings of this report related primarily to understanding the impact of National Fire Plan projects with an emphasis on building a foundation for collaborative data collection and monitoring in the future.

Vegetation Conditions and Restoration Opportunities

The poor ecological health of the forested ecosystem in Wallowa County and the greater Blue Mountains area is well documented in federal and scientific reports. Forest ecosystems are considered "unhealthy" because of widespread conifer die-off due to insect and disease epidemics, as well as a cycle of low precipitation. USDA Forest Service Vegetation Assessments (1993-1998) of the Wallowa-Whitman National Forest determined that mortality exceeded new growth by 29 percent. Assessments of the area highlight "natural process imbalances" attributed to the history of fire exclusion, extensive livestock grazing and timber management techniques (in particular overstory removal of early seral species).

Past timber management practices and fire exclusion have driven a colonization of the forested lands by more shade tolerant Douglas-fir and true firs, and a build-up of fuels to a level much greater than that historically found in this area. Since 1976 (Hall 1976, Hall 1980, Hall 1984, Gast et. al. 1991), scientists have been predicting an increase in catastrophic stand-replacing

fires. Between 1986 and 1996, five catastrophic events occurred compared to two much smaller events in the previous 30 years. Current assessments still rank the risk of catastrophic fire in the Blue Mountains to be extremely high.

The legacy of past forest management strategies have also resulted in an “imbalance” in the forest stand structure and species composition distribution throughout the various biophysical environments. Forest condition data reveals an increasing homogeneity across the forested landscapes. The data also highlights the loss of early seral species (e.g. Ponderosa pine and Western larch) and the increasing dominance of mid and late seral species (e.g. Grand fir). This simplification of stand structure and shift in species composition increases the probability of large-scale fire, insect and disease disturbances.

In 2002 the USFS Pacific Northwest Research Station released the results of the Blue Mountains Vegetation Assessment (USDA 2002). The assessment focused on forested lands within Baker, Grant, Harney, Morrow, Umatilla, Union and Wallowa counties. Within the study area there are 5.5 million acres of National Forest System lands and 1.16 million acres of private forestlands. As a result of Congressional designations, forest planning allocations, or non-forested conditions, less than 30 percent of the national forest lands would be harvested during restoration treatments to restore these fire-adapted forest ecosystems. Prescribed fire will be the primary tool to accomplish fuels reduction and restoration goals on public lands.

Of the 1.6 million acres of National Forest System lands where mechanical treatment and timber removal is possible, the Blue Mountains Vegetation Assessment determined that 58 percent (943,000 acres) are overstocked. ODF estimates that 50 percent of the private forestlands (581,000 acres) are similarly overstocked. Nearly half of the overstocked acres on public lands (472,000) are only suitable for non-commercial thinning treatments, yielding only incidental amounts of merchantable timber (less than 400 cubic feet per acre). The analysis indicated that commercial thinning of the remaining 471,000 National Forest System acres would generate a large volume of smaller logs – over 66 percent of the trees harvested would be less than 13” diameter at breast height (DBH). Therefore the commercial viability of these treatments is marginal under current market conditions with existing manufacturing infrastructure.

Any effort to address the ecological imbalances in our forested landscapes and the high fire risks associated with these imbalances will need significant public and private investment.

Opportunities for Future Collaboration

The major outcome of this effort is a strong foundation to build upon for comparing social and economic effects of future natural resource management policies in the Blue Mountains Province. An overarching desire of the NEOCAW partners was to develop a framework that could be utilized in response to new initiatives or policies resulting from either state or federal direction.

The relationships formed as a result of this work and the learning that occurred through the process also provides the basis for expanding the collaborative efforts to include other interested parties.

The following opportunities and priorities for continuing this effort include:

- Further adapt and refine the measures and analyze the data collected to date for the priority indicators in **Appendix B**.
- Incorporate the social and economic criteria, indicators, and measures into the social, ecological, and economic systems-based framework being adapted by the Blue Mountains National Forests to describe the conditions and trends for identifying needed changes to the forest plans. This will provide for a comprehensive set of criteria and indicators that addresses more aspects of the ecosystem.
- Assess and monitor the social and economic impacts of the Healthy Forests Initiative and the Healthy Forests Restoration Act using this adapted framework.
- Evaluate the importance and needs for tracking stewardship expenditures. Pursue opportunities for increasing the value of efforts spent on collecting this data.
- Develop opportunities to make local information more accessible and available to the public through other assessment and monitoring tools (e.g., Sonoran Institute, USDA Forest Service Human Dimensions Natural Resource Information System, Northwest Area Foundation).
- Further develop and apply socioeconomic results and findings in strategic planning and decision-making at both the community and Blue Mountains scale.

Additional indicators could be added during future rounds of monitoring. However, it must be stressed that resources should be devoted to measuring the existing indicators first, insuring consistency and meaningful results from the long-term monitoring effort.

This work is dynamic and will continue to increase in value over the longer term and help facilitate combining resources and time to assess multiple social and economic objectives for decision-making and reporting.

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Appendix A – List of Partners, Participants, and Preparers

Partners and Participants

- Blue Mountain Natural Resources Foundation
- Grande Ronde Model Watershed Program (Jeff Oveson)
- Eastern Oregon University (Penny Diebel)
- Grant County Commissioners (Dennis Reynolds)
- Northeast Oregon Economic Development District (Lisa Dawson, Donna Betts)
- Oregon Department of Forestry (Kevin Birch, Gary Lettman)
- Oregon Economic and Community Development Department (Jill Miles, Rick Minster)
- Oregon Progress Board (Jeffrey Tryens)
- Oregon State University (John Tanaka, Bruce Sorte)
- Union County Forest Restoration Board
- Union County Commissioners
- University of Oregon, Ecosystem Workforce Program (Charles Spencer, Cass Moseley)
- USDA Forest Service, Malheur, Umatilla and Wallowa-Whitman National Forests (Judy Wing, Jennifer Harris, Kurt Wiedenmann, Jimmy Roberts, Curt Qual, Marianne Klingler, Stan Bird, Katie Countryman, Dee Hines, Bill Supulski, Elaine Kohrman)
- USDA Forest Service, Pacific Northwest Regional Office (Dick Phillips, Ron Ochs, Margaret Petersen)
- USDA Forest Service, Pacific Northwest Research Station (Jamie Barbour, Heidi Biglercole)
- USDA Forest Service, State and Private Forestry Pacific Northwest Region Cooperative Programs (Bill Von Segen, Ron Saranich)
- Wallowa County Commissioners (Ben Boswell)
- Wallowa and Union Counties' School Districts
- Wallowa Resources (Diane Snyder, Nils Christoffersen, Janet Huebach)

Preparers

- Nils Christoffersen, Program Manager, Wallowa Resources – Enterprise, Oregon
- Jenny Hawkins, Intern to Governor Kitzhaber's Natural Resource Office and Graduate Student at the Oregon State University College of Forestry – Corvallis, Oregon
- Elaine Kohrman, Social Scientist/Economist, Blue Mountains Forest Plan Revision Team – Baker City, Oregon
- Bruce Sorte, Community Economist, Oregon State University, Agricultural and Resource Economics Department – Corvallis, Oregon
- John Tanaka, Associate Professor, Eastern Oregon Agricultural Research Center, Union Station – Union, Oregon

Appendix B – Criteria and Indicators for Social and Economic Assessment and Monitoring

[Refer to attached spreadsheet]

Appendix C – Input-output results for Grant, Union, and Wallowa counties

Economic Impacts of USDA Forest Service Contracts Awarded to Resident and Nonresident Contractors in Grant, Union and Wallowa Counties: 1999-2001

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Introduction

Grant, Union and Wallowa counties in northeast Oregon were historically natural resource based economies that relied primarily on cattle and trees, around which they built their societies and incomes. Natural resources associated with the Blue Mountains Province are still critical to their economies, however, environmental policy changes, improvements to production technologies and globalization have combined to significantly reduce the timber available from public lands, reduce the number of people necessary to produce the wood products from the timber that can be harvested and put downward pressure on wage levels in natural resource industries.

The three Blue Mountains National Forests (Malheur, Umatilla and Wallowa-Whitman) of the USDA Forest Service have attempted to mitigate some of the impacts of these economic shocks by supporting a number of projects with the purpose of restoring the ecosystems of the area. Some of the contracts for these restoration projects were awarded to contractors who reside within the counties where the projects were completed. Many of the contracts were awarded to contractors whose places of business were outside the counties in which the projects were located. Since one of the goals of the projects was to address ecosystem restoration needs and improve local socioeconomic conditions, the USDA Forest Service wanted to determine the extent to which its restoration contracts and specifically those funded by the National Fire Plan were affecting the economies in the Blue Mountains Province. Determining the economic area to analyze and to what level of economic activity the impacts should be reported is difficult. The impacts could have been reported at the Blue Mountains Province or three county regional levels or at the individual county level. Since Wallowa and Grant counties are more isolated economically than Union County, contracts awarded to contractors residing anywhere in the region could not be reliably expected to impact all the counties in similar ways. Aggregating the counties for the analysis into a region may then significantly exaggerate the economic impacts of the contracts. So, we did the analysis at the county level and believe that level of analysis encompasses the functional economic areas most effectively.

This report summarizes the findings of a study funded by the USDA Forest Service through the National Fire Plan to assess the extent to which these projects may have impacted the local counties. It describes the procedures used to estimate the economic impacts of the restoration contracts and analyzes those estimates. This report is an overview of three detailed reports that provide more extensive information about each county's economic structure, the economic

effects of the USDA Forest Service restoration contracts, and other public and private alternatives the counties might consider to increase their economic resilience.

Procedures

Evaluating the economic impacts of the USDA Forest Service contracts requires an accurate tabulation of the types of work performed under contract, and who received the contracts. We worked with Wallowa Resources, USDA Forest Service and the Grande Ronde Model Watershed Program to categorize service and construction contracts issued by the USDA Forest Service for all the projects in the three counties that were awarded from 1999 to 2001. The type of work associated with restoration projects is not specifically classified in the USDA Forest Service database or the modeling system that was used for the study. However it included work from the Blue Mountain Procurement and Property Management Zone Acquisition Plan that could generally be identified as natural resources and conservation services based on product and service codes defined by the Federal Procurement Data System and these types of services were categorized as Agricultural, Forestry & Fishery Services in the model used for the study. The study estimates the economic impacts of all the USDA Forest Service contracts awarded for the three years and also estimates the impacts for the sub-set of all contracts that were for restoration services and funded by the National Fire Plan.

As resident or nonresident contractors received these contracts their business were certainly impacted. These are the direct effects. However, to determine the full extent of the economic impacts of the contracts also depends on projecting how the contractors spent the contract payments to purchase goods and services from their suppliers (indirect effects) and how people who work for the contractors and their suppliers spend the incomes they receive (induced effects).

A number of modeling systems have been developed to estimate all the ways spending within an economy ripples throughout that economy to multiply the initial expenditure or in this case the awarding of all the contracts or just the restoration contracts. For this study, we used the IMPLAN, *Impact PLANning*, modeling system. It was developed in the late 1970's collaboratively between the University Minnesota, USDA Forest Service and the Federal Emergency Management Administration and has been significantly refined over the last 25 years. IMPLAN is now supplied by the Minnesota Implan Group, Inc. It consists of an input-output economic model that utilizes more than 30 data bases to estimate all the goods and services (inputs) that are used in an economy to produce all the good and services (outputs) that are made in the economy. IMPLAN can be used to describe economies at the national, state, regional, county and zip code levels. An economic change can be entered in the model and the model will run all the iterations of re-spending and provide an estimate of the total economic impact of the economic change. One of the advantages of IMPLAN is that it can be altered or edited to correct errors that may exist in the "out-of-the-box" version due to aggregations of the data bases or extrapolations, where data was not available. These edits can significantly improve how well the model represents the area that is being studied.

For this study, we purchased economic models for Grant, Union and Wallowa counties. Since it takes some time to finalize the data bases and enter them in the IMPLAN sectoring structure, the most current data available for this study covered the year 2000. After constructing the models from the purchased data, we compared them to the Oregon Agricultural Information Network and Bureau of Economic Analysis (BEA) data bases. We also conducted interviews of key business managers with the help of Lisa Dawson, Director of the Northeast Oregon Economic

Development District. Using the information from these sources and analyses, we edited the models to more accurately reflect the local economies.

Each type of contract identified by contractor's business location, type of work, and funding source was then entered in the model for the county in which the restoration project was completed. This was routine for the contractors whose place of business was located within the county where the work was performed or Resident Contractors. However, for the contractors whose place of business was outside the county where the work was performed or Nonresident Contractors, the contractors' spending patterns needed to be estimated and separately entered.

The IMPLAN *Industry Balance Sheet* was studied for each type of nonresident contractor and an estimate of their local spending patterns was developed for each category of nonresident contract. Each type of nonresident contract was entered as a separate set of events within the respective models. Resident contracts were entered based on the sector, which they represented. The economic impacts of the contracts in each county and for each year were estimated in terms of their value-added and employment effects. Value-added effects include employee compensation, proprietor income, other property income (e.g. rents and leases) and indirect business taxes. Value-added effects do not include the cost of intermediate goods or services that are purchased to be used in the production process. The value of the intermediate goods is captured within the value-added component of the industry in which they were produced. Using value-added avoids the double counting that is likely to occur when total sales are used to estimate economic impacts. Employment effects include the full and part-time jobs that result from an economic event. Using jobs as the basis for these effects means that number of people impacted may be significantly less than the number of jobs because a person may hold more than one job. The estimates are all in 2000 dollars and all employment effects are rounded up to reflect either a full or part-time job as one job. This is consistent with IMPLAN and BEA methodologies. Tables 1 through 18 summarize the types of contracts that were awarded and the estimates of the value-added and employment effects of those contracts in each county.

One issue raised by this report is the definition of *nonresident* and *resident* contractors. For this analysis, the definition of resident meant the contractor was located within the county being analyzed. For example, a Grant County contractor was considered nonresident if they obtained a contract in Union County. This differs from the definition used generally in the Blue Mountains National Forests in that a contractor is considered a resident if they are located in any of the counties where the Blue Mountains National Forest lands occur. In this case, the Grant County contractor would be considered resident if they did work on any of the three national forests in the Blue Mountains region. While this question of scale has important implications as policies are designed to encourage local contractors, it is likely that if it is too narrowly defined to be within the same county as residence there will not be enough work to support many contractors and may reduce competition.

Analysis

Results for the three counties over the three years are provided below. The summary of USDA Forest Service contracts (Table 1 and 2), value added direct, indirect, and induced effects (Table 3 and 4) and employment effects (Table 5 and 6) are provided for Grant County. Similar results for Union and Wallowa counties are provided in Tables 7-12 and 13-18, respectively.

The contracts for resident and nonresident contractors were each divided by year in each county. While the three-year period that was analyzed is too short to really find trends, it does not appear

that there was a shift to more resident contracts (in terms of total dollars spent by the USDA Forest Service) with the advent of the 1999-2001 National Fire Plan investments. Currently, a significant portion (76-80%) of the restoration contracts in each of the case study counties is captured by nonresident contractors. Several factors have been identified in a survey of contractors completed in conjunction with this analysis (refer to **Appendix D**) that tend to inhibit local contractors from transitioning into the restoration sector and successfully capturing a larger portion of the contracts offered on the Blue Mountains National Forests. These limitations include lack of contracts, timing issues, bonding requirements, bidding procedures, capital investment and equipment needed, small crew sizes, and lack of skilled labor.

As noted, however, nonresident contractors do spend some of their funds in the local county economy. For example, nonresident contractors working on Union County contracts in 2001 were awarded over \$3 million in contracts. Of this amount, we estimated that about \$0.6 million was value-added in Union County resulting in a total county value-added impact of almost \$0.9 million. These expenditures by nonresident contractors also resulted in 23 jobs in Union County. In comparison, resident contractors received about \$0.8 million in contracts in 2001, which had a value-added impact of \$0.6 million and 20 local jobs. Similar comparisons can be made for each county in each year.

Table 1. USDA Forest Service Contracts For All Projects Within Grant County Awarded From 1999 to 2001.

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Table 2. USDA Forest Service Contracts For Restoration Projects Within Grant County Awarded From 1999 to 2001.

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Table 3. Value-Added Direct, Indirect and Induced Effects For All Projects Within Grant County Awarded From 1999 to 2001.

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Table 4. Value-Added Direct, Indirect and Induced Effects For Restoration Projects Within Grant County Awarded From 1999 to 2001.

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Table 5. Employment Direct, Indirect and Induced Effects For All Projects Within Grant County Awarded From 1999 to 2001.

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**Table 6. Employment Direct, Indirect and Induced Effects For Restoration Projects
Within Grant County Awarded From 1999 to 2001.**

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**Table 7. USDA Forest Service Contracts For All Projects Within Union County Awarded
From 1999 to 2001.**

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Table 8. USDA Forest Service Contracts For Restoration Projects Within Union County Awarded From 1999 to 2001.

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Table 9. Value-Added Direct, Indirect and Induced Effects For All Projects Within Union County Awarded From 1999 to 2001.

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Table 10. Value-Added Direct, Indirect and Induced Effects For Restoration Projects Within Union County Awarded From 1999 to 2001.

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Table 11. Employment Direct, Indirect and Induced Effects For All Projects Within Union County Awarded From 1999 to 2001.

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Table 12. Employment Direct, Indirect and Induced Effects For Restoration Projects Within Union County Awarded From 1999 to 2001.

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**Table 13. USDA Forest Service Contracts For All Projects Within Wallowa County
Awarded From 1999 to 2001.**

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Table 14. USDA Forest Service Contracts For Restoration Projects Within Wallowa County Awarded From 1999 to 2001.

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Table 15. Value-Added Direct, Indirect and Induced Effects For All Projects Within Wallowa County Awarded From 1999 to 2001.

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Table 16. Value-Added Direct, Indirect and Induced Effects For Restoration Projects Within Wallowa County Awarded From 1999 to 2001.

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Table 17. Employment Direct, Indirect and Induced Effects For All Projects Within Wallowa County Awarded From 1999 to 2001.

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Table 18. Employment Direct, Indirect and Induced Effects For Restoration Projects Within Wallowa County Awarded From 1999 to 2001.

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Table 19 summarizes the total contracts awarded and the subset of contracts for actual restoration work for resident and nonresident contractors in the three counties. The value added and employment total impacts are shown. Value added is defined as the impacts due to payments made by industries to workers, interest, profits, and indirect business taxes. Employment is for any full or part-time job created due to the contract. For example, the Forest Service contracted a total of \$1.6 million to resident contractors in Union County and \$5.9 million to nonresidents. The total value added was slightly less for resident contracts compared to nonresident contracts as was employment. The same kinds of relationships can be seen for just the restoration projects in Union County. Individual year comparisons can be made by looking at the various tables.

Table 19: Summary of contracts awarded, value added, and jobs for Wallowa, Union, and Grant Counties for resident and nonresident contractors, 1999-2001

	Wallowa Resident	Nonresident	Union Resident	Nonresident	Grant Resident	Nonresident
All Projects						
Total Contracts	911,117	2,836,220	1,624,826	5,940,578	1,801,396	7,286,667
Total	19	26	49	54	54	56

Employment						
Total Value Added	584,472	429,701	1,164,122	1,301,633	1,390,934	1,182,952
Restoration Projects						
Restoration Contracts	247,042	1,569,424	644,086	3,763,543	1,631,056	1,904,623
Total Employment	13	16	32	27	48	37
Total Value Added	207,294	279,839	557,975	636,000	1,300,672	916,146

The USDA Forest Service has limitations on their ability to award contracts based solely on the geographic criteria. The contracts typically need to be awarded on a competitive basis. The benefit to the local community can be identified as one of the selection criteria considered as part of the overall proposal. However, if there are not enough resident contractors of a sufficient number and scale to be competitive in bidding for contracts, the awards to resident contractors will be minimal. Few awards to resident contractors will prevent the development of backward linkages to suppliers and the development of forward linkages to customers and larger markets.

Addressing the limitations previously discussed would increase the likelihood that the contracts will be awarded to businesses that are closer to the project sites or that nonresident contracts spend more of the awards within the counties where the work is performed. Tailoring the number of contracts and the type of work to more closely match the firms and skills in the local area and providing a more consistent supply of work would expand opportunities for resident contractors. Training and financial assistance in bonding requirements, bidding procedures, business expansion, and increasing skills and consistency in the local labor force would build greater capacity for local contractor's to procure the work that is available.

The impacts discussed above are often one time, annual impacts. Probably the far more effective approach to help improve local economies with USDA Forest Service contracts is to estimate the long-term economic impact of each project while in the planning phase and factor those estimates in with biological and sociological criteria when deciding which projects to fund. The detailed reports for each county provide specific areas of which the USDA Forest Service and other government agencies might consider when determining the potential long-term economic impacts of a project.

Appendix D – Database of Contractor’s Skills, Equipment, Competitiveness, and Abilities in Grant, Union, and Wallowa Counties

Introduction

Wallowa Resources initiated surveys of natural resource contractors in Wallowa County in 2000 to inventory their skills, equipment, competitiveness and abilities. This information has been updated annually and the National Fire Plan grant made it possible to extend the effort by interviewing a sample of contractors in Grant and Union counties. Contractors in Grant, Union, and Wallowa counties were interviewed by Jenny Hawkins in 2002 in partial fulfillment of requirements for a master’s thesis at Oregon State University and through an internship with the Governor’s Office. Wallowa Resources’ staff (Nils Christoffersen, Cory Carmen, and Brinda Stanley) contributed to the compilation and analysis of the final results. The original survey responses and resulting database are on file at Wallowa Resources in Enterprise, Oregon.

Purpose of the Survey

USDA Forest Service records indicate that the majority of timber removal contracts for the region’s national forests have historically gone to local contractors and thus created revenue and benefits for the surrounding communities. The transition from a large-scale timber removal and processing sector to primarily stewardship-oriented activities has had an economically painful effect of the communities surrounding the regions national forests. Currently, a significant (76-80%) portion of the stewardship contracts to counties in this study are captured by contractors that do not reside in the counties studied. One objective of the interview series was to identify challenges, obstacles or policies that inhibit local contractors from transitioning into the restoration and stewardship sector and successfully capturing a larger portion of the contracts offered on adjoining national forests.

Survey Methods

A total of 68 interviews were completed through a variety of methods in the following counties:

- Wallowa County – in person (42)
- Union County – in person (16)
- Grant County – in person (7) and telephone (3)

Primary Pursuits of Contractors

Contractors reported that they often worked in more than one area. They were assigned to one of the pursuits listed below based on their primary activities:

- Logging and Forest Treatment – 36
- Forestry Consultation – 5 (including 1 Urban Forestry Consultant)
- Excavation, Road Construction and Related Supply – 10
- Wildlife/Forest/Riparian Inventories and Surveys – 8
- Fire Suppression – 11
- Fending – 10
- Tree Planting/Care – 5
- Weed Control – 4

- Aviation Services – 1
- Mapping and GIS Services –
- Engineer – 1

Interview Results

The following is a description of themes raised during interviews with contractors in Grant, Union and Wallowa Counties.

Transition from traditional extraction operations

Logging or former logging contractors made up nearly half of the interviewed sample. Many of these contractors had formerly operated primarily on USDA Forest Service sales. It is typically that the logging operators which have survived the last decade may still be logging but are also performing a combination of road construction, fire suppression, precommercial thinning or related service contracts. Today, none of the surviving contractors depend on USDA Forest Service timber sales, but their operations have evolved in four common directions.

First, many loggers have simply shifted to operating in the private sector, logging and completing precommercial thinning for Boise Cascade or non-industrial private landowners. Second, some of the largest operators had used their existing road building equipment to segue into highway and gravel road construction, maintenance and decommissioning. In some cases the contractors have abandoned timber dependent activities all together and work exclusively in road construction. In other cases the owners continue to operate multi-faceted businesses.

Third, contractors of all sizes use their existing logging equipment (caterpillars, pumper trucks) and employees to fight forest fires for public agencies (almost all owners and employees completed fire training in anticipation of fighting fires). Some contractors have diversified further by investing in equipment exclusively for fire fighting, purchasing fleets of fire engines and employing engine bosses and crews with a higher degree of fire fighting certification. Fourth, some loggers had modified of their operations to include stewardship or service contracts. Several of the smaller operators interviewed had used their grapple equipment to place woody debris during ODF funded stream restoration or worked on CREP projects on private lands. Larger Grant County logging contractors had captured significant precommercial thinning or fuels reduction contracts. Smaller operators expressed skepticism towards investing in equipment for small diameter, precommercial thinning or fuel reduction work for fear the rumored work would never materialize from the USDA Forest Service.

Other types of contractors indirectly linked to timber harvest activities, for example contractors carrying out forest inventories, have also witnessed a decline in available work and have migrated into a limited number of positions as private forest consultants or urban forestry consultants. Other factors compound the reduction in this work type. One survey/inventory contractor expressed concern that contractors in his field were doing the jobs for the same price as they were 10 years ago, while operating costs have risen over that time. A logging contractor claimed his net daily profit 15 years ago was equal to his current net profit per two-week pay period.

Barriers to federal contracts

Contractors uniformly identified the lack of contracts offered as the primary obstacle that inhibited their further participation in federal or other public contracts. The sole contractor interviewed who specialized almost exclusively in fire suppression and prescribed burning had

particular concerns about competitors from western Oregon who he claimed under bid him by employing often-illegal migrant crews. He also complained that some of the non-local competitors claimed bogus local headquarters in adventitious counties (i.e. HUB zones, etc.).

Contractors across the board noted that timing of the contracts' release and execution can be an unnecessary obstacle that creates challenges and inefficiencies. A bridge construction contractor claimed that the projects he bid on became available at the last minute and had to be completed quickly during the summer season. Consequently, he had to lay off more workers in the winter than if he knew the jobs in advance and could spend the off-season building bridge forms and doing other preparatory work that would keep those same workers employed steadily. Another contractor complained "what good is the chance to do five jobs if they all have to be done the same week and you can only do one at a time – so you can only do one and you have nothing to do the next week." Wildlife/forest inventory and surveyors shared this sentiment.

One logging contractor praised the USDA Forest Service's timing for announcing the opening of timber sales for bids far enough in advance to allow perspective buyers a chance to inspect the area when seasonal weather permitted. The timber removal contracts he preferred also granted some leeway in the time the operator could complete the job in coordination with other possible concurrent jobs.

Bonding

Some small operators were disqualified from bidding certain jobs for which they had adequate equipment and personnel to complete due to inadequate bonding. In other cases seasonal operators had combined their bonding capacity to qualify to submit a bid. Most contractors had experience and were well versed in procuring adequate bonding. Some of the largest contractors had bonding capacity unmatched by most other contractors and thus enjoyed bidding against a smaller pool of more predictable competitors for some of the largest jobs.

Bidding

Most of the contractors had experience successfully bidding projects in the past. Some contractors had also interacted with the USDA Forest Service when purchasing timber sales. Many of the wildlife, forestry consultant and engineering contractors had also been agency employees at some point in the past and thus worked on both sides of the bidding procedure.

None-the-less contractors still complained about the complicated nature of the federal agency bidding process. While some contractors persevered through the bidding process, many smaller contractors simply retreated to working on private ground "where a handshake was good enough." Other contractors referred to chasing around every dollar from USDA Forest Service sources and preferred to work for private individuals who paid promptly. Forestry consultants working in the private arena all referred to having been slighted payment for a job completed, but had learned to avoid this pitfall as their careers advanced.

Contractors working in a variety of fields, wildlife surveyors, loggers, and engineers all expressed concern about the quality of jobs done by lowest bidders. However, one contractor was optimistic that the shift from the lowest bidder to the best proposal for the task would improve the situation.

Road construction, excavation and fuel reductions contractors participating in the USDA Forest Services' *Indefinite Quantity/In-Place* contracts were disappointed that so few tasks had been released to the short list of pre-selected contractors. These same contractors also expressed

frustration that so far this new system had resulted in a lot of paperwork and hopeful promises, but little to no real work.

Equipment

Caution toward purchasing new equipment was voiced by contractors of all types. Some contractors preferred to keep their capital investment low by subcontracting out log hauling, etc. Others emphasized the necessary versatility of any new equipment added to their operation. Some contractors had considered buying chippers and forward loaders, but commented they were glad they had not; as the fuel reduction work anticipated by those who had invested in the machinery had not yet materialized.

Capital

Contractors were asked if they had access to capital for additional or new types of equipment. Most of the answers were “sure” or a chuckle about it being too easy to acquire more debt. Perhaps the phrasing of the question about an often sensitive subject was less than optimal, as the answers were uniformly vague and not very illuminating.

Employees

Loggers have very consistent comments about their ability to keep or replace skilled employees. Many are now operating with smaller crews than they were 10 years ago and so have not been actively recruiting new employees. In cases where they do have to hire skilled employees they describe the task as more difficult than it was 10 years ago. A lot of skilled “workers have gotten out of logging, and younger kids are not interested in getting into an industry that is going down hill”, and offers only sporadic seasonal employment. Multiple contractors expressed that they have difficulty in attracting dependable, intelligent workers as such candidates preferred the comfort and reliability of jobs in offices or other industries.

One Grant County contractor who hires unskilled labor for hand piling and fire suppression noted that because of the high levels of drug and alcohol abuse he perceives in Grant County he goes to Bend in order to hire more reliable laborers. It is within this same industry that the contractor noted his western Oregon competitors used migrant labor.

The most common worker training included fire training (fire cards) and mandatory first aid training. Different contractor types relied on their respective professional organizations for continued education and up-to-date information, usually the Association of Oregon Loggers or the Society of American Foresters.

Length of time businesses in operation and intergenerational transfers

All of the contractors interviewed had been working in their industry for at least 10–30 years. None of the contractors had founded their businesses in the last 10 years and some had significantly downsized their operations during the last decade.

Many of the current operators continue to operate a business launched decades earlier by their own parents. However, many of those interviewed expressed frustration that their own adult children had considered entering the family business, but out of economic necessity sought employment in a different sector, sometimes leaving the community. Other parents noted that they dissuaded their children from becoming interested in a “doomed” industry and regretted they could not have provided their children with an opportunity to carry on a business in a healthier sector of the economy.

Appendix E – FY 2001 National Fire Plan Accomplishments for the Wallowa-Whitman National Forest

[Refer to attached spreadsheet]