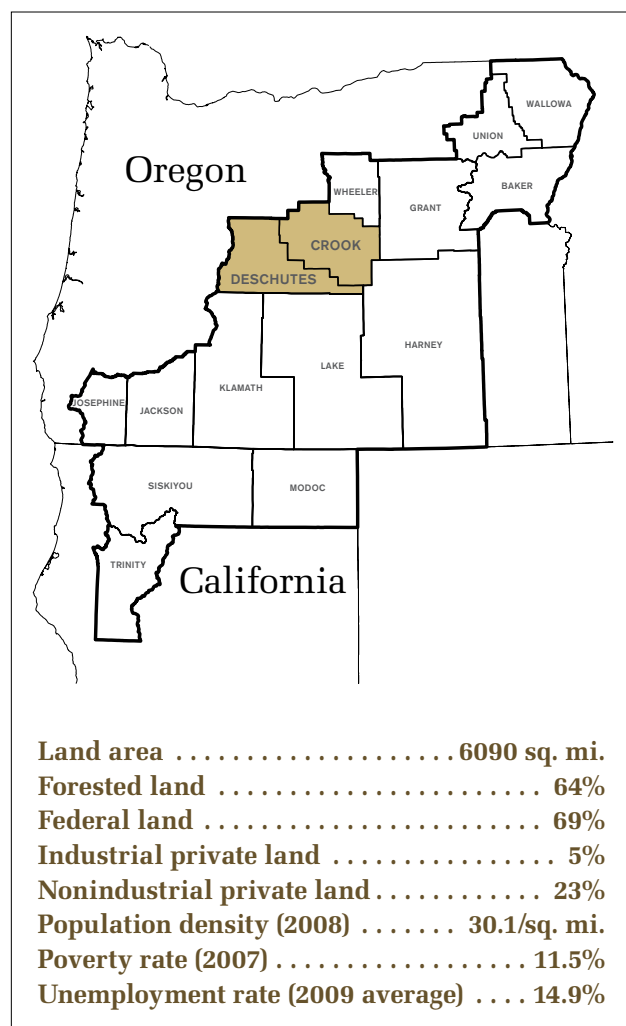


D. CENTRAL OREGON: DESCHUTES AND CROOK COUNTIES



In central Oregon, pine forests and fertile lands helped Deschutes and Crook counties grow a robust sawmill industry, ranching, and agriculture. However, traditional resource-based economies have shrunk since the mid-1990s in comparison to the profitable recreation sector. This region is now known for its wilderness, mountain biking, skiing, and resorts. It has experienced rapid population growth over the past two decades, although population has slowed or reversed since the recent recession. Population centers such as Bend and Redmond offer access to services, educational resources, and markets. Numerous smaller communities have suffered loss of forest-related employment and infrastructure, but retain the identity and knowledge that could help rebuild the capacity for sustainable forest stewardship. Public lands, which cover large areas of both counties,

are crucial to the economic and ecological health of this region. A strong collaborative group focused on wildfire risk and small diameter utilization has fostered productive relationships and promoted active restoration, although disagreement over appropriate public land management practices remains. Biomass utilization opportunities are also rapidly emerging in central Oregon. Investors and local businesses have explored investments in the communities of La Pine, Prineville, and Redmond. There is a critical mass of entrepreneurial skills and interest in the region; however, most business proposals focus on energy generation and do not consider community-scaled and thermal heat biomass applications. Policies that support biomass harvest and utilization are essential to further expansion of this sector. These counties also would benefit from policies that improve forest planning processes, increase funding for economic development activities, and help build agreement on public land management. In many aspects, central Oregon has substantial barriers yet ample opportunities for an integrated forest-based economy.

Land management and alternative value streams

In Deschutes and Crook counties, public land management is a) focused on wildfire risk reduction, b) increasingly collaborative, and c) moving toward landscape-scale restoration. First, most stakeholders and residents believe that active management and fuel reduction are necessary to restore the Deschutes and Ochoco national forests. Some environmental groups dispute the impact that harvesting can have on wildfire dangers, and do not see the need to vigorously treat overstocked stands. Moreover, many homeowners, particularly in Deschutes, have built in the wildland-urban interface and are resistant to losing the aesthetic appeal of their forested properties. There are several programs and grants that have helped reduce wildfire risk in central Oregon. For example, Project Wildfire in Deschutes County is a collaboration of agencies and private sector leaders that coordinates and implements community wildfire planning. The Nature Conservancy's Deschutes Fire Learning Network (FLN) examines strategies for returning forests to their historic range of variability. These projects have not only increased community safety, but have also helped build new partnerships and levels of agreement. Second, the Central Oregon

Partnership for Wildfire Risk Reduction (COPWRR) has convened stakeholders from industry, environmental groups, communities, and agencies to build agreement for public land management and to assist to forest-based businesses. This collaborative has been active since 2002. Its participants have found common ground in the treatment of second-growth ponderosa pine. However, agreement has been more difficult when proposed projects include juniper and lodgepole pine, and most difficult for mixed conifer and old-growth stands; stakeholders continue to debate issues such as dwarf mistletoe impacts on older ponderosa pine. Furthermore, industry representatives have been concerned about adequate public land supply for their businesses and feel that the Deschutes and Ochoco National Forests should offer more timber sales. Landscape-scale projects are difficult to implement as a result of these limited areas of agreement. The Deschutes National Forest has been developing a 39,000-acre vegetation management project in the Crescent Ranger District, and COPWRR's leader has been facilitating stakeholder involvement on the decision-making process. This attempt to move to landscape scale presents a significant opportunity for active restoration and biomass supply.

Private lands in Deschutes and Crook counties include large industrial holdings, many of which are now owned by Fidelity National Financial Corporation, and nonindustrial private family forest and rangelands. The rapid growth and relative proximity of Deschutes County threaten its productive landscapes; in comparison, although Crook County shows an increasing trend of subdivided ranchlands and absentee landowners, developers have not as frequently targeted destination resorts and lodges. The state clashed with nearby Jefferson County in 2009 regarding planned developments in the Metolius Basin, which is adjacent to Deschutes County. Although these have stalled, the Ponderosa Land and Cattle Company still owns 40,000 scenic acres near Sisters and has continued to plan a resort in the area. Many new residents of central Oregon are opposed to such development, but this is often a desire for untouched wilderness rather than support for working forests.

Although Deschutes County contains less private land than Crook, it is home to a developing commu-

nity forest project that has generated excitement for working landscapes. The Deschutes Land Trust is in the process of acquiring 33,000 acres of Fidelity National's land near Bend for conservation as the Skyline Community Forest. The purchase of this land will partially rely upon community forestry bonds, demonstrating their use for community ownership; and the Land Trust plans to conduct harvests for revenue while also managing for recreation and possibly ecosystem services markets. The economic viability of the future Skyline Forest and private lands across central Oregon will depend upon the development of alternative value streams. Discussions with landowners and scientists in this region showed high levels of interest in building payments for water and carbon management into existing land use plans in order to offset the depressed timber market. The region also benefits from the presence of Oregon State University Extension, which has collaborated with landowners to explore ecosystem services opportunities. However, the business dimensions of payments for ecosystem services are still not clear. Although landowners are interested in certification, they do not see its benefits when log prices are low. There is a need for knowledge, networking, and technical assistance to help catalyze the development of these markets and to encourage the option of forest certification.

Integrated woody biomass utilization

Biomass utilization is another value stream that communities across the zone wish to capture. Contractors have been harvesting biomass in central Oregon but typically transporting it across the Cascades for use in cogeneration facilities in White City, Roseberg, or the Willamette Valley. There is widespread desire for regional biomass utilization, but proponents of this opportunity focus solely on biomass electricity and seek investors who will develop large (10-megawatt or more) plants. This approach has not yet led to a new facility. Capital investment per megawatt is substantial. Although COPWRR has generated fiber availability models using a Coordinated Resource Operating Protocol (CROP), guaranteed long term supply from public lands is not predictable. Loss of primary milling infrastructure in the region poses another barrier to colocation and integrated utilization. As a result of these obstacles, energy projects proposed in Prineville and La Pine have yet to break ground, although



BioGreen Sustainable Energy has purchased land for a 20-megawatt plant in the La Pine industrial park. Warm Springs Biomass in nearby Jefferson County has been seeking new market tax credits and other financing to expand their small combined-heat-and-power (CHP) facility from six to 20-megawatts for production for the energy grid.

Other options for biomass utilization are community-scaled models, production of densified fuels (pellets or bricks), or thermal heat. Ochoco Lumber recently received American Recovery and Reinvestment Act funding to build a pellet plant at its Malheur Lumber Company sawmill. Although this mill is to the east in Grant County, Ochoco Lumber is based in Prineville and may obtain a portion of its supply from its private lands in Crook County and the Ochoco National Forest. There are several thermal retrofitting initiatives proposed, including the new Deschutes National Forest office and Deschutes Correctional Facility. Although COPWRR has conducted feasibility studies and worked to promote these heating systems, most of these proposals have not resulted in boiler conversion. Community scaled and local thermal heat biomass utilization options may be appropriate for the smaller communities and businesses of central Oregon, but investors and county officials have given more attention to the large electricity facility model.

Central Oregon's need for hazardous fuels reduction is not the only factor that makes biomass a promising opportunity. It is also home to a well-developed network of contractors and manufacturers who have endured years of market turmoil. As a result, there is a high level of business experience and knowledge in this region. Several skilled businesspeople have applied for 2010 Woody Biomass Utilization Grant funding for a range of new projects, among them an integrated smallwood processing yard in La Pine. Such a facility would demonstrate the integrated "biomass campus" ideal that Wallowa County has pioneered. It would also show local business networking and strengths. Other potential projects include expansion of an existing shaving system for animal bedding at JTS Animal Bedding in Redmond, mobile kiln drying and logging equipment for firewood production at Intermountain Wood Energy, and a new facility for T2 Inc. to produce high-quality hog fuel and soil amendment products. In summary, central

Oregon has high levels of business capacity for biomass utilization, and is well-positioned for future development of opportunities.

Community capacity and collaboration

Deschutes and Crook counties are home to several notable nongovernmental organizations and collaborative groups. As already suggested, COPWRR works to collaborate on public land management and small diameter utilization. The Deschutes Fire Learning Network (FLN) is designed to help restore fire-driven ecosystems to their historic range through a collaborative approach. In Crook County, the Crook County Natural Resources Planning Committee convenes stakeholders on forest management, with a focus on the unique issues and resources of the Ochoco National Forest. Other collaborations include the Prineville Juniper Working Group (organized by COPWRR), Project Wildfire, the Deschutes-Ochoco Resource Advisory Committee, and the Deschutes Provincial Advisory Committee. Regional NGOs of note are the Deschutes Land Trust, Deschutes River Conservancy, Upper Deschutes Watershed Council, Sierra Club, Friends of the Metolius, and Oregon Wild.

These various organizations provide central Oregon region with high levels of skill and capacity. This diversity also has led to complexity and a lack of coordination. Stakeholders and members of the public have been unsure of which organization performs which function, and fatigued from numerous meetings and processes. The organizations themselves could suffer from competition for similar resources and "reinvention of the wheel", or may never be forced to develop the capacity to work together cooperatively. However, COPWRR and the FLN have begun to address these challenges by partnering on the development of common principles of restoration for central Oregon, and by seeking new ways to coordinate their work. They have also explored the possibility of reinvigorating collaboration on the Metolius Basin. This important area has a rich history of collaboration and multiparty monitoring, but activities have waned in recently years. Continued development of strong networks between organizations in central Oregon could further encourage sustainable forest stewardship and viable business opportunities. Networking outside of the region to learn from other successful collaborations may also

aid stakeholders in Deschutes and Crook counties in overcoming the acrimony and lack of agreement that has stalled progress on public land activities.

Public and market-based policy

The public and market-based policies that affect the entire zone also impact Deschutes and Crook counties. Discussions with key stakeholders revealed, for example, that NEPA remains cumbersome for forest planning; biomass development is constrained by the high percentage of federal lands; and there are disincentives for federal agencies to participate in collaboration. This region has relatively high levels of policy awareness and capacity for planning, grant-writing, and public participation. Furthermore, it is geographically closer to centers of political influence than many other parts of the Dry Forest Zone. Local members of organizations such as The Nature Conservancy and the American Forest Resource Council actively advocate for their policy priorities at the state and national levels. Representatives from COPWRR and Oregon Solutions have participated in the Rural Voices for Conservation Coalition. These organizations have expressed interest in further policy engagement, and hope to have increased contact with congressional staffers and other avenues for supporting desired policy changes in the future.

Conclusions

The counties of central Oregon exemplify the opportunities and challenges that face the entire zone. They have access to urban markets locally and in nearby western Oregon, but retain a strong rural character. Although obstacles to effective public lands policy and management exist, collaborative efforts have arisen to promote multiple values and active restoration. The number and diversity of collaborative and NGO groups in this region means that there is sufficient capacity to address an array of important land-use issues. While forest-based employment and wood products markets have dwindled, a core of entrepreneurial and experienced businesses remains dedicated to sustainable forest stewardship and economic development. Many stakeholders and organizations are actively seeking increased policy engagement, education about thermal heat and community-scaled biomass, and conflict resolution tools. Central Oregon has transformed from a rural resource-based region to a populous and varied landscape. However, its forests, communities, and businesses still would benefit from increased landscape scale restoration, a broader suite of biomass utilization facilities, and stronger connections to decision-makers.

