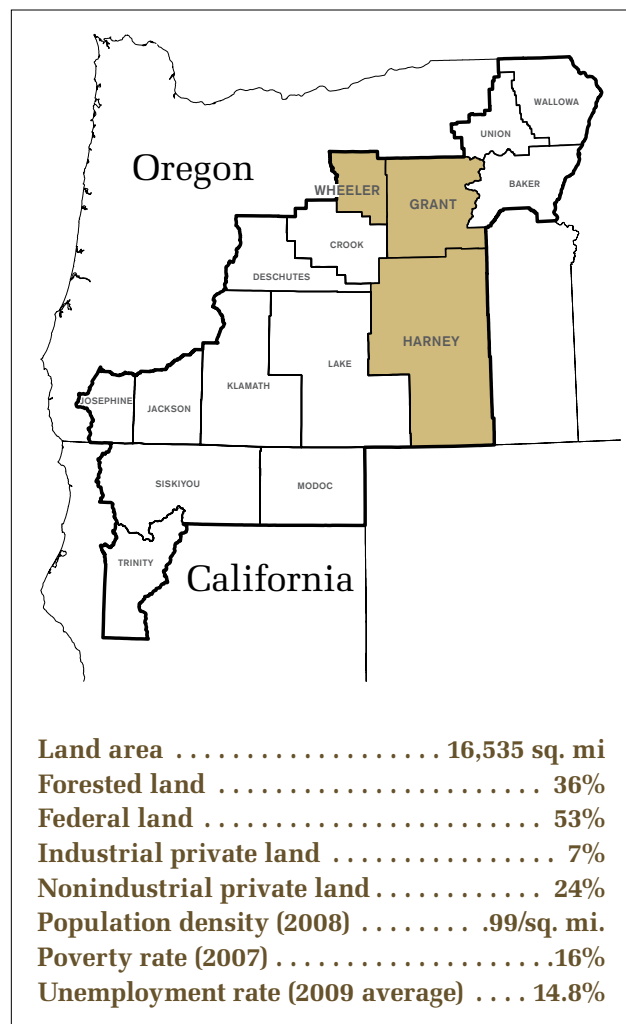


C. EASTERN CENTRAL OREGON: WHEELER, GRANT, AND HARNEY COUNTIES



The rural landscape of Wheeler, Grant, and Harney counties includes arid grasslands, forested mountains, and river canyons. Declining forest products and housing markets have greatly reduced employment and economic vitality in this region's small communities. These communities have relied on their natural resources of timber, agriculture, and ranching for decades. As a result of low population density, political influence and social services are limited. Despite these challenging conditions, residents of eastern central Oregon maintain strong connections to the land and its resources. Collaborative groups have been committed to improving forest stewardship, and small forest-based businesses have been actively developing new economic opportunities. The Harney County Restoration Collaborative, a collaborative group, has built agreement around fuel reduction in low-elevation ponderosa

pine on public lands in Harney County. The Blue Mountains Forest Partners has reached similar levels of agreement on federal forest management in Grant County. Although much of the forest industry's infrastructure has been lost, some of Grant County's remaining contractors and forest products businesses have moved toward new biomass ventures to harvest and utilize restoration byproducts. In Wheeler County, a few small businesses use juniper, a species that has expanded far beyond its historical range, for wood products and small-scale thermal biomass. This region is isolated from urban markets, yet has been also home to emergent innovations in energy generation and thermal heating.

Land management and alternative value streams

The Ochoco, Umatilla, and Malheur national forests manage nearly all of the public forest land in this region. On these national forests, management activities have been oriented toward forest restoration and hazardous fuels reduction to decrease the risk of uncharacteristically large wildfires. Most activity has been occurring on the Malheur National Forest, using timber sales, service contracts, and stewardship contracts. Projects range between 10,000 and 40,000 acres in size and are at various stages in Forest Service planning and implementation processes. Both the Blue Mountains Forest Partners and the Harney County Restoration Collaborative have supported treatments that focus on low-elevation, ponderosa pine-dominated forests. Participants have not been in agreement on how to manage mixed conifer and other forest types.

In addition to public lands, private industrial lands have historically supplied the region's forest products companies, particularly in Wheeler County. However, the decline of the timber industry during the 1990s led to a subsequent divestment of these private landholdings. Ochoco Lumber Company continues to own 17,000 acres in eastern central Oregon while other remaining industrial landowners have smaller-sized tracts. Although Ochoco Lumber and other owners such as D.R. Johnson have begun to sell portions of their land, to date, the sold lands have remained in forestland, but in many cases, new owners have not been managing their parcels for timber production or practicing active management.

There are numerous nonindustrial private landowners in eastern central Oregon. Landowners have used cost-share programs from the Freshwater Trust and the Oregon Watershed Enhancement Board for riparian and in-stream improvements, but there has been minimal utilization of alternative value streams across the three counties. There has not been education or outreach to private landowners for development of FSC certification, carbon storage, or other ecosystem services. Currently, it appears that landowners have not seen certification as worthwhile because its pricing advantages cannot be realized in a depressed log market. Another challenge has been that many of the landowners, who have recently acquired their property or are absentee, are not knowledgeable about forest ecology or management. An opportunity exists to provide outreach to interested parties on the potential of alternative value streams such as payments for ecosystem services, which do not rely on the traditional timber economy.

Although challenging market conditions have curtailed forest products manufacturing, they are also spurring public land communities and private landowners alike to pursue new revenue sources. This could lead to the maintenance of a broader range of marketable ecosystem values in the future.

Integrated woody biomass utilization

Interest in woody biomass utilization has rapidly grown in this region. Potential investors and new biomass businesses are working with a wide range of utilization options—pellets, bricks, thermal heat, and electricity. Several of these initiatives use an integrated and community-scaled model. In other areas of the subregion, businesses and stakeholders may see biomass facilities as only an electricity or co-generation opportunity.

There are currently eight biomass facilities in place or in active development in eastern central Oregon. Seven of these are in Grant and Harney counties. The largest is Prairie Wood Products in Prairie City, which currently utilizes wood chips shipped from outside the region to produce electricity (10 MW) and heat. It is collocated with a sawmill, which is currently curtailed. Malheur Lumber Company will build a biomass utilization facility in John Day during the summer of 2010. This facility will add a wood densification process (wood pellets and bricks)



to their existing lumber mill and will source 45,000 tons per year of biomass material from public and private land in eastern and central Oregon. Malheur Lumber's sawmill is currently the only active wood processing facility in the region. There has been a small post-and-pole facility in Seneca capable of processing lodgepole pine and other species, but it has not operated for several years. Reduced timber harvests, low lumber prices, procurement, and supply chain challenges have been responsible for regional inactivity.

In addition to energy production, community leaders across eastern central Oregon have grown increasingly interested in developing biomass thermal heating systems for their larger buildings. The Burns High School has installed a pellet boiler and plans to switch to pellets in spring 2010. The Harney County Hospital has been operating a pellet boiler since 2007. In Grant County, the Blue Mountain Hospital is seeking to secure the funding needed to install a pellet boiler with a projected savings of \$40,000 in heating costs. The Grant County Airport has been in the process of building the infrastructure and installation of a pellet boiler, which should be operational

in July 2010. Other potential projects include district heating in Burns and several Wheeler County communities, as well as recruitment of a pellet manufacturer to a former Hines mill site.

These developments suggest that a regional biomass market is emerging in eastern central Oregon. However, the costs of capital investments in facilities and the question of supply remain.

Community capacity and collaboration

Eastern central Oregon has two significant collaboratives. The Blue Mountains Forest Partners, which works on the north end of the Malheur National Forest, formed in 2006 to enhance forest ecosystem health, economic opportunities and public safety in Grant County. The Harney County Restoration Collaborative, which meets in Burns, works on projects on the southern portion of the national forest. Sustainable Northwest, the High Desert Partnership, The National Forest Foundation, and Oregon Solutions have assisted both groups with the development of operation protocols, board development, group decision making procedures, forums to discuss the science of forest restoration, and lessons learned from other collaboratives.

Both collaborative organizations work to implement active restoration and share many similarities, although two distinct groups are necessary to appropriately address the large landbase and diverse range of issues on the Malheur National Forest. They have diverse and active memberships, and many stakeholders participate in both collaboratives. They have successfully built agreement on restoration treatments for thinning low-elevation ponderosa pine forests that are ecologically departed from historic range of variability. This departure is due to the exclusion of fire as a natural part of the ecosystem as well as past management activities. The groups also agree on the importance of aspen stand restoration and the retention and recruitment of old growth trees. There has been disagreement about projects in moist, mixed-conifer forests and harvest of trees over twenty-one inches in diameter at breast height. There has been also disagreement on removal of small-diameter trees that have old growth characteristics. These groups will see their initial projects, which range in size from 7,000 to 33,000 acres, completed in 2010. Yet, the lack of agreement on these

issues creates challenges for both groups as they attempt to plan larger-scale restoration.

A notable project that may help address these disagreements is the “Bigger Look.” The Nature Conservancy, the Forest Service and the High Desert Partnership have been working with both collaboratives to help them articulate the key ecological, social, and economic values of the Malheur National Forest and then visualize these values through a mapping exercises designed to prioritize areas for future restoration. The momentum of these active collaboratives and their use of innovative tools for decision-making could help invigorate regional forest restoration and improved ecological function on public lands.

Public and market-based policy

The public and market-based policies that affect the entire zone also impact Wheeler, Grant, and Harney counties. Several agency personnel and a county judge from this region have supported or actively worked to further federal land management policy through the Rural Voices for Conservation Coalition, a program of Sustainable Northwest. The input from these participants helps form the policy goals that RVCC works on to enhance the economic and ecological viability of rural communities.

Access to “green building” markets remains limited for local manufacturers because so much of the forestland is federally managed and none of the major private landowners have been FSC certified. FSC certification and LEED design standards have not included federal lands. However, a particular market opportunity seems to be emerging for ponderosa pine window and door stock for FSC-certified manufacturers. This may encourage private landowners and mills in the area to become FSC certified if the market trend continues.

Conclusion

Although they are far from markets and political centers, communities in eastern central Oregon have been dedicated to building economic viability and finding tools to improve federal forest health. The two collaborative groups working with the Malheur National Forest successfully planned several restoration projects and have been developing tools to help prioritize new areas for treatment and management. Opportunities exist to increase the capacity of these

groups to reach higher levels of agreement and support active forest management. With resources and assistance, private landowners could increasingly access alternative value streams and successfully practice stewardship on their property. This region has also been rapidly advancing in its ability to utilize woody biomass as feedstock for building space heat and energy production. A new pellet mill and the retrofitting of multiple large buildings appear to be among the new opportunities. As biomass utilization expands, active forest management on pub-

lic lands may produce some of the necessary supply for an increasingly integrated regional market. Remoteness and low population density challenge this region's capacity for organization and political influence. However, collaborative participants, county governments and others in this region are supporting forest management and entrepreneurial activities that could eventually succeed in simultaneously addressing eroded socioeconomic and ecological conditions.

