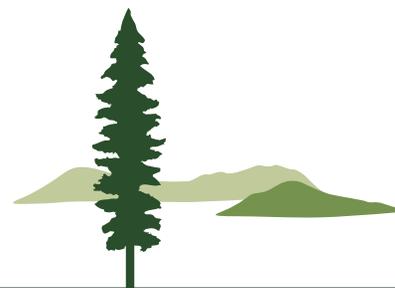


Ecosystem Workforce Program

BRIEFING PAPER NUMBER 34

FALL 2011



THE ECONOMIC IMPACTS OF OREGON'S SOUTH COAST RESTORATION INDUSTRY

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Oregon's South Coast communities have long relied on their forests and watersheds for forestry, fishing, agriculture, and sustenance. Over the past 20 years, logging and fishing activity has declined. The Northwest Forest Plan and the Oregon Plan for Salmon and Watersheds have created opportunities to restore forest and watershed health and create quality local jobs. Although forest and watershed restoration will not replace all lost forestry and fisheries jobs, it offers new natural resource-based employment and local work for South Coast businesses. However, little is known about the restoration industry and the economic benefits it produces.

Approach

To fill this gap, we analyzed data on restoration investments in Curry County and the Coquille Watershed from 2001-2010 from four databases: the Federal Procurement Data System, USAspending.gov, the Oregon Watershed Enhancement Board (OWEB) Grant Management System, and OWEB's Oregon Watershed Restoration Inventory.¹ We used economic multipliers to estimate the local economic and employment impacts of these restoration investments.² We also conducted interviews with representatives from watershed councils, the Coquille Tribe, and contracting businesses.

Findings

Economic and employment impacts

From 2001-2010, restoration investments on the South Coast totaled at least \$57.6 million. Seventy-five percent, or \$43 million of the restoration funding on the South Coast, came from federal agencies, particularly the US Forest Service. Investments from OWEB, private landowners, and

other sources totaled at least \$13.4 million. We estimated that from 2001-2010, these investments supported 73 local jobs per year, or 1 in 300 of total nonfarm jobs in Curry and Coos counties. Forty-three of these jobs were directly related to employment in restoration, while the remaining 30 were due to indirect impacts such as supply purchases and induced impacts such as workers spending their wages in the local economy.

Local contractor capacity

We identified 40 local contractors who have engaged in restoration work on the South Coast over the last ten years. Many of these contractors began their business through road construction and maintenance, or other heavy equipment and logging-related work. They entered into restoration work to diversify their businesses. Restoration work has helped contractors fill seasonal gaps in work availability, and provided jobs to employees and subcontractors when they might otherwise be unemployed. It also creates opportunities for contractors to invest in new skills



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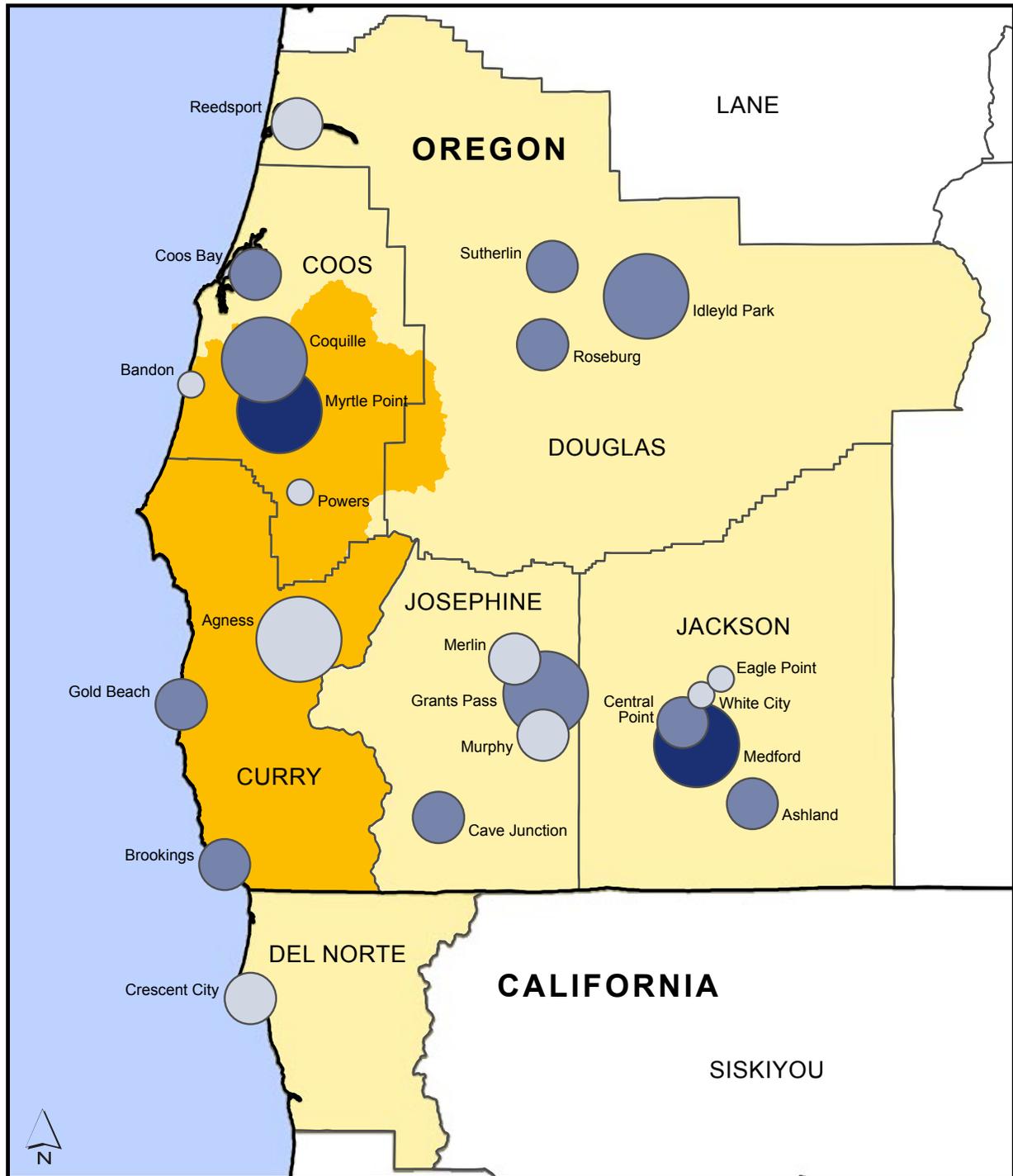
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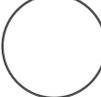
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Figure 1. Local and regional capture of federal contract dollars



Total Value of Contracts

-  < \$100,000
-  \$100,000 - 1,000,000
-  \$1,000,000 - 3,500,000

Number of Contractors

-  1
-  2 - 5
-  6 - 9

 Local Capture

 Regional Capture

0  50 miles



and capacities. For example, a consistent supply of road construction and maintenance work with the Forest Service allowed one contractor in Curry County to invest in new equipment and worker training. This helped make them more competitive when bidding on other restoration projects.

South Coast contractors captured \$5.3 million, or 24 percent, of federal restoration investments between 2001-2010. Many of the remaining contracting opportunities were awarded to regional firms, such as those located in Josephine and Jackson County to the east (Figure 1). Eighty-eight percent of the local capture was road construction and maintenance contracts. Yet non-local contractors captured \$9 million in road construction and maintenance contracts, which suggests that federal agencies are offering more restoration funding suitable to local capacity than South Coast contractors are currently capturing. The majority of fish, wildlife, and forestry support work went to non-local contractors. According to local contractors interviewed for this study, barriers to further local capture of contracts include market competition, difficulty

in accessing bid opportunities, and contracts that do not match the size and scale of local businesses.

Conclusions

Forest and watershed restoration has supported entrepreneurship and local jobs on Oregon's South Coast, particularly in heavy equipment work. The ability of restoration work to generate these benefits depends on stable funding and local access to work opportunities. Uncertainty in federal and state budgets and policies may hamper future investment. Revenue from forest restoration byproducts such as value-added manufacturing and woody biomass, and access to new funding streams, including private foundations, may help increase the restoration sector's resilience.

More Information

Complete study results can be found in Working Paper #34, "The economic impacts of Oregon's South Coast restoration industry", which is available the web at ewp.uoregon.edu.

¹ This includes contracts, grants, and agreements from several federal agencies; Oregon Watershed Enhancement Board (OWEB) grants; and private landowner and other additional investments.

² "The Economic Impacts of Restoration Calculator for Oregon Counties." Available at: <http://ewp.uoregon.edu/economy>

This briefing paper was made possible with funding from The Freshwater Trust and Wild Rivers Coast Alliance