



Ecosystem Workforce Program

BRIEFING PAPER #17

A Growing Watershed Restoration Industry in Oregon

Max Nielsen-Pincus, Fraser MacDonald, and Cassandra Moseley Summer 2009

Since 1997, the Oregon Plan for Salmon and Watersheds has led to over half a billion dollars of investment by state, federal, and private sources in watershed restoration across Oregon¹. These projects not only deliver ecological benefits to salmon and watersheds, they also create important economic activity at the local level. A decade ago, much of the conversation around community and economic development involving watershed restoration focused on the debate over jobs versus the environment, and strategies to create an ecosystem workforce through job training and contractor development. This briefing paper is part of a series from the Ecosystem Workforce Program that considers the economic activity generated through watershed restoration.

Our research suggests two general conclusions. First, a marketplace for watershed restoration goods and services has emerged over a decade as the result of investment in the Oregon Plan. Businesses are tailoring their goods and services to this market—some as niche producers of specialty watershed restoration and some simply supplementing their existing work with restoration. Second, local organizations broker this watershed restoration marketplace. Their staff coordinates the development and implementation of projects with local partners, contractors, and suppliers. OWEB's support of local organizations, such as watershed councils, has created a market structure that relies largely on local businesses and leads directly to local economic benefits. As general conclusions, these observations provide a foundation on which to deepen our investigation into this marketplace, build more complex economic impact models, and profile the restoration economy in Oregon.

Approach

To illuminate the ways local watershed management organizations make hiring and contracting decisions, we interviewed staff from 52 Oregon

watershed councils. In addition, we implemented a detailed financial questionnaire with 14 watershed councils to better understand the finances of restoration.

Findings

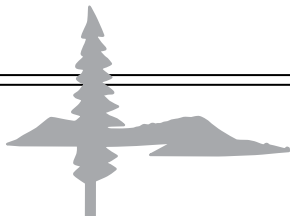
Watershed Councils as Brokers

A dominant theme interviewees talked about was the concept of watershed councils' as brokers of restoration. They referred to their role as "facilitator", "project manager", or "coordinator" with the responsibility of bring together suppliers, contractors, funding, landowners, and other stakeholders. Although interviewees discussed how investing in skilled staff increases their capacity to broker projects, most talked about the benefits of using contractors to implement the restoration work. As one interviewee stated, contracting out implementation "frees up staff to use their time to build relationships, management, leadership, partnership building, and things that you can't contract out."

Development of Restoration Marketplace

Over a decade of investment in the Oregon Plan

¹ Oregon Watershed Enhancement Board. 2008. The Oregon Plan for Salmon and Watersheds: 2007-2009 Biennial Report. Salem, Oregon.



has led the private sector to expand into the new niche of watershed restoration goods and services. Multiple interviewees reflected on the growth of the marketplace. For example,

[We] used to have to beg to get contractors to go on site tours, and now contractors are recognizing that [we] have money, and that restoration work can be a real source of revenue for them. [We're] not just green environmentalists now, but people with real money.

Another said:

There is enough watershed work to be done that the industry has hit a critical mass where people can build business around it rather than just being a novelty.

Many interviewees discussed how the growth in demand for restoration has led some businesses to brand themselves specifically in the context of watershed restoration. One interviewee also talked about businesses using their experience with local watershed management organizations, such as watershed councils, to legitimate their qualifications: "I see a lot more contractors now specializing in restoration; they have references from watershed council work that they are advertising." Interviewees also told us that many contractors use restoration to supplement their existing business:

... some folks do restoration work in the summer and then work for municipalities on their projects during the remainder of the year.

The reality of a watershed restoration marketplace is reflected in our financial questionnaire of 14 watershed councils. Confirming the importance of private sector partners in the watershed restoration marketplace, on average 78% of restoration project costs are spent in the private sector through purchases of supplies and services. Only 19% restoration funding stays in-house, with the majority funding the wages of coordinating and technical staff.

Increasing Contractor Capacity

Although a few interviewees described experiences with unprepared or inexperienced contractors, most described their business partners as well prepared to do the restoration work they demand. Interviewees stressed the importance of good experience, qualifications, and training in their contracting decisions:

The council is trying to be very clear that qualifications matter on projects, they are not going to take just the lowest bid; they want contractors that have experience doing this work before they actually give out the contract.

For most interviewees, past experience was the key criterion for evaluating contractors. For those that identified training needs, a common theme was improving knowledge of watershed processes and management. Although many described working to develop local contractor restoration capacity in the past, today only a few are actively fostering contractor capacity.

Conclusion

The Oregon Plan has created a marketplace for watershed restoration, which rests on local watershed management organizations. These organizations broker everything from the willing landowners who supply the land on which much of restoration occurs, to the funders whose resources stimulate the demand for watershed restoration, to the businesses and individuals whose goods and services make the work possible. Our findings show that businesses are increasingly turning to restoration as a specialty or as a supplement to their existing business.

As we move forward with our investigation of Oregon's restoration economy, we will develop models of the economic and employment impacts of forest and watershed restoration. We will build these models using OWEB fiscal data and information from contractors.

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