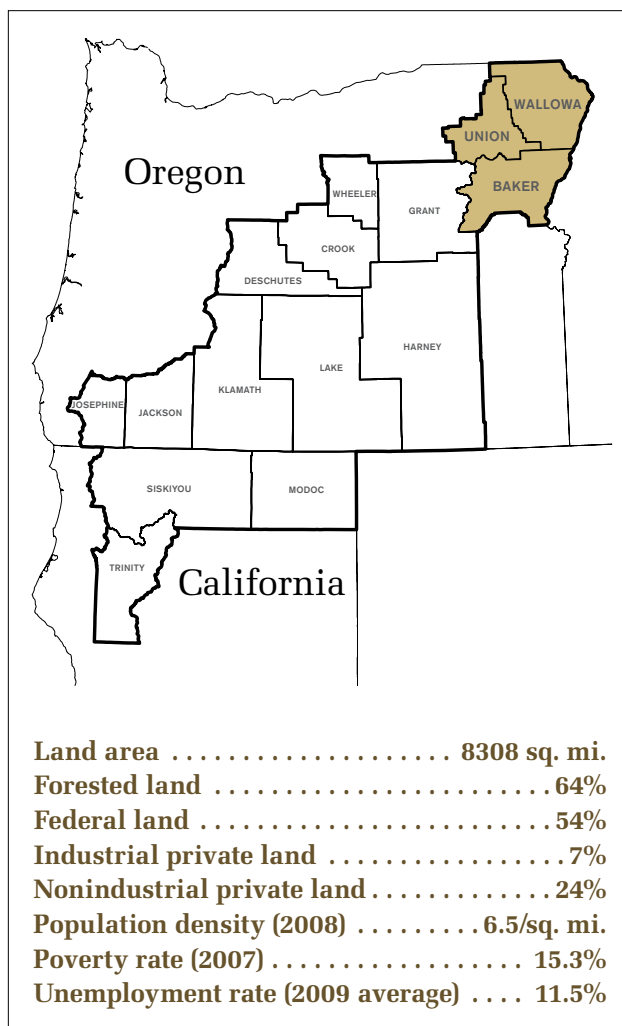


IX. Chapter Six—Subregional Perspectives

A. NORTHEASTERN OREGON: UNION, BAKER, AND WALLOWA COUNTIES



Union, Baker, and Wallowa counties are in the northeastern corner of Oregon. This region's economy was built upon forest products, ranching, and agriculture for much of the twentieth century. The 1990s saw decreased timber harvests and shrinking employment opportunities, which challenged northeastern Oregon's vitality. In response to this decline, however, community-based collaborative processes, nonprofit organizations, and new business opportunities have emerged in recent years. Wallowa County, the most rural and isolated of the three counties, has built tremendous collaborative capacity and a strong nongovernmental organization, Wallowa Resources. Wallowa Resources and the Wallowa County Natural Resource Advisory

Committee have helped develop biomass utilization facilities, landscape-scale watershed analysis and planning efforts, and the active engagement of local leaders in state and national policy deliberations. Although similar levels of collaboration do not exist in Union and Baker counties, they have other important components of a forest-based economy. Union County has retained the only corporate wood products mills. These include stud and veneer plants in Elgin and a particleboard plant in Island City. Union County commissioners, state officials, and investors recently worked to create a community-owned forest in the region, the Mount Emily Recreation Area. The Baker County Small Woodlands Association has been active in addressing local private land issues and has been considering expanding its focus to include public land issues. Elkhorn Biomass, LLC and BioChar Products, which are small biomass utilization businesses, operate in Baker County, and proposals for more facilities could further expand the scale of biomass processing and utilization.

Community leaders, entrepreneurs, and other stakeholders have started to build cross-county networks in recent years. For example, Wallowa County-based Renewable Energy Solutions has conducted supply and feasibility studies for the Baker Small Woodlands Association and Elkhorn Biomass in Baker City. Renewable Energy Solutions has also conducted feasibility studies for thermal heat retrofitting of schools across the three counties. Wallowa Resources has conducted forest certification, landowner outreach, and education workshops. It has fostered organizational capacity-building in all three counties. As these organizations have partnered in support of local collaborative and business development efforts, an opportunity has emerged to benefit from regional-scale work. Communities across northeastern Oregon could more effectively foster sustainable forest management, landscape-level restoration, and economic objectives through this integrated approach.

Land management and alternative value streams

The federal government controls 54 percent of the lands in Northeastern Oregon. The 2.3 million-acre

Wallowa-Whitman National Forest is the largest single landowner, spanning all three counties. Since the early 1990s, the national forest has struggled to reorient its planning in response to policy changes and dwindling management capacity. Challenges have included insufficient staffing, minimal funding for project implementation, and a history of adversarial relations with local environmental advocacy organizations. As a result, the current pace of active management on the national forest has not been adequate to address overstocked stands, disease outbreaks, and high levels of mortality. Ranger districts on the Wallowa-Whitman have used stewardship contracting authorities successfully, but typically for only small-scale and short-term projects. The proposed 30,068-acre Snow Basin stewardship project on the Whitman District would apply stewardship contracting at a larger scale over a period of roughly five years. In Wallowa County, the Natural Resource Advisory Committee has led watershed assessments of both the Upper and Lower Joseph Creek watersheds. The NRAC designed these assessments to help the Wallowa Valley District conduct more efficient planning and implementation of large-scale projects such as forest restoration thinning, road decommissioning, and removal of fish migration barriers.

Major private landowners in this region include Forest Capital Partners (a TIMO that manages all of Boise Corporation's former industrial lands), RY Timber, D.R. Johnson, and hundreds of smaller private nonindustrial forest owners. Nonindustrial management objectives range from timber production to recreation to ecological restoration. Forest Capital's largest landbase is in Union and Wallowa counties. They have intensified timber management on their most productive and well-consolidated lands and have been offering less productive or higher amenity value parcels for sale through their real estate arm, Westslope Properties. Many residents and stakeholders see the parcelization and sale of former industrial forestlands as a threat to working landscapes in northeastern Oregon. In response to Forest Capital's proposed sale of its land on Mount Emily, Union County purchased 3,669 acres of the sale and one-third of the timber volume in 2009 to establish the county-owned Mount Emily Recreation Area. The county used an Oregon State Parks and Recreation Department ATV grant to purchase this land, and the forest is currently managed for recreation with a

focus on motorized recreation. The Blue Mountains Conservancy, a La Grande-based land trust, is interested in establishing a second community-owned forest in Union County with a focus on conservation rather than motorized recreation. Wallowa County leaders have also recently initiated conversations with both Forest Capital and potential financing entities about creating a community-owned forest on Forest Capital land in that county.

Nonindustrial private forestlands play an important role in sustaining forestry activities and infrastructure in northeastern Oregon. On roughly one-third of Wallowa County's landbase, nonindustrial families have traditionally lived and worked to produce timber or agricultural products, but this has been changing. Local families have increasingly left the area to seek other opportunities, and as a result of rising land and home prices, the landowners who replace them tend to be nonlocal, absentee, or retiree. These newer forest owners in some cases have lacked forest management and market knowledge, or have been reluctant to engage in active forest management. For those who do seek to manage their forests for timber production, the weak markets and limited local wood products processing options have become challenging. Increased outreach and education capacity may be needed to address these challenges, particularly as traditional avenues (extension, state forestry agents) struggle with cutbacks in funding. Currently, many nonindustrial private landowners have been participating in the Oregon Department of Forestry's cost-share fuels reduction programs. Extension agents and small woodland owner organization leaders report that many nonindustrial landowners are interested in accessing value-added markets and alternative value streams as they become available. If multiple small owners organize cooperatively, they may be able to participate cost-effectively in emerging markets and receive a greater premium for traditional wood products in their negotiations with local log buyers such as Boise Cascade LLC.

Integrated woody biomass utilization

Several biomass utilization facilities have emerged in northeastern Oregon in recent years. Both Baker City and Wallowa have been developing models of integrated woody biomass utilization that maximize efficiencies and add value to submerchantable mate-

rial of variable size and quality. These facilities utilize biomass for a range of purposes—densified fuels, combined heat and power, chips, firewood, and soil amendment products. In the community of Wallowa, plans for an integrated smallwood processing campus began in 2004 with the Community Smallwood Solutions post-and-pole plant. In September 2009, Integrated Biomass Resources colocated firewood and densified fuel operation to utilize byproducts from the post-and-pole plant as well as lower-value logs from thinning projects. Wallowa County recently received ARRA funding to help finance a one-megawatt combined heat and power facility to also be colocated at the wood campus. This facility will utilize some of the lowest-value woody residues to supply electricity to both Integrated Biomass Resources and Community Smallwood Solutions, and heat to dry densified fuel products. In nearby Enterprise, Ant Flat Renewables has been planning to develop a chipping and densified fuel facility.

In Baker County, Elkhorn Biomass has been chipping submerchantable logs and bundling firewood at the old Ellingson mill site in Baker City. Elkhorn plans to expand into densified fuel production. BioChar Products is a new business that uses a pyrolysis process to turn low-value woody material into biochar soil amendments and bio-oil (a substitute for petroleum-based fuel). The owner of BioChar is currently testing a one-ton per day capacity mobile unit that can be hauled into the woods for on-site processing. BioChar's longer-term plan is to scale up to a ten-ton per day capacity mobile unit. Other biomass businesses such as International Wood Fuels LLC from San Diego, California have expressed interest in establishing facilities in Baker County. Less biomass utilization development activity is underway in Union County, though there is potential for Boise Cascade LLC to add cogeneration capacity to their plants in Elgin and Island City. Several of the existing or prospective densified fuel producers have also been looking to the possibility of co-firing biomass with coal at Pacific Gas and Electric's Boardman power plant as an emerging market opportunity.

The use of thermal heating in public facilities, another method of biomass utilization, has slowly increased in this region. The Enterprise school converted to a thermal biomass heating system in September of 2008 and the integrated biomass cam-



pus in Wallowa provides their supply. Several public schools in Union County have been interested in exploring conversion to biomass-based heat, and further opportunities exist across the region to retrofit municipal heating systems. Thermal heat retrofits would help to build a local market for the fuels produced by Integrated Biomass Resources and other emerging businesses. Growth of this heat-based market in difficult economic times would require additional technical and capital investment assistance, but would lead to a successful network of local businesses and consumers.

Future opportunities for biomass harvesting development in northeastern Oregon will depend on the entry of other regional producers or consumers of biomass products, the level of harvesting activity across all ownerships, and state and federal policies (transportation subsidies, renewable energy incentives, and national forest policy). Two major challenges have been the limited harvest on pub-

lic forests and the expense of sorting and hauling small-diameter material. Agreement on public land management and successful implementation of landscape-scale work would help contractors and biomass facilities produce and utilize biomass for emerging markets.

Community capacity and collaboration

Northeastern Oregon has built significant community capacity over the last two decades, but these developments vary by county. Wallowa County is nationally recognized for its innovative leadership and collaborative approach to natural resource conflicts. Wallowa Resources, a NGO, and the collaborative Natural Resource Advisory Committee have led a number of projects in the county to address natural resource needs. These include the Upper and Lower Joseph Creek watershed assessments, the Wallowa County-Nez Perce Salmon Plan, the Wallowa County Community Wildfire Protection Plan, and local economic development initiatives such as the Community Smallwood Solutions post-and-pole plant. Wallowa County also has an active land trust—the Wallowa Land Trust—which has not worked extensively on forested lands, but has the potential to be an important player in future land transactions.

A handful of collaborative and capacity-building initiatives have surfaced in Baker County, though none have been as well developed as the Wallowa County entities. The Baker Small Woodlands Association has been active both in addressing private forest issues within the county as well as networking with Wallowa Resources and other organizations outside of Baker County. They have been organizing a private forest landowner cooperative, conducting local economic development planning, and recently began a collaborative forum to address public forest management. Baker County has also commissioned a Natural Resource Advisory Committee with subgroups tasked to develop county policy for forestry, forest roads, wildlife, and water use.

Less collaborative momentum and capacity-building organization has developed in Union County. The collaborative Union County Community Forest Restoration Board (which existed prior to and was uninvolved in the establishment of the Mount Emily Recreation Area) has been limited by a lack of agreement on forest management. The recently

established Blue Mountains Conservancy has been interested in leading private land conservation efforts in the county, but requires organizational capacity-building before it can take on this role. A number of individuals in Union County have been interested, willing, and knowledgeable regarding sustainable forestry but there has been no effective local organization to channel these energies.

Across northeastern Oregon, most collaboration on public lands issues to date has taken place at the district level. The effectiveness of collaborative efforts could be increased by scaling up to work across counties at the level of the entire Wallowa-Whitman National Forest. Wallowa Resources and the Natural Resource Advisory Committee could play a key role in coordinating participants from the region in a new dialogue. This would build opportunities for landscape-scale work as well as stronger local capacity within each county.

Public and market-based policy

Community leaders from northeastern Oregon have been active in policy discussions at multiple levels (county, state, national). Wallowa County elected officials, Wallowa Resources staff members, and staff members from the Hell's Canyon Preservation Council, an environmental group, have long participated in the Rural Voices for Conservation Coalition working groups and meetings. County commissioners from all three counties also have been involved with the National Association of Counties. Beyond participation in these forums, most policy engagement in the region has not typically occurred through formal organizations. For example, private nonindustrial forest owners may provide leadership in county planning processes, or commissioners may meet individually with congressional representatives. Despite their somewhat different social and economic contexts, the three northeastern Oregon counties share the potential to benefit from increased engagement in policy advocacy. One key area is public forest management, where conflicting policies and current budgetary constraints hamper active restoration on the Wallowa-Whitman National Forest. All three counties are also confronting major ownership turnover on both industrial and nonindustrial private forests and share common interests in addressing these challenges collectively.

Conclusion

Northeastern Oregon faces many of the issues typical of rural communities across the Dry Forest Zone, including a frustrating public forest management context, private land ownership transitions, limited markets for wood, and challenges in adding value to small-diameter material. However, this region also has demonstrated the potential that community-based initiatives have to address these challenges and simultaneously sustain forest ecosystems and rural economies. Wallowa Resources and Wallowa County's Natural Resource Advisory Committee have proven to be effective models for supporting

community-based forestry, collaboration, and sustainable natural resource-based economic development. Local collaborative initiatives, biomass utilization businesses, and nongovernmental organizations across the three-county area are poised to tackle some of the most pressing ecological, social, and economic challenges facing sustainable forestry. There is real opportunity to create cross-county business, collaboration, and policy networks in this part of the state that could address some of the place-specific needs and also act to "scale up" community activities to bolster regional capacity.

