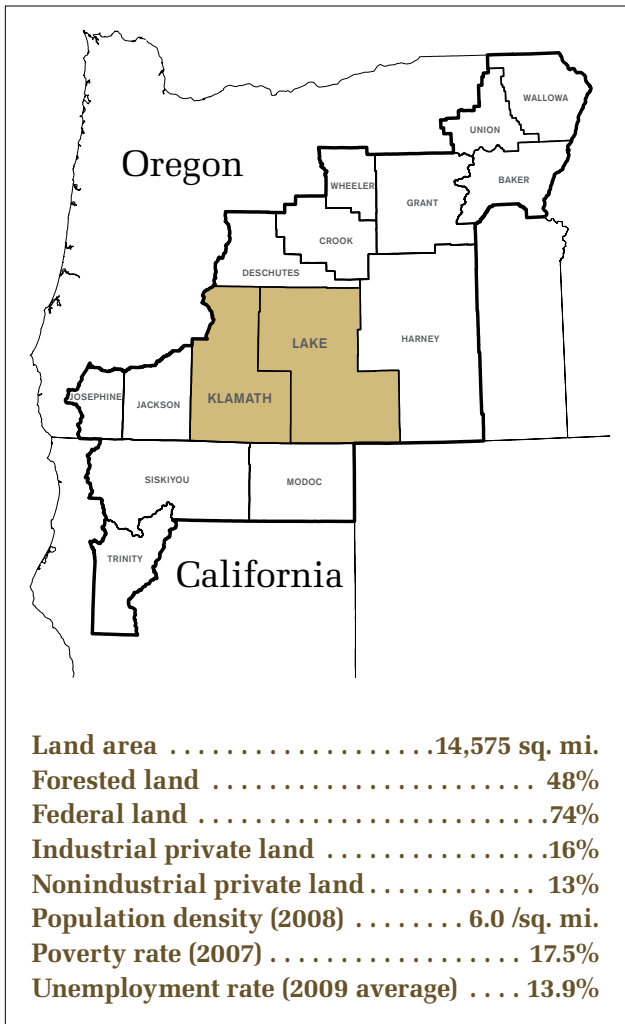


E. SOUTHERN CENTRAL OREGON: KLAMATH AND LAKE COUNTIES



Klamath and Lake counties cover thousands of square miles of dry forests and rangelands in southern central Oregon. Although they both share the Fremont-Winema National Forest, these counties have their own distinctive geographies and economies. Klamath County is closer to urban markets of western Oregon than Lake County, and at the height of the forest industry’s activity, it had substantial sawmilling and secondary manufacturing infrastructure. The Klamath Tribes were part of this successful forest economy; they managed much of their previously extensive landbase for timber. Today, they are seeking to expand their landholdings and create an integrated green energy industrial park featuring a biomass facility. Klamath Falls is the largest community in the region. Its metropolitan region is home to about 40,000 residents

and has a growing service sector. Lake County has a much smaller population (7,239 in entirety), and its few communities are scattered across a remote landscape. Lake County residents support and identify with a natural resource-based economy. However, four of their former five mills have shut down. The county seat of Lakeview is home to the remaining operation, the Collins Company’s Fremont sawmill. This mill has adapted to changing times; it offers FSC-lumber from Collins’s certified industrial lands, and restructured for small-diameter utilization in 2008. Collins is an active partner to the nonprofit Lake County Resources Initiative (LCRI) and collaborative Lakeview Stewardship Group. Successful collaboration between the diverse members of this group has become an inspiration and model in forest conservation by incorporating ecological restoration and community values in land management goals. The Stewardship Group and the LCRI also have been working to develop a biomass plant and other renewable energy opportunities.

In contrast, Klamath County lacks a similarly strong collaboration around public lands management and community development. It has a more diversified economy and a less tightly knit community of stakeholders. However, federal, state, conservation, and private land representatives have been meeting for over a decade in the Klamath-Lake Forest Health Partnership to address forest health issues on private lands. A majority of this county’s stakeholders have been actively involved in processes surrounding the Klamath Basin Restoration Agreement (KBRA), which is intended to reconcile water users’ rights across the watershed of the Klamath River in Oregon and northern California.

Land management and alternative value streams

The Fremont and Winema national forests combined in 2002. Challenges to active restoration on this national forest include low value of timber, limited ability to use stewardship contracting, environmental opposition from Ashland and Medford-based organizations, and negative perceptions of the Forest Service. However, there are important characteristics that distinguish public lands management in each county.

Lake County has a higher proportion of public lands than Klamath County. With the assistance of Sustainable Northwest, local citizens, environmental groups, agencies, and businesses formed a stewardship group in 1998 to request reauthorization of the former Lakeview Federal Sustained Yield Unit as a new stewardship unit. The Stewardship Group collaboratively drafted their visions into a plan for future management of this 495,000-acre area. This vision took a long-term perspective on lands that were formerly managed for timber production and other uses under the Multiple Use Sustained Yield Act, and emphasized the need for fuel reduction, restoration, protection of wildlife habitat, and maintenance of roadless areas through a holistic and adaptive forest practices strategy. The Fremont National Forest approved this plan in 1999, and the collaborative group has since continued to meet and help implement their goals on the stewardship unit. As a result of this process, Lake County's stakeholders have developed high levels of agreement around public forest management. For example, recent projects have addressed white fir encroachment on pine stands by allowing case-specific removal of fir over twenty-one inches in diameter at breast height. Relationships between the Forest Service, BLM, Collins Company,

and environmental groups (Defenders of Wildlife, Concerned Friends of the Fremont-Winema, The Nature Conservancy, and the Wilderness Society) have become largely positive and productive through this collaborative.

A different suite of issues exists on the Winema side of the national forest. In Klamath County, the first factor is proximity to larger populations. Greater public use of the Winema puts pressure on the forest road system and requires well-developed travel management plans. A second factor is the role of the Klamath Tribes. Much of their terminated reservation lands are now part of the Klamath, Chiloquin, and Bly ranger districts of the national forest. For those lands, the tribes work closely with Forest Service staff members to plan harvesting and management activities. They intend to expand the scope of their partnership in the future. Planned joint projects include the development of a special management area on land with specific cultural and historical significance to the tribes; development of a process for creating a federal lands biomass supply; and planning to reduce wildland fire risk on the interface between public lands and future tribal forestland holdings.



Private forests compose a greater share of Klamath County than Lake. The largest industrial landowner, JWTR LLC, possesses upwards of 693,000 acres in total in Klamath, Lake, and Jackson counties and in California. JELD-WEN Inc., a multinational window and door producer, also manages 49,000 acres of timber and agricultural land. The J-Spear Ranch Company has 15,660 acres in Lake County. While JWTR is using its forests for timber, other industrial lands are overcut and currently not managed. Fidelity National has a controlling share of Cascades Timberlands LLC and the former forests in this region. The Gilchrist Tree Farm is in the process of becoming a new state forest of 68,000 acres. The Oregon Department of Forestry will manage this entire tract. The Klamath Tribes may purchase the Mazama Tree Farm, which Fidelity National owns, if they can obtain the necessary funds promised to them in the Klamath Basin Restoration Agreement. This 90,000-acre region would be significant for the tribes' plans to create an integrated biomass utilization facility. Tribal planners are concerned about wildland fire moving across the public-private interface and would like to have greater coordination with the agencies in the future. Another unique landowner is The Nature Conservancy, which manages the 30,000-acre Sycan Marsh area for educational and scientific opportunities. Other, smaller owners include Whiskey Creek Lumber Company, and numerous nonindustrial families.

A depressed timber market has challenged private landowners and led to increased interest in alternative value streams in the region. Prices for ponderosa pine in particular have declined sharply with the loss of mill infrastructure; competition for timber sales between several mills would set higher timber values in the past. With the current recession, prices for all types of timber are now low. Existing use of alternative value streams is limited. However, the lands of the Collins Company in Lake County became FSC-certified in 1998. Collins is able to offer certified lumber and capture increased value from its forests. The LCRI has researched how wildlife mitigation certification and carbon markets might work in partnership with local private landowners and the Forest Service. However, no landowners have developed these opportunities. There is inadequate information about the feasibility and structure of payments for ecosystem services in both counties. As communi-

ties seek ways to treat overstocked forests and find new sources of revenue, they remain interested in obtaining this information, and also want to explore the potential of commercial biomass utilization.

Integrated biomass utilization

There is high awareness of biomass energy generation potential in this region. Businesses and communities have not pursued the options of densified fuels and thermal heating of public facilities with the same level of interest. In 2005, Governor Kulon-goski designated a proposed 15-megawatt co-generation biomass plant at the Collins Company sawmill site in Lakeview as an Oregon Solutions project to ensure state support for its implementation. This is the most significant biomass utilization development in southern central Oregon. The LCRI coordinated initial planning of this project with the Forest Service, the Lakeview Stewardship Group, the South Central Oregon Economic Development District, the Collins Company, the BLM, and energy companies. If this project succeeds, it could be an example of how diverse stakeholders can build enough agreement to achieve active restoration and utilization of the byproducts for energy. It could also demonstrate the value of coordination between land management agencies and economic development organizations. Plans for the plant are currently behind schedule, and the project faces several critical supply and planning obstacles before it can become a reality for Lake County.

Klamath County does not have a critical mass of partners who are actively pursuing a biomass development akin to the Lakeview Biomass Plant. Interfor Pacific runs one of the few large operational sawmills in the county in the community of Gilchrist. This mill does have on-site thermal heat from wood waste, but has not expanded to commercial production of energy. Another large mill of note is JELD-WEN's Thomas Lumber in Klamath Falls. In 2008, the Klamath Tribes purchased a former mill site north of Chiloquin. They intend to build an integrated campus, the Giwas Green Energy Park, to utilize small-diameter materials in a biomass cogeneration plant, post-and-pole business, firewood sales, and other potential processing plants. This project is at a prefeasibility stage and will rely on supply from the Mazama Tree Farm. Acquisition of the tree farm and development of the mill site hinge on federal

funding sources, which may not be consistent and sustainable in the future.

The Lakeview biomass plant and the proposed Giwas park offer valuable opportunities for energy development and employment, but businesses and communities in southern central Oregon have not fully explored other uses of woody biomass. Our assessment did not reveal any current community-scaled cogeneration, thermal heat, or densified fuel production projects. This may be a result of the burgeoning geothermal and solar industries in this region. Both Klamath and Lake counties have significant capacity to produce and market these alternative energies, which are more cost-effective than biomass electricity or heat. Many public buildings in Klamath Falls utilize geothermal heat. Oregon's State Energy Program recently awarded American Recovery and Reinvestment Act (ARRA) funding for further geothermal development at Henley High School in Klamath County and the Lakeview Geoeat Barry Well Site in Lake County. However, private landowners in particular indicated their interest in working cooperatively to supply community-scaled facilities, and production of fuels such as bricks or pellets. They are aware of the benefits of biomass utilization, but are in search of education and resources to help actualize these developments in the region.

Community capacity and collaboration

Collaboration can be difficult in southern central Oregon as a result of the long distances, socioeconomic conditions, and time-consuming Klamath Basin Restoration Agreement process. However, collaboration has become fundamental to resource management in Lake County. The Lakeview Stewardship Group redefined public land management in its region through its work on the Lakeview Stewardship Unit. This group obtained reauthorization of the stewardship unit in 2008 and will be able to implement its plans for holistic, integrated forest practices for the next ten years. The collaborative continues to meet and build support for landscape-scale restoration. The LCRI, which is an NGO, coordinates the Lakeview Biomass Plant project as well as other renewable energy opportunities. As a result of these collaborative and NGO strengths, Lake County stakeholders now have over a decade of experience with innovative and productive relationship-building. However, both organizations are run with limited staff

members and capacity. They may require expanded personnel and capacity-building assistance in order to increase their efficacy and ability to promote active forest stewardship and economic development in the future.

The rich collaborative experience of Lake County has not been replicated in the context of Klamath County. There is no comparable federal forest unit, resource-based NGO, or public lands collaborative. The Klamath-Lake Forest Health Partnership is a collaborative that meets in Klamath Falls to discuss private land management. The partnership's participants include Oregon Department of Forestry, Forest Service, and BLM staff members, The Nature Conservancy, and private landowners. The group's meetings are informal; they are led by participants on a rotating basis and do not follow any strict decision-making process. In late 2009, this group developed a new strategic plan to increase its ability to provide resources for private landowners. It hopes to respond to the challenges posed by the downsizing of the Oregon Department of Forestry, which traditionally provided services to landowners (insect control and damage mitigation, replanting, wildlife programs, and cost-share grants). It has sent a survey to 1,200 area landowners to elicit priorities and needs and will use the responses to further develop its approach as appropriate. The partnership also intends to address stand density, economic challenges, and climate change impacts across both public and private lands. It plans to redefine and focus its work could help increase the visibility of collaborative approaches in Klamath County.

Public and market-based policy

Representatives from the LCRI, Fremont-Winema National Forest, and Southern Central Oregon Economic Development District have participated in the Rural Voices for Conservation Coalition to make their policy concerns known. These concerns include the ability of the Forest Service to appropriately restore its lands and offer an adequate timber supply. Stakeholders and many agency staff members support stewardship contracting, particularly in Lake County, but are unsure of its efficacy at a time of depressed market conditions. They also feel that the forest planning process has not engendered quality treatment and maintenance of public forest acres. Communities and private landowners worry



about wildland fires that begin on public land and ultimately damage private land, and there is no policy mechanism to regulate public-private interface management. The Tribal Forest Protection Act is one exception. This 2004 measure allows a tribe to enter into an agreement with a federal land agency to treat overstocked and fire-prone forests adjacent to tribal land.

Market-based policies also influence the constraints and barriers to alternative value streams and biomass utilization in this region. Those who seek biomass development are limited by the congressional definition of biomass, and by a lack of strong state-level energy credit programs. They desire a policy and market environment that is supportive of biomass energy, but are unsure of how to effect change. Other revenue streams from public lands could emerge if FSC-certification included federal forests. At this time, market conditions impact the viability of policies that could otherwise help improve harvesting methods and forest products pricing options.

Conclusions

Communities in Klamath and Lake counties have distinctly different opportunities, but share similar challenges. County commissioners, businesses, communities, and environmental groups have been anxious to restore their forests to historic ranges of variability and protect their homes from wildland fire. These stakeholders also have been seeking viable, family-wage employment to improve their socio-

economic situation. Proposed projects such as the Lakeview Biomass Plant or the Giwas Green Energy Park depend on forest products pricing options and energy demands. Traditional market-driven economies may not be sufficient to manage forested landscapes. Changes in forest economics, being more volatile, with global influences on profit margins, has decreased forest management. Incentives to manage forest have been shifted to risk-based assessments on public lands. In addition, the forest management workforce has dwindled to a point where the new workforce will need specialized training. Collins Company has demonstrated how an industry partner can maintain profits while providing innovative, sustainable forest products and community commitments, but the number of forest-based businesses in the region has declined. The remaining large employers are JELD-WEN and Columbia Forest Products (a hardwood plywood producer that does not source local supply). Mature collaboratives find themselves at a crossroads, in need of new visions and capacities to help effect tangible change. If the Lakeview Biomass Plant and the Giwas Green Energy Park come to fruition, it will be because they have developed an economic model to address the myriad issues associated with forest management. This model will be essential and could build momentum for future economic development that is based in sustainable forest stewardship. Southern central Oregon is a place that could flourish if it capitalizes on its resilience, innovative energy production potential, and strong partnerships.