An Assessment of Federal Restoration Contracting and Contractor Capacity in Northeastern Oregon

AUTUMN ELLISON, DREW BENNETT, MELANIE KNAPP, ERIC M. WHITE, EMILY JANE DAVIS, AND CASSANDRA MOSELEY

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About the authors

Autumn Ellison is a faculty research assistant in the Ecosystem Workforce Program and the Institute for a Sustainable Environment, University of Oregon.

Drew E. Bennett is a faculty research assistant in the Ecosystem Workforce Program, Institute for a Sustainable Environment, University of Oregon.

Melanie Knapp was a faculty research assistant in the Ecosystem Workforce Program, Institute for a Sustainable Environment, University of Oregon and is now with the U.S. Institute for Environmental Conflict Resolution.

Eric M. White is a faculty research associate in the Ecosystem Workforce Program, Institute for a Sustainable Environment, University of Oregon.

Emily Jane Davis is assistant professor and extension specialist in the College of Forestry, Oregon State University.

Cassandra Moseley is director of the Ecosystem Workforce Program and the Institute for a Sustainable Environment, University of Oregon.

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For more information, contact
Ecosystem Workforce Program
Institute for a Sustainable Environment
5247 University of Oregon
Eugene, OR 97403-5247-1472
ewp@uoregon.edu
ewp.uoregon.edu

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Executive summary

An accelerated pace and scale of forest restoration on Oregon's eastside national forests will rely heavily on the ability of contractors to both implement forest treatments and contribute to environmental planning activities. Private businesses commonly are contracted to implement already-planned restoration work on Forest Service land. Common contractor activities include things such as mechanical tree thinning and slash treatment, riparian or range fencing, invasive weed control, road maintenance, and in-stream aquatic restoration. Recently, within Oregon, private businesses, state agencies, and non-governmental partners have also begun playing a role in pre-implementation restoration activities. Pre-implementation activities can include environmental studies and forest surveys in support of National Environmental Policy Act (NEPA) planning and activities such as timber marking and property boundary surveying that shorten the time between NEPA planning completion and project implementation. Historically, pre-implementation activities were completed almost entirely by Forest Service personnel. With limited internal capacity and increasing pressure to speed up restoration, the Forest Service has been relying more on businesses and partners for assistance in completing pre-implementation activities.

Many members of collaborative groups and local community leaders hope that local businesses will have increased work implementing newly-planned accelerated restoration projects. Further, with evidence of increased efficiency in doing pre-implementation work, they also hope for increased opportunity for private businesses and non-profit partners to participate in pre-implementation technical work, doing things such as biological surveys, stand inventories, remote sensing, and cultural surveys. In northeastern Oregon, stakeholders are interested in understanding past patterns of Forest Service contracting with local and non-local businesses for restoration work on the Wallowa-Whitman National Forest (National Forest), the capacity of local contractors to do pre-implementation technical work within northeastern Oregon, and the types and locations of restoration work done by contractors located in Baker, Union, and Wallowa counties.

For this report, we used past Forest Service restoration contracting data, records of grants and agreements to Forest Service partners for activities related to restoration, and contractor interviews to better understand how the Forest Service works with local businesses and partners in all aspects of forest restoration efforts. We also used these data to understand the capacity of the local restoration contractor workforce to carryout accelerated restoration work. For the study period of fiscal year (FY) 2004–2013, we found:

The Forest Service issued contracts worth $33.6 million for restoration on the Wallowa-Whitman National Forest, and local contractors performed less than half of that work. The Forest Service invested most heavily in natural resources and conservation projects such as tree thinning, seed collection and production, and fisheries management. The vast majority of these contracts were for project implementation, rather than pre-implementation technical work.

Forty-one contractors based in Baker County received restoration contracts worth $16.4 million; about a quarter of which was for work on the Wallowa-Whitman or Malheur national forests. Baker County contractors performed work across eight states, although the majority was performed in Oregon (42 percent) or Washington (24 percent). Still, Baker County contractors did travel long distances for work— completing 22 percent of their work in Utah. Baker County contractors did almost exclusively natural resources and conservation work, such as tree thinning, roadside brushing, and grapple piling (91 percent of total contract value). Design and engineering work and special studies/analyses accounted for less than one percent of contracted dollars.

Forty-seven Union County-based contractors performed restoration work for the Forest Service with a total contract value of $9.9 million; 75 percent was for work on local national forests (Umatilla or Wallowa-Whitman). Nearly equal amounts of work were on the Umatilla and Wallowa-Whitman national forests. Union County contractors worked almost exclusively within Oregon (89 percent of contract value). More than half of total contract value was for natural resources and conservation work, typically implementation work. Tree thinning was the most common work activity.

Twenty-eight Wallowa County contractors received restoration contracts for the Forest Service worth $13.4 million; 53 percent of this was for work on the Wallowa-Whitman and Umatilla national forests. Roughly three quarters of the work was completed in Oregon and the remainder in Idaho, Washington, and California. Wallowa County contractors most often did natural resources and conservation work (typically tree thinning and invasive species management). Notably, a single contractor captured 26 percent - or $4 million - of the total contract dollars obtained by Wallowa County contractors.

There are additional contractors in northeastern Oregon who have done the types of technical work needed to move projects through NEPA to implementation, but who have performed little or no work for the Forest Service over the past decade. Interviewed contractors worked most often for private landowners, or as subcontractors for other businesses, mills, or nonprofit organizations. Interviewees explained that there is a lack of consistent work from federal contracts locally, which required them to pursue other contract and employment opportunities part-time or seasonally. They found that federal contracting procedures were difficult to track and navigate, and required extensive paperwork.

Many contractors who have performed pre-implementation activities have extensive experience in this type of work and are able to grow to meet increased demand. The businesses represented in interviews have been active in this type of work for more than 16 years on average. Many private contractors had previous experience working as employees for the Forest Service (or other federal agencies), or on federal lands through contracts with mills or subcontracts under other contractors. All but two interviewees suggested that they had capacity for additional work and reported that they could easily find the skilled employees in northeastern Oregon to expand if more work were available.

Introduction

Recent efforts by the US Forest Service and the State of Oregon focus on the need to accelerate forest restoration in eastern Oregon to mitigate the risk of large wildfires, insect outbreaks, and disease; while also providing economic opportunities for local communities.[1] Initiatives such as the Region 6 Forest Service's Eastside Strategy, the Oregon Federal Forest Health Program, Forest Service Collaborative Forest Landscape Restoration projects on three eastern Oregon national forests, and other efforts have led to new investments from the Forest Service and the State of Oregon in planning for and implementing accelerated restoration.

Private businesses have played a key role in implementing planned Forest Service restoration work. Contracts with private businesses to implement restoration can lead to positive social and economic outcomes in local communities. The work of the Wallowa County Natural Resources Advisory Council (Wallowa NRAC), Wallowa Resources, and Oregon's State/Federal Implementation Partnership have shown that there is also a role for private businesses and non-federal partners in doing pre-implementation work.[2] Pre-implementation work includes technical activities such as 1) biological surveys, stand inventories, and landscape assessments that can help move a project through NEPA planning; and 2) technical activities like boundary marking, timber sale layout, and property surveying that can move a project from NEPA approval to project implementation. The potential contribution of private business and non-federal partners to pre-implementation technical work has become more important as the Forest Service faces increased pressure for accelerated restoration and limited internal capacity for pre-implementation work.

As forest collaboratives and the Forest Service increase the pace and scale of environmental planning, there will be more activity in both the pre-implementation and implementation phases of forest restoration. There will be a need for contractors to implement fuels reduction activities and to support NEPA planning through to project implementation. In most cases, when local businesses are able to obtain the Forest Service contracts for forest restoration, the potential to achieve desired social and economic outcomes (e.g., local economic vitality) is improved. Within that context, it is important to understand the local contracting capacity to do work for all phases of accelerated restoration.

This assessment investigated restoration trends on the Wallowa-Whitman National Forest and local capacity for restoration work in three northeastern Oregon counties: Baker, Union, and Wallowa. We analyzed contractor capacity to both implement treatments as well as do pre-implementation work. For examining pre-implementation work capacity, we focused on technical work such as biological assessments, stand surveys, and unit marking and layout. In the subsequent sections, we summarize the recent contracting history on the Wallowa-Whitman National Forest and current contracting capacity in northeastern Oregon, and highlight the challenges and opportunities for local contractors in creating local benefit from accelerated restoration.

Approach

We assessed local contractor capacity using three approaches: 1) a review of recent patterns of restoration service contracting on the Wallowa-Whitman using federal contracting records, 2) an analysis of the types and locations of restoration work for all contractors in Baker, Union, and Wallowa counties who have received recent Forest Service contracts for restoration work, and 3) interviews of restoration contractors in Baker, Union, and Wallowa counties. We defined "local" differently for each of the analyses we completed (see Table 1, below).

Wallowa-Whitman contracting patterns

We used data from USASpending.gov to identify all contracts issued by the Wallowa-Whitman National Forest for restoration work from FY 2004 through FY 2013. We used a ten-year study period to capture the annual variability in restoration spending and changes in the number of contractors participating in local restoration markets. Contracts for restoration work were isolated from other contracts for services using an established set of Product Service Codes (PSCs) related to forest and watershed restoration (see Table 2, page 5). We grouped restoration work into five general categories of restoration work: special studies/analyses, design and engineering, natural resources and conservation, construction of roads and facilities, and maintenance/repair/alteration of roads and facilities. The list of PSCs includes implementation activities such as tree thinning, road work, in-stream restoration, piling of material by machine or hand, prescribed burning (PSC categories F, Y, and Z) and pre-implementation technical work such as stand surveys, biological assessments, and invasive weed spraying (PSC categories B and C).

For the Wallowa-Whitman National Forest, we characterized the most common types of restoration work contracted, the amount contracted over the 10-year period, and the amount of contract value awarded to local contractors. We assumed that contractors were "local" if they resided in one of the five counties in which the Wallowa-Whitman National Forest (NF) is located (Table 1).

We also identified, for FY 2004_2013 period, entities who entered into grants or agreement with the Forest Service for activities related to forest restoration. We characterized the types of entities receiving grants or agreements and the work accomplished.

Baker, Union, and Wallowa county contractors

We obtained data from USASpending.gov on individual contracts, grants, and agreements made by the Forest Service from FY 2004 through FY 2013. We identified contractors based in Baker, Union, and Wallowa counties who had entered into a contract for restoration work on national forest system lands anywhere. We used the same set of PSCs described above to identify restoration-related service contracts. From that set of local contractors, we characterized the type of restoration work performed, the size of contracts, and the location of that restoration work. We assessed how much of the work performed by those contractors was local, defined as on a national forest that is at least partially located in the county where the contractor is located (Table 1).

Table 1 Definitions of "local" used in analyses

Focus of analysis	Considered local if:
Wallowa-Whitman NF contracting patterns	Contractor located in one of the five counties in which the Wallowa-Whitman NF is located (Baker, Grant, Umatilla, Union, and Wallowa)
Contractor capacity in Baker County	Work performed on Wallowa-Whitman NF or Malheur NF
Contractor capacity in Union County	Work performed on Wallowa-Whitman NF or Umatilla NF
Contractor capacity in Wallowa County	Work performed on Wallowa-Whitman NF or Umatilla NF

Table 2 Contracting categories, services, and PSCs included in analysis

Category	PSC Cateogry	Services included in this study (PSCs)	
Special studies and analyses for environmental assessments	B:	Environmental assessments (B510) Animal/fisheries (B516) Grazing/range (B520) Natural resource (B525) Soil (B532) Water quality (B533)	
Design and engineering	C:	Highways, roads, streets, bridges, and railways (C122) Landscaping, interior layout, and designing (C211)	
Natural resources and conservation	F:	Forest/range fire rehabilitation (F004) Forest tree planting (F005) Land treatment practices (F006) Recreation site maintenance (F008) Seed collection/production (F009) Seedling production/transplanting (F010)	Tree thinning (F014) Other forest/range improvements (F018) Other wildlife management (F019) Fisheries resources management (F020) Site preparation (F021) Other (F099)
Construction of roads and facilities	Y:	Construction of highways, roads, streets, bridges, and railway (Y1LB and Y222) Construction of recreation facilities (Y1PA and Y291) Construction/restoration of real property (Y1QA) Construction of other conservation and development facilities (Y1KZ)	
Maintenance of roads and facilities	Z:	Repair or alteration of highways/ roads/ streets/ bridges/ railways (Z2LB and Z222) Maintenance, repair or alteration of parking facilities conservation (Z224) Maintenance, repair or alteration of recreation facilities (Z291) Maintenance, repair or alteration of other conservation and development facilities (Z219)	

Contractor interviews

We conducted interviews with 16 local contractors to understand the range of work they undertake and their perspectives on the challenges and opportunities for restoration contracting in the region. For these interviews, we focused specifically on local contractors that perform pre-implementation technical work, including stand surveys, environmental assessments, cultural assessments, marking and layout, and management plan consulting. These types of activities are included under product service codes we classified as either technical or professional when selecting data from the USA Spending database. However, these codes also included professional and technical activities that are not associated with pre-implementation work (e.g., bridge design, landscaping, weed spraying, nursery services).

We examined the specific work completed in contracts with the 13 contractors from Baker, Union, or Wallowa Counties included in the USA spending database as performing professional or technical services from FY 2004–2013. Of these, only one performed the type of pre-implementation work in which we were interested in. To identify additional interviewees, we used contractor databases from Wallowa Resources and Oregon Department of Forestry, which include contractors who also work on private, county, state, and federal lands via federal lands through third party contracts (e.g., Wallowa Resources, Nez Perce Tribe). We confirmed that each interviewee performed activities associated with pre-implementation work through a preliminary question, and asked each interviewee for recommendations of other contractors we could contact. Ultimately, we identified and contacted 20 contractors for interviews. Of these, we interviewed 16 contractors who performed pre-implementation work. We asked interviewees about the type of work they do, the contracts they participate in, the capacity they have for additional work, and their experiences, including limitations and opportunities, with federal contracting.

Background: Social and economic context of northeastern Oregon

The Wallowa-Whitman, Umatilla, and Malheur national forests are located in northeastern Oregon and provide opportunities for restoration work for contractors based in Baker, Union, and Wallowa counties (see Figure 1, below). These three counties have household incomes that are roughly $8,000 less than statewide averages (see Table 3, page 7). Residents of the three counties also have higher rates of poverty and unemployment, and residents have higher rates of government employment than elsewhere in the state (see Table 4, page 7).

The counties differ from each other in important ways. Wallowa County had substantially fewer students eligible for free and reduced lunch as well as a school dropout rate of 0.4 percent, which is remarkably low compared to the state average. Baker County's dropout rate of 8.9 percent, however, is more than double the state average. Of the three counties, Baker County also had the highest percentage of the population in poverty at 20 percent.

Figure 1 Study area

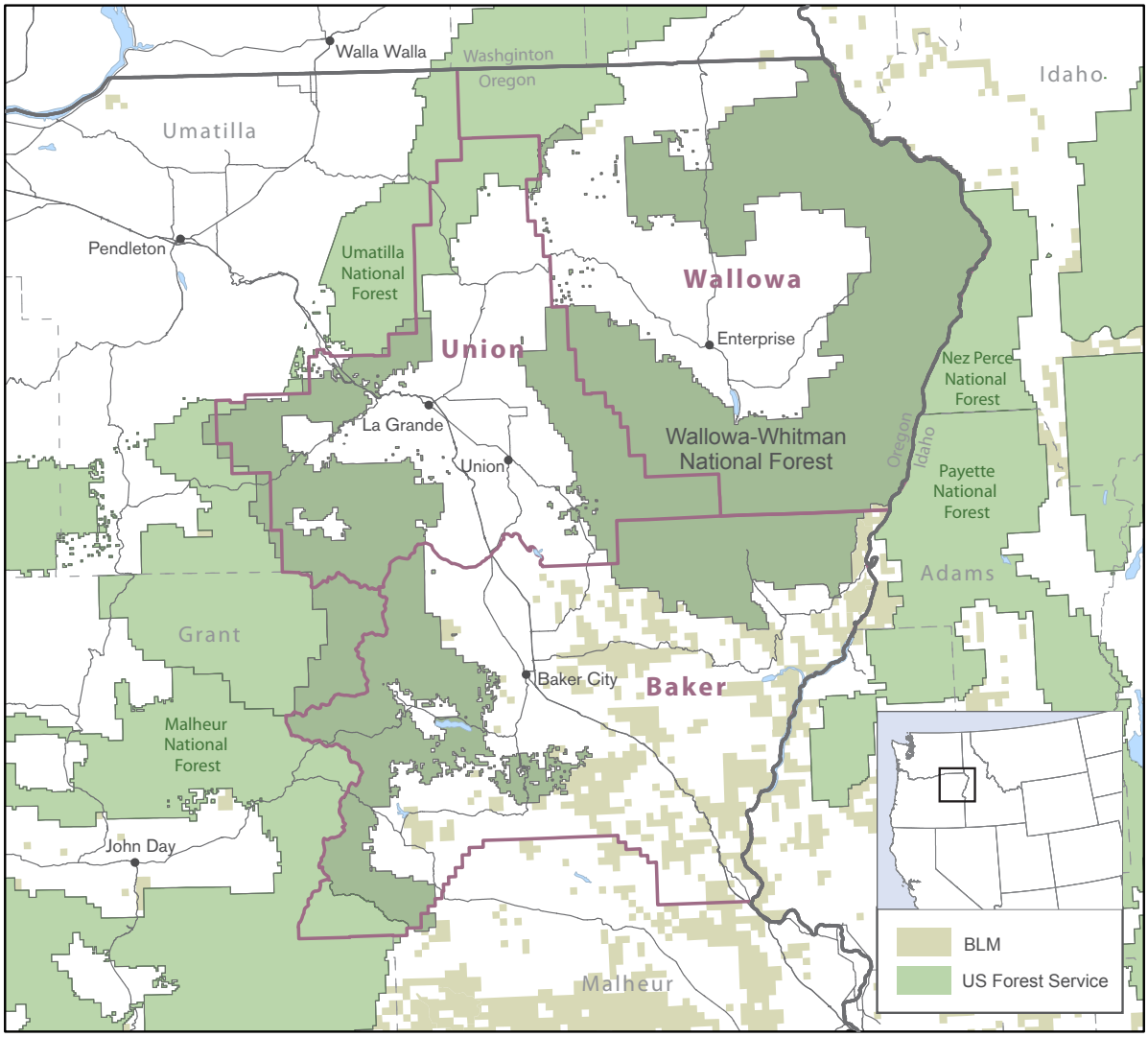


Table 3 Comparison of key social and economic characteristics in Baker, Union, and Wallowa counties

Characteristics	Baker	Union	Wallowa	Oregon
Median age (2007-2011)	47.8	40.2	50.4	38.2
School enrollment (change from previous year (2012/2013 to 2013/2014))	+2.8%	+0.8%	+4.3%	+0.6%
Dropout rate (2012/2013)	8.9%	2.6%	0.4%	4.0%
Percent of students eligible for free and reduced lunch (2013/2014)	47.9%	56.1%	36.8%	53.7%
Median household income (2009 - 2013)	$41,500	$42,542	$41,994	$50,229
Unemployment rate (August 2014)	8.6%	7.4%	9.0%	7.2%
Percent of population in poverty (2007-2011)	20.0%	16.6%	15.9%	14.8%

Table 4 Top employment sectors in Baker, Union, and Wallowa counties, 2013

	Percent of employment			
Economic sector	**Baker**	**Union**	**Wallowa**	**Oregon**
State and local government	18%	20%	23%	14%
Federal government	4%	2%	4%	2%
Wood product manufacturing	<10%	5%	<4%	1%
Retail trade	14%	15%	11%	11%
Leisure and hospitality	12%	9%	9%	10%
Animal production	<15%	<0.3%	2%	<1%
Crop production	<15%	2%	2%	2%
Financial and professional services	9%	8%	10%	17%
Forestry and logging	<1%	1%	4%	1%

Restoration on the Wallowa-Whitman National Forest

From FY 2004 through FY 2013, the Forest Service invested a total of $34.3 million in contracts, grants, and agreements for restoration projects on the Wallowa-Whitman National Forest. The vast majority ($33.6 million; 98 percent) of this investment was awarded via contracts. Although standard bidding and contracting mechanisms were the dominant way contractors accessed restoration work, some recent examples of innovative contracting approaches also occurred.[3]

Although project grants and cooperative agreements made up only two percent of the Forest Service's restoration investments, these approaches resulted in local benefits. The Forest Service distributed a total of $705,700 through project grants and cooperative agreements with two partner organizations, Wallowa Resources and Community Smallwood Solutions, LLC. The Forest Service invested in project grants to Community Smallwood Solutions, LLC to develop local capacity for small wood and biomass utilization. Project grants and cooperative agreements with Wallowa Resources focused primarily on invasive species control. Wallowa Resources contracted local contractors for this work.

Of the $33.6 million spent on restoration contracts on the Wallowa-Whitman National Forest from FY 2004–2013, the Forest Service invested most heavily in natural resources and conservation projects, spending $18.1 million or roughly half of all restoration contract dollars invested on the forest (see Figure 2, page 9). Most of these activities (more than half of total spending) were for project implementation work such as tree thinning or fuels reduction. About a quarter of the funds were spent on maintenance and repair to roads and infrastructure, followed by 20 percent on construction of roads and facilities. Only two percent was spent on special studies/analyses, and one percent on design and engineering projects—work most typically consistent with pre-implementation activities. Annual funding fluctuated from FY 2004–2013, especially in natural resources and conservation, which makes up the bulk of the contracted funding (see Figure 3, page 9). There was a notable uptick in 2010 attributable to the American Reinvestment and Recovery Act (ARRA) when spending increased to $10.6 million–or nearly three times greater than the 10-year annual spending average. Spending is also expected to increase due to the more recent Forest Service accelerated restoration investments in eastern Oregon.

Figure 2 Restoration contract spending on the Wallowa-Whitman National Forest, FY 2004–2013.

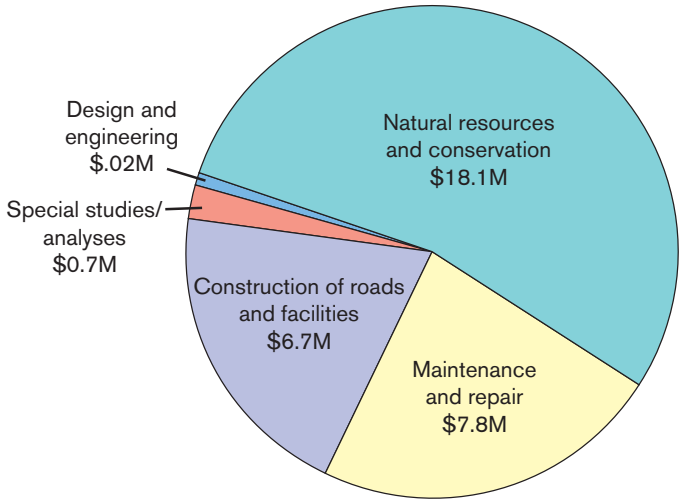
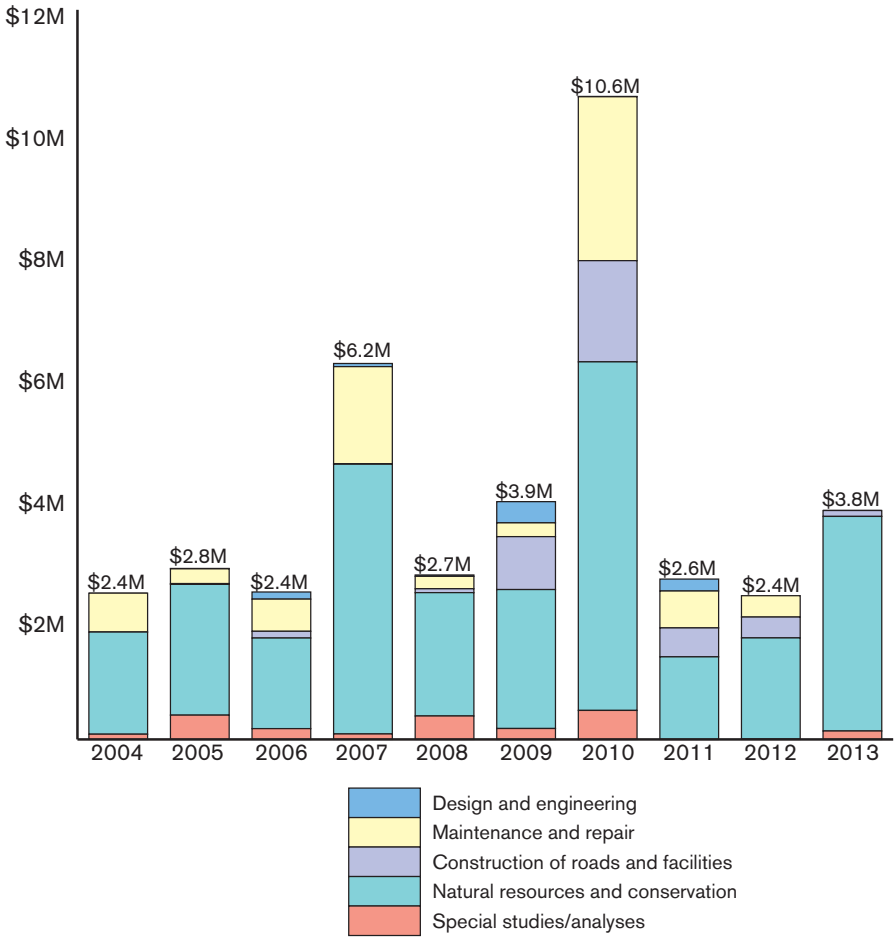


Figure 3 Restoration contract spending by work type on the Wallowa-Whitman National Forest, FY 2004–2013.

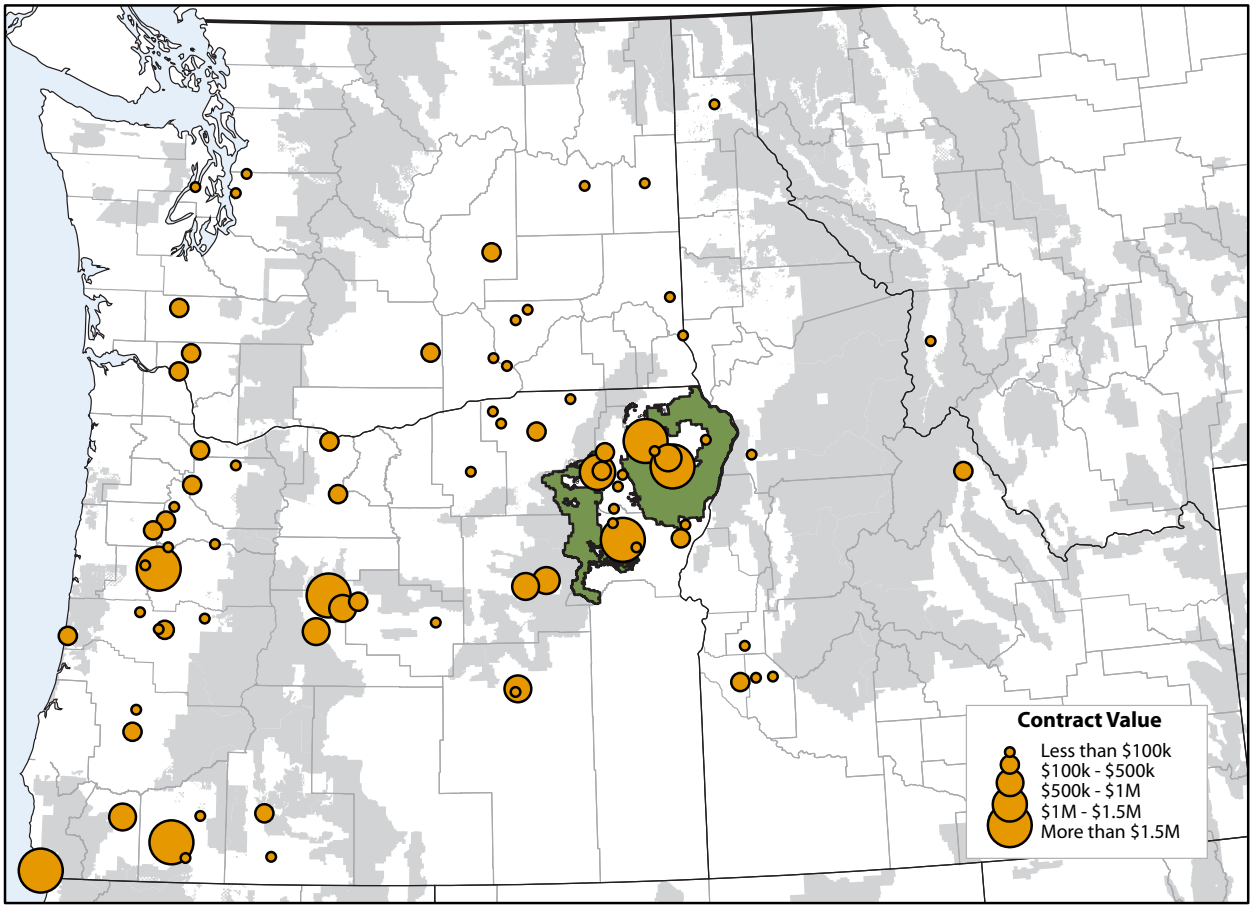


Use of local contractors

Nearly all contracts on the Wallowa-Whitman National Forest went to contractors in four states (OR, WA, ID, MT) (see Figure 4, below). The Forest Service contracted with local contractors (Baker, Grant, Umatilla, Union, or Wallowa counties) for 43 percent of the value of restoration work on the Wallowa-Whitman National Forest from FY 2004 through FY 2013. One of the three contractors receiving the greatest contract values during the period was local to the Wallowa-Whitman National Forest (Grant County). Together, these top three contractors (local and non-local) captured 29 percent of the value of all Forest Service restoration contracts during the study period. Two of the top three contractors had contracts with the Forest Service worth $3.6 million and $2.3 million, respectively, for road construction and road reconstruction projects. The highest earning contractor was from Linn County and completed over 90 contracts worth $3.8 million for thinning and fuels reduction work from FY 2004–2013.

Local contractors had the highest local capture for construction of roads and facilities, capturing 51 percent of this type of work (see Table 5, page 11). Local capture was also strong for natural resources and conservation (46 percent). Maintenance and repairs had the lowest local capture (29 percent) followed by special studies/analyses (31 percent).

Figure 4 Location of contractors awarded contracts in the Wallowa-Whitman National Forest, FY 2004-2013



99.7% of contracts on the Wallowa-Whitman National Forest represented in map extent. 0.3% went to contractors in California and Wyoming

Table 5 Local capture by work type of Forest Service contracts in the Wallowa-Whitman National Forest, FY 2004–2013

	Total contract value	Contract value with local contractors	Local capture
Special studies / analyses	$740,966	$232,244	31%
Design and engineering	$194,617	$71,015	37%
Natural resources and conservation	$18,129,263	$8,334,644	46%
Construction of roads and facilities	$6,743,459	$3,414,979	51%
Maintenance and repairs	$7,769,606	$2,250,721	29%
Total	**$33,577,911**	**$14,303,603**	**43%**

Contractor capacity in Baker, Union, and Wallowa counties

In the previous section, we examined the patterns of contracting on the Wallowa-Whitman National Forest. In addition to that analysis, we assessed the capacity of restoration contractors located in Baker, Union, and Wallowa counties who have done work on any national forest. Of the three counties, contractors in Baker County captured the most restoration contract dollars from FY 2004–2013, followed by contractors in Wallowa and Union counties. The majority of the work captured by Baker County contractors, was for restoration work on national forests located outside the three-county area. Contractors based in Union and Wallowa counties completed most of their restoration work on local national forests (see Figure 5, below and Figure 6, page 13).

Baker County

Forty-one contractors based in Baker County received restoration contracts for work on Forest Service land (any national forest) worth $16.4 from FY 2004 through FY 2013. That work was spread across eight states with the greatest contracted dollars for projects completed in Oregon (42 percent) followed by Washington (24 percent) and Utah (22 percent). The work in Utah consisted of two contracts valued at over $3.5 million and completed by a single contractor providing non-fire suppression helicopter services such as heli-mulching. Contracts on the Wallowa-Whitman National Forest accounted for 21 percent of the value of the work awarded to

Figure 5 Location of Forest Service contracting work for contractors based in Baker, Union, and Wallowa counties, FY 2004–2013

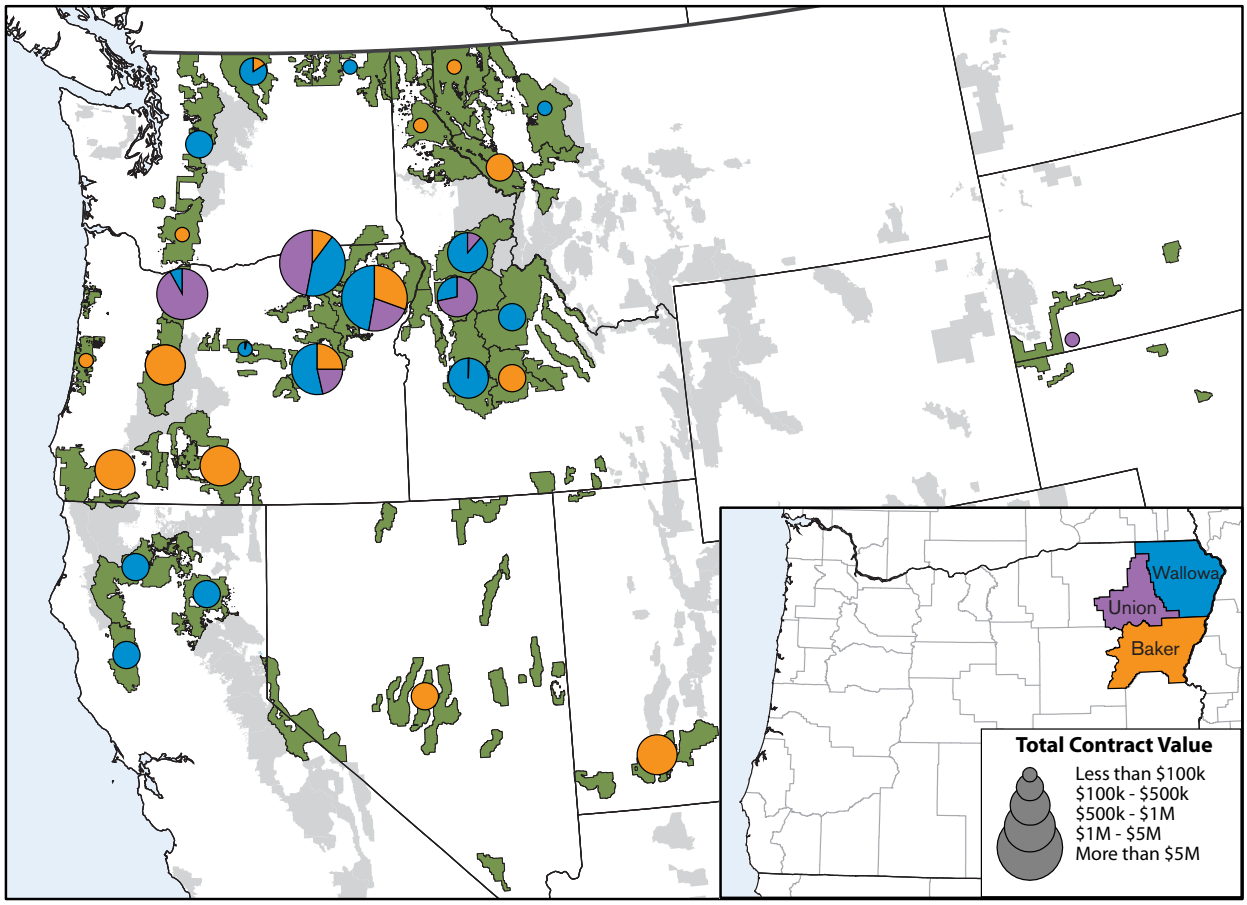
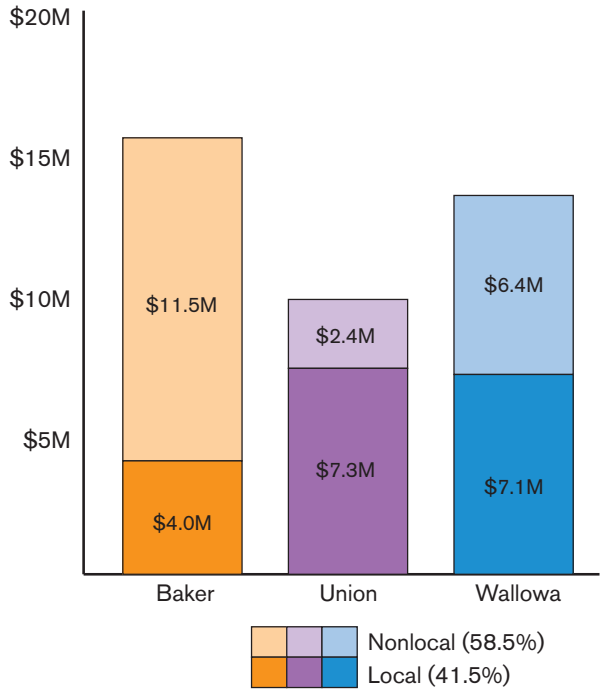


Figure 6 Local and non-local work by restoration contractors located in Baker, Union, and Wallowa counties, FY 2004–2013



Baker County contractors. Work on forests outside of Region 6 (Oregon and Washington), however, accounted for the largest share of contract dollars for Baker County contractors (see Figure 7, page 14).

Nearly all (91 percent) of the contract dollars Baker County contractors received was for natural resources and conservation projects for project implementation (see Figure 8, page 14 and Figure 9, page 15). Roughly 26 percent of this work was performed locally on the Wallowa-Whitman National Forest or the Malheur National Forest. Within the natural resources and conservation category, forest/range fire rehabilitation contracts accounted for 50 percent of total awarded contract dollars and consisted of activities such as slash busting, pheromone application, and heli-mulching. The work type with the second largest dollar amount awarded, accounting for 13 percent of all natural resources and conservation funding, was "other forest/range improvements," consisting predominantly of road brushing activities, as well as grapple piling and drainage work. Contractors performed 73 percent of the value of work in the "other forest/range improvements" category outside of Baker County. A single contractor received contracts worth $3.6 million, primarily for thinning and hazardous fuels reduction work. Eighty-three percent of this contractor's work was performed locally.

Baker County contractors did not conduct any pre-implementation technical work such as special studies/analyses for the Forest Service in any location during the study period. Pre-implementation design and engineering contracts accounted for less than 1 percent of total restoration work that they performed.

Figure 7 Locations of restoration work on national forest system land awarded to Baker County contractors, FY 2004–2013

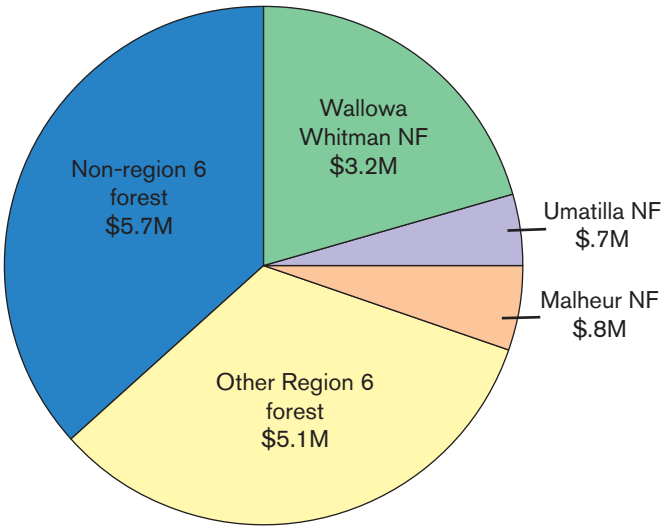


Figure 8 Contract dollars by work type on national forest system land awarded to Baker County contractors, FY 2004–2013

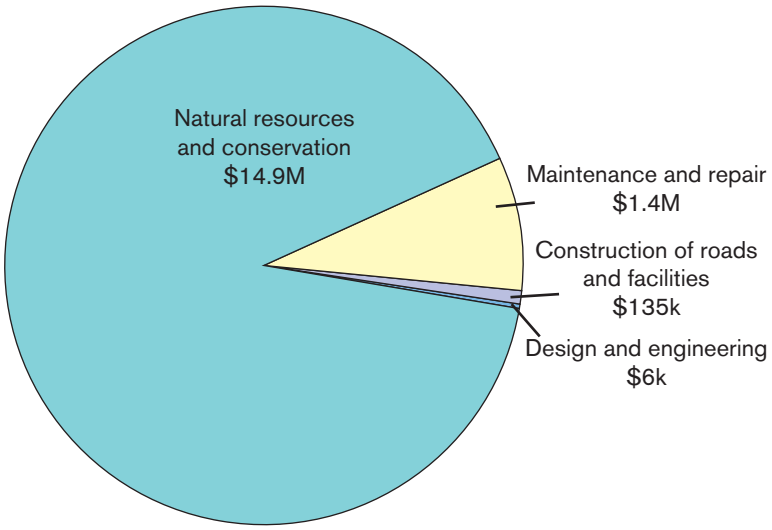
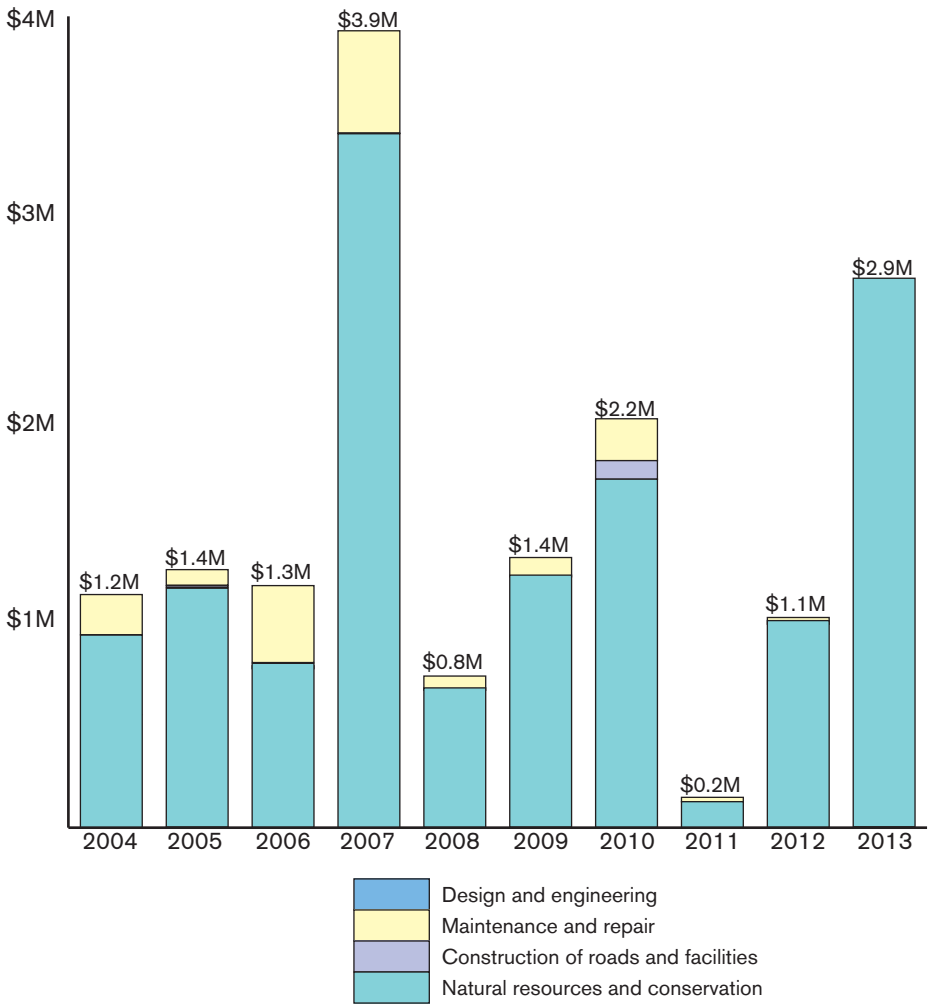


Figure 9 Types of work awarded on national forest system land awarded to Baker County contractors, FY 2004–2013



Union County

A total of 47 contractors in Union County did restoration work for the Forest Service worth $9.9 million during from FY 2004 through FY 2013. The majority of the work (89 percent of contract value) was in Oregon. About 75 percent of the work of Union County contractors was done on local national forests (Wallowa-Whitman National Forest or Umatilla National Forest). Of the work types, maintenance and repair projects were most likely to be done on non-local national forests. Union County contractors also completed some work in Idaho (8 percent) and Washington (3 percent). Thirty-nine percent of the work was performed on the Umatilla National Forest, followed by 36 percent on the Wallowa-Whitman National Forest. Other Region 6 forests accounted for 23 percent of the work, primarily the Malheur National Forest and the Mt. Hood National Forest (see Figure 10, below).

Over 50 percent—$5.6 million—of the total value of restoration contracts that Union County contractors performed was for natural resources and conservation projects—mostly implementation work (see Figures 11 and 12, page 17). Roughly a quarter of the value of projects in this category were for tree thinning work ($1.5 million), followed by mechanical fuel treatments, hand treatment, prescription burning, and grapple piling activities captured in the pre-suppression category ($1.4 million).

Far behind natural resources and conservation work, pre-implementation technical work for special studies/analyses was the second most common type of work that Union County contractors performed (20 percent of contract value received by Union County contractors). Notably, a single contractor captured $1.8 million for soil studies and analyses in Oregon. Union County contractors also received funds to do studies of grazing/range and water quality. All of those projects were for work on local national forests. Union County contractors did not perform any pre-implementation design and engineering work for the Forest Service during the study period.

Figure 10 Locations of restoration work on national forest system land awarded to Union County contractors, FY 2004–2013

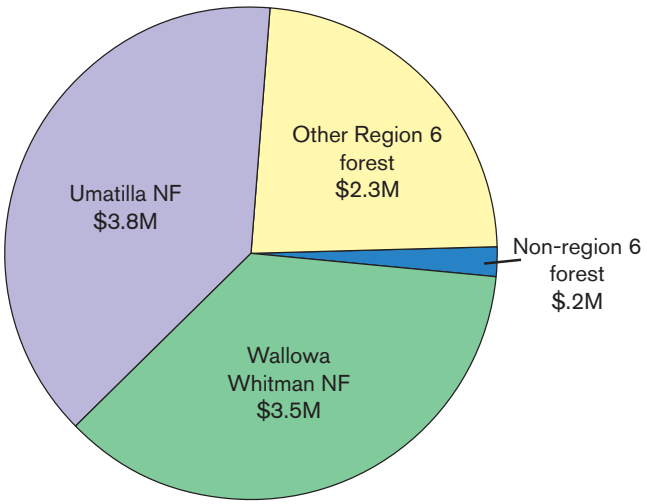


Figure 11 **Contract dollars by work type on national forest system land awarded to Union County contractors, FY 2004–2013**

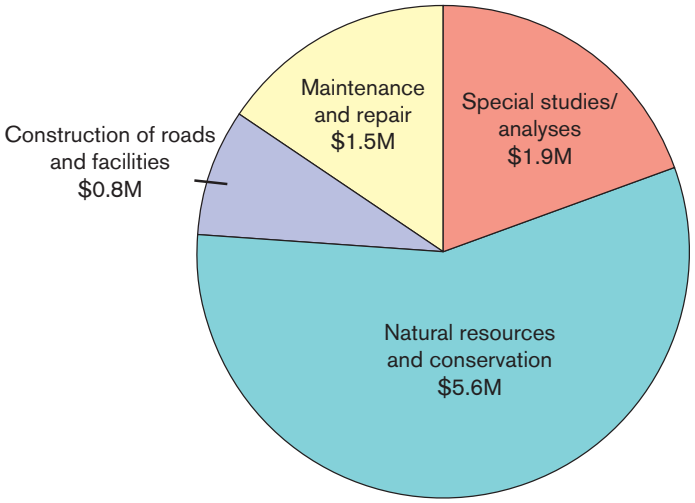
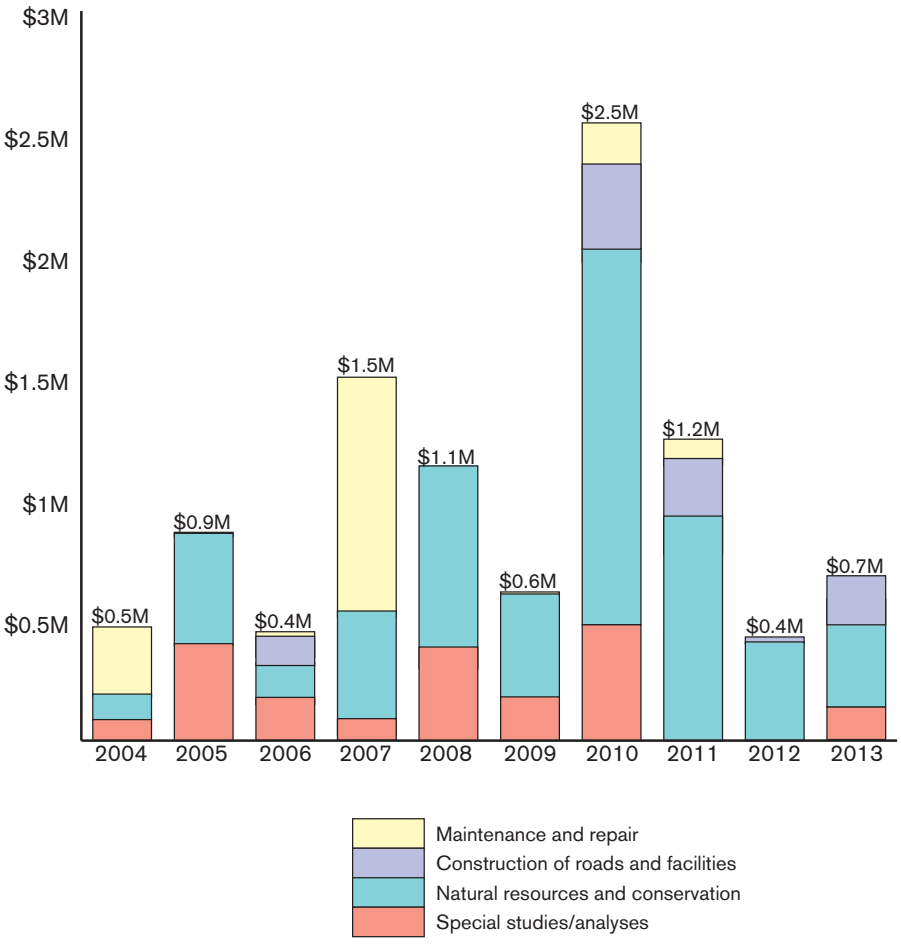


Figure 12 **Types of work awarded on national forest system land to Union County contractors, FY 2004–2013**



Wallowa County

A total of 28 contractors based in Wallowa County performed restoration work on national forest system land from FY 2004–2013. Those projects had a total contract value of $13.4 million with nearly $6 million spent in 2010 alone. This temporary increase in spending was heavily influenced by the ARRA. Except for during 2010, local contractors performed less than $1 million of restoration work annually for the Forest Service. Contractors received nearly 75 percent of funds for work in Oregon. The remaining work was primarily performed in Idaho (13 percent), Washington (10 percent), and California (5 percent). Thirty five percent of the value of the contracts was for work on the Wallowa-Whitman National Forest followed by 19 percent on the Malheur National Forest and 18 percent on the Umatilla National Forest (see Figure 13, below). Notably, a single contractor captured 26 percent—roughly $4 million—of total restoration dollars obtained by contractors in the county by implementing road work, culvert maintenance, road blading, and large wood, boulder, and cattle guard placements.

The amount and type of restoration work contracted annually was highly variable throughout the study period (see Figure 14, page 19). Slightly less than half of all restoration dollars captured by Wallowa County restoration contractors were for natural resources and conservation projects (see Figure 15, page 19). Within that work type, Wallowa County contractors performed a variety of weed management and trail maintenance work, all on local national forests. Additionally, Wallowa County contractors performed most of their contract work for tree thinning and wildlife management in the local area. However, most of this work was completed by a single contractor who had captured 99 percent of contract value and 3 of 4 contracts for this type of work. Wallowa County contractors received tree thinning and weed management contracts but the Forest Service did not contract directly with local contractors for work within the special studies/analyses category from FY 2004 through FY 2013. Wallowa County contractors did perform pre-implementation technical studies and analyses on national forests through third parties such Wallowa Resources.

Figure 13 Locations of restoration work on national forest system land awarded to Wallowa County contractors, FY 2004–2013

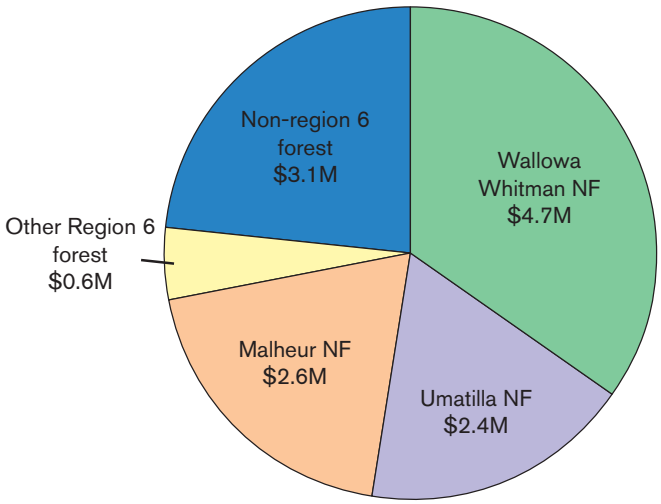


Figure 14 **Types of work awarded on national forest system land to Wallowa County contractors, FY 2004–2013**

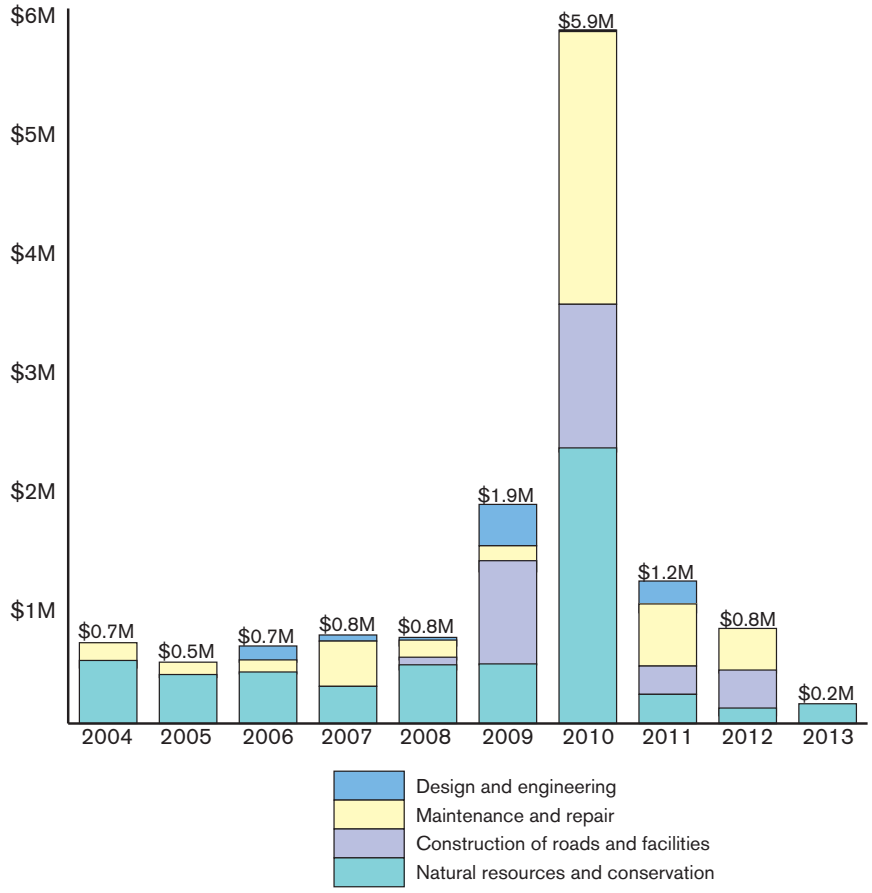
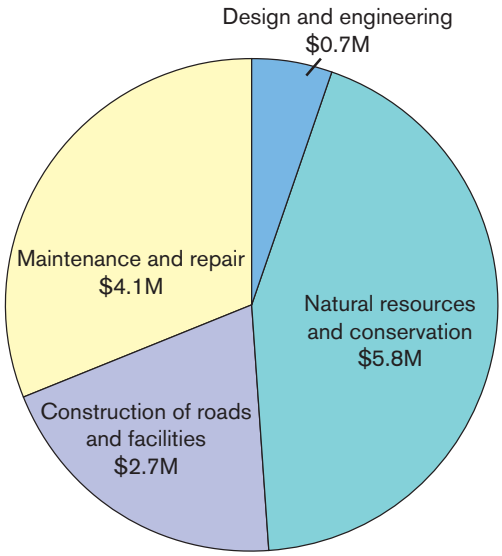


Figure 15 **Contract dollars by work type on national forest system land awarded to Wallowa County contractors, FY 2004–2013**



A focus on pre-implementation contractor capacity

Our review of the US Forest Service contracting history from 2004–2013 for both the Wallowa-Whitman National Forest and for contractors within Baker, Union, and Wallowa counties suggested that the use of contractors for Forest Service pre-implementation work in northeast Oregon was relatively rare. Althoughwe only identified one contractor in the USA Spending data for the three counties that performed pre-implementation services, we were interested in learning whether the capacity for these types of activities existed in other sectors. To gain a better understanding of potential local contractor engagement in pre-implementation work for accelerated restoration projects in northeastern Oregon, we used contractor databases from Wallowa Resources and Oregobn Department of Forestry. Those databases include contractors that work on private, state, tribal, county, and federal lands through subcontracts, which do not show up in USA Spending. We confirmed that each interviewee performed activities associated with pre-implementation work through a preliminary question, and asked each interviewee for recommendations of other contractors we could contact. In total, we interviewed 16 contractors involved in the types of pre-implementation work typically associated with moving a project through NEPA planning, and from NEPA approval to project implementation.

Local contractors had experience in a variety of services associated with pre-implementation work on federal forests. Interviewed contractors performed work such as biological surveys, stand inventories, and landscape assessments that can help move a project through NEPA planning. Eight of the interviewed contractors performed some type of biological survey such as wildlife surveys (2 contractors), weed, native plant, riparian planting, or other vegetation surveys (5), or soil surveys (1). Ten of the contractors performed forest inventories and analyses. Contractors also performed activities such as property surveying (6) and timber sale layout (5) that can move a project from NEPA approval to project implementation.

Many of the contractors interviewed were part of businesses that had been active in the area for decades: contracting businesses represented had been in business for between three to 37 years. On average, businesses were 16 years old. The contractors interviewed got started in contracting work through a variety of paths, but all of them had some kind of experience performing forestry, survey, or assessment work before starting their contracting businesses. For example, three of the contractors were previously Forest Service employees, five had worked under other contractors that eventually retired, and four had worked for mills in northeast-

ern Oregon as foresters, surveyors, or consultants. Several of the interviewees were partially retired from their previous careers, and many of them had other, non-related businesses or part-time jobs that supplemented their contracting work.

Many contractors did not contract directly with federal agencies, and most did not perform substantial work on federal land. Overall, the majority of these contractors' work was not on public land, despite living in counties where the Forest Service manages a large portion of the land. Nearly half (7) of those interviewed had not contracted directly with the Forest Service or other federal agencies over the last 10 years. Of these, two contractors reported that they would occasionally be involved in a subcontract on federal land, but those subcontracts made up less than 5 percent of their work; two more participated in subcontracts on federal land that made up 25 percent and 50 percent of their work, respectively. The other six contractors did not work on federal land of any type in any capacity over the last decade.

The contractors that did not contract directly with federal agencies worked primarily on a mix of industrial and non-industrial private land—seven contractors performed more than 90 percent of their work on private lands. These contractors explained that for the kind of work that they performed, private dollars were more accessible to them than projects on public lands. The other five contractors performed work on a mix of lands, with private land still having the largest proportion of work, though one contractor completed approximately 40 percent of their work on state land, and several contractors participated in small amounts of work on tribal lands (less than 10 percent of total work). One contractor worked primarily on The Nature Conservancy's land, and several others participated in work on county lands or on the specially-designated tri-county weed area.

Of the nine contractors that reported that they had contracted directly with federal agencies, five performed half or more of their work on federal lands, only one of these performed all of their work on federal lands. The other four contractors performed between 5–15 percent of their total work on federal land, often through subcontracts despite being able to contract directly; the rest of their work was on tribal, county, industrial, and state lands. Five interviewees had participated in federal contracting through a federal stewardship contract; one of these participated through a mill hire versus a federal contract or subcontract.

There is local capacity for additional pre-implementation contracting work. Of the 15 contractors that were currently working at the time of interviews, only two said that they were not capable of taking on more work if it were available. One of these contractors was partially retired and reported that he was as busy as he wanted to be, and the other reported that he already had enough work. Two additional contractors explained that they are typically looking for more work, but they were hesitant because they were booked during the past year, and felt their capacity to take on more work in the future was uncertain due to fluctuations in demand and short contract lengths that made it difficult for them to plan in advance. Some of the contractors suggested that only certain types of contracts would be welcomed for additional work, such as local work that was within commuting distance.

Half of the interviewed contracting businesses hired employees, currently or in the last year. The number of employees ranged from two to 30 across businesses, and all but one of these businesses reported that employee numbers fluctuated throughout the year based on the amount of work they had and field seasons. All the contractors hiring employees said that they hired from the local area most of the time. When asked if they had a hard time hiring and keeping skilled employees, they all reported that, on the contrary, they found it to be very easy. Several explained that because of their experience, there were always a lot of people that they knew in their fields. One contractor said he never had to look for someone to hire, but always

had options when needed. Another reported that most of his employees were overqualified. All of the contractors that hired employees, as well as one that subcontracted work, said that they could easily hire or subcontract more locally if additional work were available.

Half of the interviewed contractors surveyed said they would welcome opportunities to work (or work more) for federal agencies directly, particularly if bidding were simpler and less time-consuming, and a steady stream of work was available in northeastern Oregon. The one contractor that worked exclusively on federal lands reported that he would welcome more work in the area, as he was only able to work within commuting distance of home 10–15 percent of the time.

Limitations in recruiting local capacity for additional work on federal land. Most contractors reported that they preferred to work for private landowners directly, or with cost-share money from both federal and state agencies that is overseen by the Oregon Department of Forestry. Contractors reported several reasons for not working with federal agencies. First, they suggested that there was not enough consistent contract work with federal agencies to justify going through the direct bidding process. One contractor explained: "it's not a matter of ease, it's a matter of lack of local work" when asked what would make it easier to access federal contracts.

Second, commuting distance from home was important. Of the 11 contractors who did no or very little (5-15 percent) of their work with federal agencies, 9 performed the majority of their work within daily commuting distance of home. These contractors reported that they were not willing to do the significant amount of work away from home that they felt was required to maintain consistent federal contracts, and so were more focused on securing non-federal work. The four contractors who did secure more than half of their work from federal agencies were willing to work throughout the U.S. west and worked outside of daily commuting distance of their homes more than half of the time.

Third, contractors reported that they found the bid process for direct federal contracts to be complicated. Even among those contractors that had contracted directly with federal agencies, some preferred to subcontract for the same work whenever possible. These contractors explained that subcontracts were more appealing to them, even if they made less per hour than if they contracted directly, because subcontracts eliminated the lengthy and complicated bidding process necessary for federal contracts. The five contractors who obtained the majority of their work from federal agencies suggested that they had an advantage over their competition because they were a) willing and able to use online systems and spend the time necessary to fill out paperwork, and b) willing to work across a large geographic area.

Training and technical assistance needs. When asked to suggest trainings that would be helpful to their business, only five of the interviewed contractors had suggestions, but most of these dealt with obtaining a better understanding of federal bidding processes. One contractor suggested that getting trained by Forest Service in new protocols for bidding on proposals would be helpful, two were interested in training on the qualifications necessary to bid on and win Forest Service contracts, one wanted training on "how to win bids and have steady contracting work." Another mentioned training specific to their job, such as forestry or range management workshops or trainings that could provide them with additional skills and knowledge for expanding their business.

We asked interviewees if they wanted help preparing and submitting proposals for federal contracts. One interviewee said no because their business was already proficient at it, and two explained that they would still prefer to work as subcontractors even if they received help in the bidding process. Half of the contractors did not have an answer– most of these contractors explained they had never attempted to fill out proposals for federal contracts directly and were not planning on it in the near future. Five contractors, however, said that they would like this help, and suggested that they would specifically like a better understanding of: bidding

requirements, how to select appropriate bids for their business, the most relevant parts of project proposal descriptions to focus on, and the most efficient ways of filling out proposals.

When asked what would make it easier to access federal work specifically, contractors that were interested in pursuing more of this work wanted paperwork that was shorter and bullet points to highlight key requirements and information, request for proposals that were overall easier to understand, and projects that were smaller or shorter in scope. Two contractors suggested that web postings for opportunities could be made clearer and more standardized in web searches, as well as more streamlined by listing critical information such as contract requirements at the beginning of project descriptions.

Contract structure, preferences, and requirements. Recruitment of local capacity for additional technical restoration contracts depends on an understanding of local business's contracting preferences and needs. When asked whether they preferred contracts with single or multiple tasks, ten preferred contracts with multiple tasks, three had no preference, one explained that both were necessary and appealing, and two only participated in projects with single tasks so could not evaluate. The reasons that most of the contractors preferred multiple tasks varied. One contractor suggested that multiple tasks provided more work for larger crews. Others explained that they liked the variety of work that multiple tasks meant and felt that they had the knowledge to do the whole job. As one contractor described: "I feel like my knowledge base is wide, I can provide more value if it's more inclusive–variety makes the work more enjoyable…"

Contractors often reiterated their preferences for less complicated paperwork and more steady opportunities in the local area. Preferred contract length and size generally varied with the size of their business, but most businesses were small and expressed concern that federal contracts would not be appropriately scaled to their business. One contractor based in Wallowa County explained, "For surveying work, it (federal contracts) gets limited to bigger firms with a much longer history and assets (because of the way those contracts are awarded). I'm worried that survey work will just go to larger firms because of the IDIQ process." IDIQ – Indefinite delivery, indefinite quantity – contracts allow the Forest Service to bid on work in advance and then issues task orders when work is needed. While efficient in some ways, they can last for several years and limit access to work to other businesses. Only two of the interviewed contractors had worked on contracts greater than $100,000 in size, and 10 only participated in contracts under $50,000. Overall, contractors described ideal contracts as those that had a consistent workflow for several months at a time, and suggested that participating in contracts with a variety of lengths, and a few consistent and medium-sized contracts helps with having a diverse and steady cash flow.

Summary and conclusions

We examined the role and capacity of contractors in planning for, preparing, and implementing federal forest restoration. We gathered past data on the use of contractors in federal restoration efforts on the Wallowa-Whitman National Forest, characterized the types and locations of work performed by federal restoration contractors based in northeastern Oregon, and investigated the capacity, challenges, and opportunities for using contractors in pre-implementation work through interviews with technical contractors working in northeastern Oregon.

The Forest Service has spent about $34 million between 2004 and 2013 on activities in support of restoration on the Wallowa-Whitman National Forest. The Forest Service relied on contractors almost entirely for implementing (rather than planning or preparing for) restoration work. Just two percent of contract funds were spent on work typically associated with completing NEPA planning or moving projects from NEPA approval to implementation. Contractors in the counties surrounding the Wallowa-Whitman National Forest captured about 43 percent of the value of restoration contracts in FY 2004–2013. Local contractors were most commonly awarded projects related to road construction and maintenance and natural resources and conservation, typically tree thinning and fuels treatment. Local contractors were very unlikely to do the little bit of pre-implementation restoration work contracted by the Wallowa-Whitman National Forest.

From 2004–2013, contractors within Baker, Union, and Wallowa counties had contracts for Forest Service restoration work worth about $38 million. Contractors in Wallowa and Union counties did the majority of their restoration contracting on local forests; Baker County contractors did the majority of their work on national forests located outside northeastern Oregon. Like in many other rural areas of eastern Oregon, contractors in Baker, Union, and Wallowa counties typically did project implementation work for federal forest restoration—such as tree thinning, road work, and piling—and infrequently did pre-implementation technical work—such as stand surveys, environmental assessments, or design and engineering—in support of federal forest restoration. Pre-implementation work made up less than 2 percent of the work performed by contractors based in Baker, Union, and Wallowa counties.

Although local contractors performed relatively little pre-implementation work in support of planning or preparing for forest restoration on federal lands, our interviews with contractors operating in Baker, Union, and Wallowa counties suggest that local capacity for pre-implementation work exists. Interviewed contractors represented experience in a diverse array of pre-implementation activities, including biological surveys, stand inventories, and environmental assessments. Many contractors had previous experiences and work histories that provide them with skills that may be particularly well-suited to the needs of Forest Service in pre-implementation work.

Interviewed contractors explained that they are able to take on additional contracting work and that they are most interested in opportunities within commuting distance of their homes. However, limitations in accessing federal contracting opportunities along with the variability and uncertainty of work were seen as challenges. If contracting opportunities expanded, all contractors reported that they would be able to find additional skilled employees.

Expanded use of local contractors in pre-implementation federal forest restoration activities will require increased accessibility to local contractors of the federal contract bidding process. In particular, effort is needed to ensure that local contractors understand basic requirements for bids, that they are aware of upcoming opportunities relevant to their work, and that they are familiar with the bidding process, including the most efficient ways to navigate it. Recruitment will also depend on a consistent flow of work that is suited to the size and scale of existing businesses. In most cases, this means work that is within commuting distance, that is consistent and reliable annually, or that is feasible for the many small local businesses that only have one or a few employees.

Appendix: Comparison of findings to 2004 report

Wallowa Resources published a report in 2004 on the social and economic impacts of restoration projects in Grant, Union, and Wallowa counties. The methodology used in that report and this one differ, and the study areas include only two of the same counties, making direct comparisons difficult. We can, however, compare the general findings of the two studies to get a broad sense of the changes in contractor capacity since 2004.

Findings from the 2004 report showed that nonresident contractors completed roughly three quarters of the value of restoration contracts issued on the Blue Mountains national forests (Malheur, Umatilla, and Wallowa-Whitman) from 1999 through 2001. The results were not consistent across the three counties, however, as Grant County contractors captured 46 percent of contract dollars in the county while Union County and Wallowa County contractors captured only 15 percent and 14 percent of the value of contracts in their counties, respectively. Contractors interviewed for the report suggested that contract sizes, the type of work, and a lack of work consistency were obstacles to increased capture of restoration contracts by local contractors. The report also highlighted the need for technical assistance and training in contracting procedures such as bidding and bonding.

Key findings from the 2004 report share several similarities with this assessment. In both analyses, local contractors captured less than half of the contracts on the local national forests considered. Contactors interviewed for this assessment also echoed many of the same challenges described by local contractors in the prior report, including difficulty navigating complicated processes and paperwork required for federal contractors. The capacity of local contractors, however, appears to have increased somewhat since the 2004 report. Although the data are not directly comparable, local contractors in this assessment captured 43 percent of the restoration contracts on the Wallowa-Whitman National Forest from FY 2004–2013, versus 26 percent on Blue Mountains national forests from 1999–2001.

This large apparent change in percent of local capture may be partially be an artifact of data availability and so should not be over interpreted; in 1991–2001, it was difficult to accurately assess awards for contracts less than $25,000 while today these awards are consistently included in federal databases, and small contracts are more likely to be awarded locally. Nevertheless, the relatively high proportion of restoration work performed by contractors in Wallowa and Union counties from FY 2004–2013 suggests that local contractors have had some additional success winning contracts for local work. As echoed in both assessments, however, there are clearly still opportunities to further develop this capacity through technical assistance, efforts to ensure that local contractors are aware of and have the resources to bid on local contrats, and experimentation with innovative contracting methods such as stewardship contracting and cooperative agreements with local governmental and nongovernmental partners.

Endnotes

1 United States Department of Agriculture (USDA) Forest Service. n.d. Eastside Restoration. Available at: http://www.fs.usda.gov/detail/r6/landmanagement/resourcemanagement/?cid=stelprdb5423597

2 White, E.M., E.J. Davis, D.E. Bennett, and C. Moseley. 2015. Monitoring of outcomes from Oregon's Federal Forest Health Program. Ecosystem Workforce. Program Working Paper 57 Available at http://ewp.uoregon.edu/sites/ewp.uoregon.edu/files/WP_57.pdf.

3 Wallowa Resources. 2004. Social and economic monitoring in the Blue Mountains: Grant, Union, and Wallowa Counties as Case Studies. Available by contacting Wallowa Resources.

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