



Ecosystem
Workforce
Program

ECONOMIC ACTIVITY FROM THE MALHEUR 10-YEAR STEWARDSHIP CONTRACT: 2015–2017

FACT SHEET 13 • SPRING 2018

In September of 2013, the US Forest Service awarded a 10-year stewardship contract for restoration work on Malheur National Forest. The contract's goals were to promote ecological restoration, reduced wildfire risk, and economic vitality in Grant and Harney counties. The duration of this contract was expected to provide greater certainty and consistency in the offering of restoration work and timber volume. The Forest Service used anticipated local economic benefit as a criterion in selecting the contract awardee. The contract was developed through partnership with two local forest collaborative groups, the Blue Mountains Forest Partners and Harney County Restoration Collaborative. This fact sheet analyzes some of the economic activity in Grant and Harney counties associated with work under the contract in years 2015 through 2017. A prior fact sheet examined the 2014 economic activity.¹

BACKGROUND ON STEWARDSHIP AUTHORITIES

Stewardship authorities enable federal land management agencies to restore public lands and provide local community benefits through contracts or agreements with local businesses and organizations. These authorities have been used to achieve a variety of objectives including mitigating hazardous fuels, watershed restoration through in-stream habitat work and removal of fish passage barriers, and road improvements. Stewardship projects differ from other contracting and agreement approaches in several ways:

- Can be awarded with consideration of the “local benefit” to public lands and local communities, allowing inclusion of other considerations such as anticipated local economic impacts and supporting capacity for carrying out a comprehensive ecosystem restoration program.
- Provide the ability to bundle multiple activities into one project, trade goods for services, and retain revenue from timber sales that can be reinvested in restoration efforts. This can fund restoration work that might not otherwise happen under existing budget allocations.
- Require achievement of restoration objectives, a collaborative process, and monitoring.

APPROACH

We assessed the job impacts of the Malheur 10-year stewardship contract to help assess how effective this approach is for achieving the intended economic goals. We gathered figures on timber harvest and processing volumes and the

value and type of forest and watershed restoration work from the Forest Service and private business partners for years 2015 through 2017. We used the economic model IMPLAN and standard Forest Service analytical protocols to translate those figures into estimates of job effects within Grant and Harney counties. There are additional economic effects beyond jobs and beyond Grant and Harney counties that are not reported here. We also contacted contractors and reviewed local media reports to understand the kinds of infrastructure and capacity investments that had been made in support of work under the contract.

JOBS SUPPORTED

The contract was awarded to Iron Triangle, LLC, a John Day based contractor. The Forest Service and private businesses work together to implement and monitor contract projects. That joint effort generates employment in the private forestry sector, in the Forest Service, and in the local economy.

From 2015 through 2017, an estimated 268 jobs were supported each year in Grant and Harney counties by work under the 10-year contract (Figure 1). About 96 of those jobs were in the private forestry sector, harvesting and transporting timber or doing forest and watershed restoration projects. Those jobs were a mixture of Iron Triangle employees and subcontractors. Another 36 jobs were in the mill in Grant County processing harvested timber for lumber and bioenergy products. Additional jobs were supported at other northeastern Oregon sawmills that received timber harvested under the contract. To implement and monitor



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How does economic activity happen?

Economic activity is generated as private businesses and the Forest Service work to implement and monitor the contract. Both groups pay other local businesses for supplies and services and hire employees to do the work. Commercial timber from the contract is processed into wood products and transported to markets. That milling and transport requires workers and supplies and services from other businesses. Employees working in support of the contract spend a portion of their paychecks locally for products and services such as groceries, healthcare, housing, utilities, local restaurants and retail goods which helps support businesses and jobs in the non-forestry sectors of the economy.

the stewardship contract, Malheur National Forest hired 55 additional employees. Beyond that forestry employment, the economic effects of the stewardship contract extended to other businesses within Grant and Harney counties as local businesses sold supplies and services to those doing the work and workers spent income in the local area. That “multiplier effect” activity from the stewardship contract supported 81 jobs each year during the period.

ANNUAL WORK ACTIVITY

On average, 38 million board feet (mmbf) of timber was harvested and hauled each year from the national forest to mills or log yards in northeastern Oregon. About 15 mmbf of sawtimber and 8,700 tons of non-sawtimber was delivered to Malheur Lumber, on average, each year. Forest and watershed restoration activities completed each year had an average work value of \$1.2 million. Those projects included activities such as pre-commercial thinning, hand and mechanical piling, and road maintenance.

BEYOND THE NUMBERS

Uncertainty in the amount and type of timber volume and forest and watershed restoration work offered by the Forest Service from year to year can make it difficult for the private sector to invest in equipment, workers, and facilities. The 10-year stewardship contract has removed some of that uncertainty and, in response, businesses have made investments and expanded. Those actions help build the capacity of rural communities in eastern Oregon to capture future forestry work and expand into new product markets. The logs provided under the stewardship contract have been essential in keeping Malheur Lumber, the lone traditional sawmill in Grant County, operating. With more certainty in federal timber supply and with demand for bioenergy products, Malheur Lumber has invested in additional equipment to process small-diameter wood and produce bioenergy products. Iron Triangle has also established a bioenergy production line in John Day. Both Iron Triangle and Grayback Forestry, a subcontractor on the contract, purchased and renovated facilities in Seneca. Iron Triangle will process posts and poles at the Seneca industrial site using a newly purchased processing line; Grayback Forestry purchased and restored the Bear Valley Inn as a worker facility. Once in operation, the new processing lines will support additional local employment. Iron Triangle has also invested funds for local housing and food service in John Day and paid student’s “Pay to Play” fees at Grant District 3 schools. Expansions in Forest Service employment often bring new people into rural communities. Those new employees, working for the Forest Service or private sector, add to the local population, often buy homes, and frequently enroll children in schools. Their salaries add to the local income base and generate economic activity as they purchase goods and services in the local area.

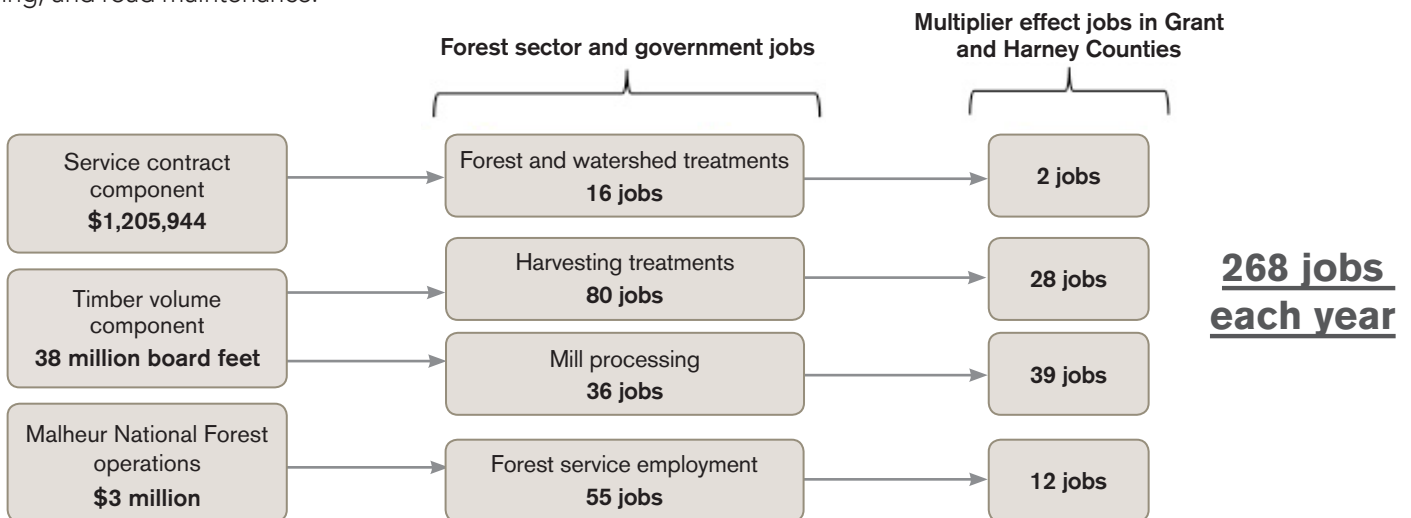


Figure 1 Average jobs supported each year in Grant and Harney Counties from work related to the Malheur 10-year Stewardship Contract in years 2015 through 2017.

Jobs are reported as a year’s worth of full or part-time employment.

¹ Bennett, D.; Davis, E.J.; White, E.M.; and Ellison, A. 2015. Economic impacts from the Malheur 10-year Stewardship Contract. Ecosystem Workforce Program Fact Sheet 5. http://ewp.uoregon.edu/sites/ewp.uoregon.edu/files/FS_5.pdf

Author: Eric M. White, Research Social Scientist, PNW Research Station, USDA Forest Service. Support provided by U.S. Forest Service Agreement #13-DG-11062765-723. Header photo by Jesse Abrams.