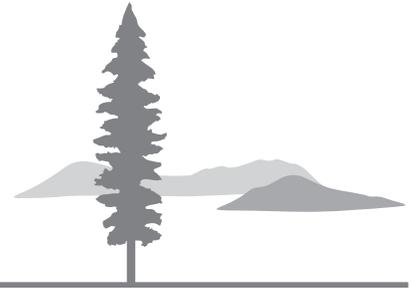


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A PROFILE OF FOREST AND WATERSHED RESTORATION CONTRACTORS

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Over the past fifteen years, natural resource management on federal and private lands and streams has shifted toward restoration of ecological functions. In addition to federal land management agencies, community-based organizations such as watershed councils have emerged as coordinators of forest and watershed management.¹ This shift in opportunities and arrangements has changed the business environment for forest and watershed management contractors. This briefing paper is to summarize the results of a study that sought to profile the businesses involved in implementing forest and watershed work in light of the rise of ecological restoration as a management focus.

Approach

To develop a profile of this industry, we surveyed 190 owners and managers of businesses that have contracted with community-based watershed organizations, local governments, the U.S. Forest Service, the Bureau of Land Management, and the U.S. Fish and Wildlife Service from fiscal years 2002 through 2008 to perform forest and watershed management and restoration.

Findings

Our study identified four major findings about forest and watershed management businesses.

First, the forest and watershed management and restoration businesses in this study shared several common characteristics. Nearly all of the businesses were “small” as defined by the Small Business Administration, and more than two-thirds earned less than \$1 million in annual revenue. Most business owners and managers considered their companies to be family owned. In addition,

more than 80 percent of businesses experienced seasonal fluctuations in work availability and employment.

Second, we found that the characteristics of businesses involved in forest and watershed restoration vary substantially depending on a business’s primary customers. We analyzed businesses that worked primarily for federal customers, those that worked primarily for nonfederal customers, and those who work for an even mix of customers. Businesses that primarily worked for federal agencies tended to be younger, perform more labor-intensive work, work more frequently away from home, and were more likely to specialize in forest and watershed management than businesses that worked primarily for nonfederal customers. Those businesses that had primarily nonfederal customers were more likely to perform equipment-intensive work, generate most of their revenue from activities outside of forest and watershed management, and work close to home.

Third, we found that work in traditional forestry services such as reforestation practices has declined while

¹ For a discussion of contracting in the watershed council context, see Fraser MacDonald, et al. Mobilizing human resources for watershed restoration, EWP working paper number 22 available at <http://ewp.uoregon.edu/publications>.



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restoration work has increased. Forest restoration work often requires activities such as thinning, mowing, site rehabilitation, or chipping. Watershed restoration can include projects to enhance riparian areas, streams, fish passage, and irrigation efficiency. Businesses that offer diverse services and those that have adapted by increasing their range of services tend to capture more of these new opportunities. Business owners and managers who worked primarily for the federal government were more likely to perceive a decline in forest and watershed work opportunities over the past ten years while those who work primarily for nonfederal or an even mix of customers were more likely to have perceived an increase in opportunities.

Fourth, contractors see themselves as contributors to rural economies. Contractors consistently reported that they supported local communities through employment as well as local purchasing of goods and services. Many also believe that their work creates long-term economic benefits, including improving quality of life, providing ecosystem services such as clean water and wildlife habitat, and attracting recreation and tourism.

Conclusion

Federal agencies, private landowners, and community-based organizations are increasingly engaged in ecological restoration work around forests and watersheds. Contractors that provide diverse services and those who work primarily for nonfederal customers are likely to perceive these changes as new opportunities, whereas those working primarily for federal customers have perceived a general decline in work opportunities. Regardless of business characteristics, contractors believe that they create immediate local economic impacts through their employment and business purchases. In addition, they view ecological restoration as creating the conditions for longer-term economic prosperity.

More information

The complete study can be found in the EWP Working Paper #23, "The Business of Restoration: A Profile of Forest and Watershed Management Contractors in Oregon," which is available on the web at ewp.uoregon.edu.