

Economic Development Capacity in Public Lands Communities

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About the Dry Forest Investment Zone

The Dry Forest Investment Zone (DFIZ) is a five-year project designed to address common natural resource-based economic development challenges through increased networking and capacity building at a regional scale. Sustainable Northwest leads this project in partnership with Wallowa Resources in northeastern Oregon, the Watershed Research and Training Center in northern California, and the Ecosystem Workforce Program at the University of Oregon. The central components of the DFIZ strategy are 1) to build strong local nonprofit organizations and collaborative processes to achieve forest and economic resilience; 2) create multiple value streams from land management and incentives for forest restoration and stewardship; 3) develop integrated biomass utilization and renewable energy; and 4) create the policy conditions to support sustainable forest stewardship on public and private lands.

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Many rural communities in the Pacific Northwest face a dual economic development challenge. These communities were largely built around the need for management of federal forest and rangelands. Their economies have declined since the recession of the early 1980s, and were further affected in the early 1990s by the drastic reduction in federal lands timber harvest and shifts in national policy toward ecosystem management and the protection of biodiversity. As a result, their businesses and associated infrastructure no longer fit the needs of public land managers. Over the last fifteen years, these communities have been trying to retool and reorient themselves to these reframed priorities. In this transition, many communities have experienced high unemployment, out-migration, loss of skilled workers, and amenity migration. More recently, they have been affected by a nationwide recession. There is a need for sustainable economic development in these communities that builds on their natural resource strengths and restores the rural workforce. Although there are extensive challenges to public lands economic development, there are also new opportunities to create jobs and increase skills, particularly through forest and watershed restoration and stewardship.¹

Organizations that are traditionally tasked to foster economic development can include governmental rural development service providers, county or regional economic development groups, chambers of commerce, and community-based nonprofits. These entities can provide diverse resources including grants and low-interest loans, attraction and recruitment of new employers, support and retention of existing employers, business development tools, worker training, employment opportunities, and strategic planning (see Table 1, page 3). In public lands communities, the United States Department of Agriculture (USDA) Forest Service and United States Department of the Interior Bureau of Land Management are also important players because they control access to much of the land base, which is the natural capital that underpins rural economic opportunities.² However, the degree to which land management and economic development agencies and organizations work together to actualize forest-based economic development is often limited. We conducted a scan of economic development service provision in the Dry Forest Investment Zone of eastern and central Oregon and northern California to examine the services that these providers offer, their applicability to natural resource-based

economic development, and the challenges and opportunities that natural resource–based economic development presents. The Dry Forest Investment Zone (DFIZ) is an area of fifteen counties that share common economic development and forest management challenges. The ability of communities and service providers to capture, leverage, and develop these resources is an indicator of the organizational capacity that exists within the Dry Forest Investment Zone to stabilize and increase long-term economic and ecological resilience in economically distressed regions.³ This assessment of service providers and their role in building and retaining community capacity will assist our understanding of how and if an integrated approach to achieving healthy forests and rural economies in the Dry Forest Investment Zone could be accomplished.

Methods

We conducted twenty-five semistructured interviews with staff members from USDA Rural Development; economic development districts; county economic development associations, councils, and corporations; workforce organizations; chambers of commerce; and other economic development professionals across the fifteen counties of the DFIZ. Interview questions focused on (1) the scope of work of the interviewees; (2) strategies their organizations use to pursue natural resource–based economic development; (3) challenges of natural resource–based economic development, and (4) their relationship to other economic development service providers, land management agencies, and natural resource groups. We also reviewed USDA Rural Development program descriptions, and strategies and plans produced by county and regional economic development groups, and organizational websites.⁴

Regional service provision

The Dry Forest Investment Zone is 68 percent public land, and thirteen of its fifteen counties are classified as nonmetropolitan. Federal land management and rural development agencies are significant contributors to the governmental and economic infrastructure of this region. However, these agencies have different service delivery

mechanisms. The Forest Service administers contracts, grants, and agreements for service to businesses at the national forest level. There are forty-one Forest Service offices in the DFIZ (see Figure 1, page 4). National forest supervisors' offices tend to be located in larger communities, but ranger district offices are often in smaller or more isolated communities. These district offices serve smaller land areas and can be important local employers. Since the mid 1990s, the Forest Service has consolidated or closed many national forest ranger district offices, reduced and combined staff within forests, and combined national forests into single management units. The USDA Natural Resources Conservation Service (NRCS) also delivers its technical assistance directly to landowners through its regional and field offices. There are NRCS offices in twelve of the fifteen DFIZ counties.

By contrast, there are three USDA Rural Development regional offices and two satellite regional offices in the DFIZ (see Figure 1, page 4). Regional Rural Development offices typically administer their grants and loans to economic development districts or to regional or local economic development organizations. These organizations in turn offer loans and services directly to local businesses. USDA Rural Development offices are highly centralized and serve several counties. For example, the Redmond, Oregon, USDA Rural Development office serves nine counties, several of which are more than 5,000 square miles in size.

Six economic development district offices also serve the Zone from locations in Redding, Klamath Falls, Medford, Redmond, Pendleton, and Enterprise. Although these organizations are limited in number, they often have staff members that will travel and work regularly across their service areas. The South Central Oregon Economic Development District, for example, has a dedicated Lake County staff person who works out of the Lake County commissioners' office several days a week. Regional and county-level economic development groups are active across all fifteen counties of the Zone. They tend to be located in county seats and larger population centers.

TABLE 1

Types of economic development service providers

USDA Rural Development . . . A mission area of USDA that administers loans and grants to promote business and infrastructure development in rural communities.

Economic development districts . . . The Economic Development Administration (EDA) supports 323 economic development districts nationally to coordinate local economic development planning, identify sources of funding, develop projects, and provide technical assistance.

Regional and county economic development groups . . . These nonprofit organizations promote economic development in a given region or county, often providing small loans to new and existing businesses.

County chambers of commerce . . . Networks of businesses that work together to promote their local economy.

Councils of government . . . Planning and economic development organizations that provide assistance to small towns, cities, and unincorporated communities (e.g., Central Oregon Intergovernmental Council, Rogue Valley Council of Governments).

County government economic development staff . . . County governments may have personnel that help the county and local elected leaders coordinate with economic development districts and regional or county organizations.

Workforce organizations . . . The Workforce Investment Act of 1998 mandated the establishment of local workforce boards, which must have at least 50 percent private sector representation, to direct federal and state funding into local workforce programs, and to partner with local economic development groups to meet business workforce needs.

State agencies . . . State agencies that assist job seekers and businesses with training, skill development, and workforce needs (e.g., Oregon Employment Department, Business Oregon, and WorkSource Oregon).

Small Business Development Centers . . . Partnerships between the Small Business Administration and colleges or universities to provide education and technical assistance to small businesses and entrepreneurs.

Types of natural resource managers

USDA Forest Service . . . Agency that administers 193 million acres of national forests and grasslands.

Bureau of Land Management . . . Agency that administers public lands and subsurface mineral estates.

USDA Natural Resources Conservation Service (NRCS) . . . Agency that provides technical assistance to private agricultural and forest landowners.

Resource Conservation and Development districts . . . Regional units directed by the NRCS to plan, develop, and execute programs for resource conservation and development that will benefit local economies.

Soil and Water Conservation Districts and Resource Conservation Districts . . . Nonregulatory local government entities that carry out natural resource management programs at the local level, providing technical and financial assistance to landowners, in collaboration with the NRCS.

Watershed councils . . . Local, voluntary, nonregulatory groups established by local government to improve the condition of their local watershed.

State University Extension Services . . . Outreach arm of Oregon and California state universities that provides educational and research services for the public to sustain communities and natural resources across Oregon and California.

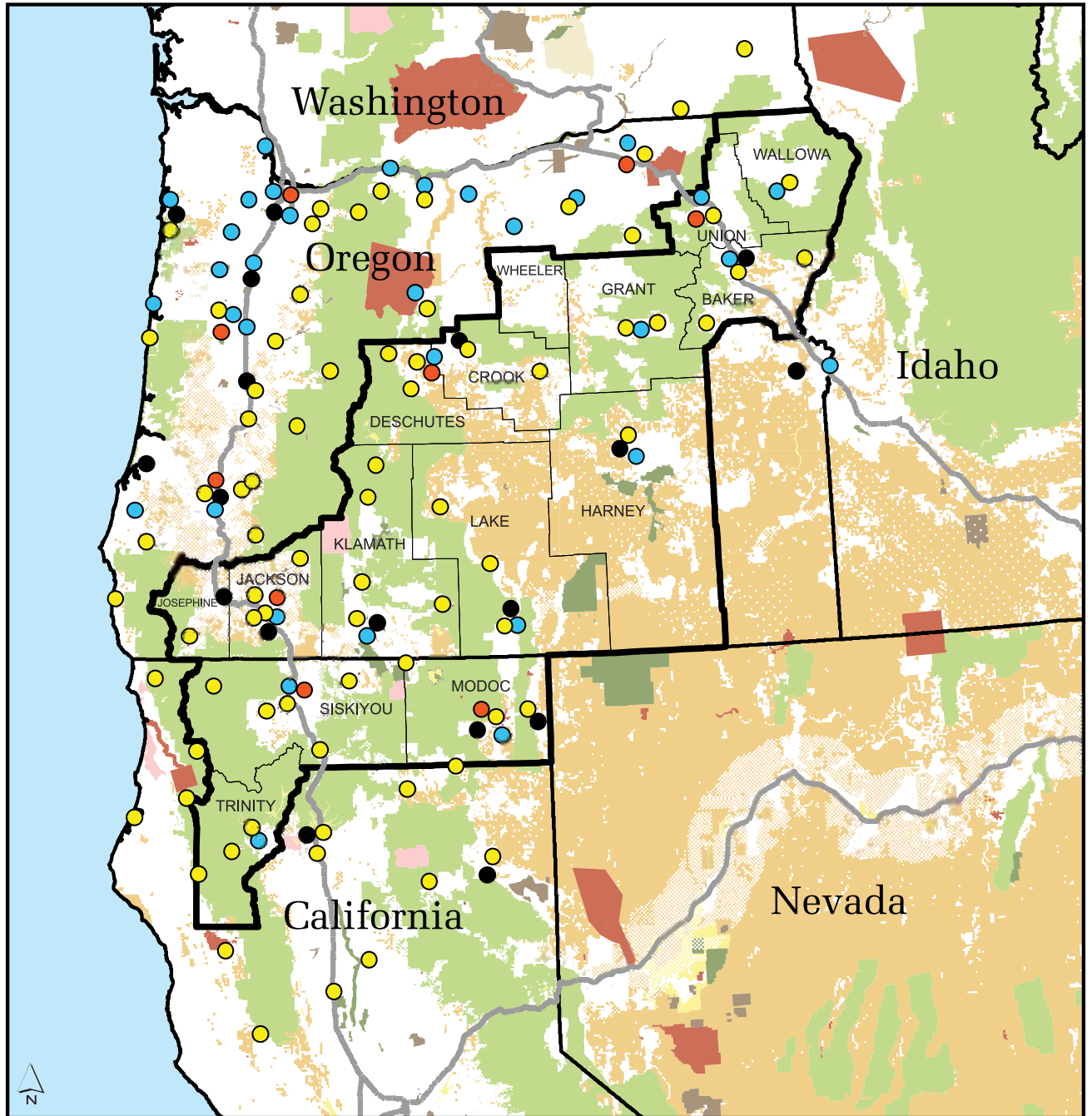
Oregon Department of Forestry . . . Agency that manages state forests, provides landowner assistance, and fire protection on private lands.

California Department of Forestry and Fire Protection . . . State department of forestry and fire protection services for private lands.

Community-based organizations . . . Entities that typically have 501(c)3 tax-exempt status, a board of directors, local programs, and that implement a wide variety of activities related to natural resource stewardship and economic development.

Resource Advisory Committees . . . Multi-stakeholder bodies authorized under Title II of the Secure Rural Schools and Community Self-Determination Act of 2000 to recommend restoration projects to their national forest and the Bureau of Land Management.

FIGURE 1
USDA Forest Service and USDA Rural Development office locations
in the Dry Forest Investment Zone



- Federal Lands**
- Forest Service
 - Fish & Wildlife Service
 - Bureau of Land Management
 - National Park Service
 - Tribal Lands
 - Bureau of Reclamation
 - Dept. of Defense
 - Other

- Support Offices**
- Bureau of Land Management Office
 - Forest Service Office
 - USDA Rural Development Office
 - Natural Resources Conservation Service
 - Interstate

0 100 Miles

Regional variation in economic development institutions

Although there are common institutions located in counties across the DFIZ such as county economic development corporations, employment department offices, and county government offices, the activities that these entities engage in and their relationships to other service providers, land management agencies, and natural resource groups vary. The following sections provide a snapshot of economic development service provision and networks between providers in subregions of the DFIZ.



Northeastern Oregon

Economic development service providers in northeastern Oregon are focused on promoting strong local businesses and providing employees with the skills needed to participate in the workforce. Regional entities spanning Wallowa, Union, and Baker counties include the Northeast Oregon Economic Development District and the Region 13 Oregon Employment Department. Each county has local economic development offices and WorkSource Oregon (Employment Department) and Training and Employment Consortium offices. Other economic

development service providers include county chambers of commerce, county government, and the Small Business Development Center at Eastern Oregon State University.

In addition, northeastern Oregon is home to an active nonprofit organization, Wallowa Resources, and the Wallowa County Natural Resource Advisory Committee, both of which have helped develop plans for community-scaled biomass utilization facilities, led landscape-scale watershed analysis and planning efforts, and actively engaged local leaders in state and national policy deliberations. Wallowa Resources has also catalyzed a suite of for-profit subsidiaries to foster forest-based economic development. Community Solutions Inc. assists in diverse business services, support for local entrepreneurs, and feasibility studies for biomass or forest products. Community Smallwood Solutions LLC produces posts and poles, firewood and peeler shavings (for boiler fuel and landscape mulch) from raw material from restoration projects on national forest and private land. Integrated Biomass Resources is a business that began in April 2010 and produces fire logs (briquettes), fire starters, and firewood on a collocated biomass facility site with a mission to create jobs and add value to products that create benefit in the forest and for the local community. Lastly, Renewable Energy Solutions LLC is a consulting business that specializes in renewable energy projects including biomass inventory and evaluation, integrated biomass utilization strategies, micro- hydroelectric systems, biomass heat and power facilities, and solar electric systems.

While economic development service providers work together often (i.e., in many counties, WorkSource Oregon and the Training and Employment Consortium are collocated because of their mutually reinforcing missions), providers collaborate less regularly with natural resource agencies and groups. In Wallowa County, economic development providers stress that their lack of collaboration is not for lack of interest, but lack of time and resources to engage. They have consciously divided the workload to be most efficient, and Wallowa Resources had the forestry venue “covered.” The Northeast Oregon Economic Development District and the county chamber’s natural resource efforts are focused on agriculture (promoting small-scale processing or local farmers markets) and tourism, such as the development of

a bicycle map for the county and providing resources about hiking and other recreational opportunities in the county. In Wallowa County, these groups tend to interact more than in other parts of eastern Oregon and attempt to stay informed by meeting occasionally or through participation on each others' boards. There have been county-wide strategic planning efforts such as the Rural Development Assistance Team Report developed in 2007, and the annual development of a Comprehensive Economic Development Strategy led by the Northeast Oregon Economic Development District (NEOEDD). As in many areas of the DFZ, the county commissioners seem to play a role in bridging natural resource and economic development efforts as both are under their purview. Unlike other places in the DFIZ, there is a long history of natural resource collaboration through the Natural Resource Advisory Committee (established in 1994), a committee made up of natural resource agencies and groups that provide recommendations to the county commissioners on often controversial natural resource management issues.



Eastern Central Oregon

As in northeastern Oregon, economic development service providers in eastern central Oregon seem to be well-linked to each other, county courts, and members of the business community. The Greater Eastern Oregon Development Corporation (GEODC) is a regional entity serving Gilliam, Grant, Morrow, Umatilla, Wheeler, Harney, and Malheur counties that coordinates local county economic development efforts, works with USDA Rural Development to administer lending programs, and is funded by the Economic Development Administration to develop a comprehensive economic development strategy for their region. Because GEODC is located in Pendleton, they work with the Pendleton community colleges to help structure training programs and to ensure the workforce is well-equipped for available jobs. Grant County Economic Development is a department of the county working to recruit, retain, and expand businesses. In Harney County, the local Economic Development office is pursuing natural resource strategies for economic development including the development of wind energy, and expressed interest in reaching out to the Forest Service to figure out how to work together more frequently.

Eastern central Oregon also has two collaborative groups and a nonprofit organization active on the Malheur National Forest. These groups have lim-

ited connections to the economic development provider network of GEODC and its partners. The Blue Mountains Forest Partners (BMFP), based in John Day, involves a broad constituency of stakeholders, including environmental groups, private forestry contractors, natural resource agencies, and Grant County government who are interested in healthy forest ecosystems, economic vitality and quality of life in Grant County. The Harney County Restoration Collaborative meets around similar goals as the BMFP, but is focused on the southern portion of the national forest. The High Desert Partnership is a 501(c)3 organization that helps coordinate the Harney County Restoration Collaborative. Both of these collaborative groups have received support from regional intermediaries. Sustainable Northwest has assisted the BMFP in forming the local collaborative, raising funds, hiring a local coordinator, creating a governance structure, and working to support the development of an operations group. Oregon Solutions, an entity funded by the state legislature to develop projects supported by the governor of Oregon, has provided similar assistance to the Harney County Restoration Collaborative.

In both counties, opportunities for job creation through public lands management are currently limited. Although the collaborative groups were not initially involved in biomass utilization efforts, a participating group in the BMFP, the Malheur Lumber Company, received an American Recovery and Reinvestment Act (ARRA) grant in 2009 to diversify their lumber mill with the addition of a pellet mill. This project was a collaboration between A3 Energy Partners, a group founded by members of Bear Mountain Forest Products for the purpose of developing decentralized biomass energy processing and utilization solutions. Seeing an opportunity for a venture that would help provide local community benefits, Sustainable Northwest brokered the initial relationship between these partners. Several municipal facilities in eastern central Oregon, including the Harney County Hospital, Grant County Regional Airport, and Burns High School, will plan to use pellets from this mill to supply their biomass boilers. This unique connection between a densified fuel producer and thermal end users was made possible as a result of the ARRA funds and ongoing commitments by the Grant and Harney county commissioners to coordinate supply with demand.



Central Oregon

Central Oregon has several regional economic development organizations. The Central Oregon Intergovernmental Council (COIC) is a council of governments that provides planning assistance to counties and municipalities of the region. The COIC conducts regional economic development and transportation planning, and offers training and technical resources to both businesses and job seekers. The COIC partners with WorkSource Oregon to offer regular workshops in four locations across Deschutes and Crook counties. The COIC also helps support Economic Development for Central Oregon (EDCO), a 501(c)4 organization established in 1976. The COIC provides EDCO with Small Business Administration funding, loans, grants, and opportunities to work on mutually beneficial programs such as the Cascades East Transit initiative. EDCO has several regional offices and focuses on attracting new businesses, particularly in manufacturing, and supporting existing businesses. They target their work to increase the number of businesses in renewable energy, higher education, information technology, outdoor equipment manufacturing, aviation manufacturing, and secondary wood products. The Small Business Development Center at Central Oregon Community College in Bend works with local entrepreneurs and with small businesses that may need planning and management assistance.

EDCO has met with potential biomass energy investors, but most natural resource business-related developments in the region occur through the Central Oregon Partnerships for Wildfire Risk Reduction, a collaborative of land managers, forest contractors, sawmill managers, environmental groups, and other stakeholders that the COIC organizes. This group seeks to reach agreement on proposed federal forestland projects on the Deschutes and Ochoco national forests, and to find local business uses for the woody material that forest restoration and thinning produces. These uses include animal bedding, chips, energy cogeneration at mills, and small diameter lumber, as well as densified fuels for biomass boilers. The Central Oregon Partnerships for Wildfire Risk Reduction has worked with forest contractors, small manufacturers such as post-and-pole businesses, and managers of municipal facilities to investigate the options for thinning the forest, processing biomass, and creating thermal heat end-use markets. The presence of a collaborative has helped local businesses understand stakeholder desires and zones of agreement around forest management.



Southern central Oregon

Southern central Oregon has a number of economic development and natural resource organizations that seek renewable energy development and work to attract new businesses. Klamath County has an active Economic Development Association that focuses on recruiting and retaining manufacturing and industry, and a Small Business Development Center at the Oregon Institute of Technology in Klamath Falls. These organizations refer to themselves colloquially as “Team Klamath,” and work strategically together to capture economic development opportunities for the county as they emerge. The South Central Oregon Economic Development District serves both Klamath and Lake counties with economic planning, loan and grant programs, and support for community development projects such as new health facilities. In Lake County, staff members of the South Central Oregon Economic Development District have been able to participate in the activities of the Lake County Resources Initiative (LCRI), a nonprofit organization that works toward active forest restoration and economic development on the Fremont-Winema National Forest. They have helped the group pursue plans for a biomass electricity plant in Lakeview. In Klamath County, the South Central Oregon Economic Development District helped to facilitate a green-building manufacturing group and helped write a biomass feasibility study proposal for the Klamath Tribes.

The Klamath County Economic Development Association (KCEDA) and the LCRI both strongly promote the economic development potential of renewable energy in their counties. Klamath County has a Sustainable Klamath “Green and Green” program to promote wind, solar, geothermal, and biomass projects. KCEDA has helped Northwest Energy Systems, a Seattle-based company, to plan a biomass electricity plant with private lands supply from a major industrial landowner. The LCRI’s goal is to make Lake County the “renewable energy capital of the world” by developing geothermal, hydroelectric, wind, and solar power sources for homeowners and public facilities.

Although both counties are developing biomass electricity plants, Lake County has done so through collaboration and a federal sustained yield unit designation on the Fremont-Winema National Forest, while Klamath County does not have an active public lands forestry collaborative group. Many of the natural resource managers and organizations in Klamath County are involved in the Klamath Basin Restoration Agreement (KBRA). The goal of this agreement, a landscape-scale plan for dam removal in the Klamath Basin, is to support environmental restoration while enhancing the region’s diverse rural economies, including fishing, farming, and ranching. Part of the plan and hope of the economic development strategy in the KBRA is to stabilize farming and ranching and generate greater economic opportunities through restoration jobs, exploration of renewable energy, robust fisheries, forest stewardship, and increased recreational opportunities.



Southern Oregon

Southern Oregon is unique for its high concentration of employment in several different sectors, including manufacturing, government, service, and forestry support. Southern Oregon Regional Economic Development Inc. (SORED) works to attract, retain, and expand traded-sector businesses. SOREDI shares an office space with Southern Oregon University’s Small Business Development Center and directs new entrepreneurs and small businesses to the center’s business planning and management resources. SOREDI also chairs the Jefferson Grapevine, a group that networks local businesses and attracts “angel investors” who are willing to provide start-up capital and mentoring to new entrepreneurs. SOREDI’s director attends meetings of the Rogue-Umpqua Resource Advisory Committee for the Rogue River portion of the Rogue River-Siskiyou National Forest to stay informed of natural resource management issues. Like central Oregon, southern Oregon has a council of governments that delivers regional services. The Rogue Valley council is a voluntary coalition of twenty-two municipal and county partners that focus on community and regional planning, senior and disability services, and natural resources. Their natural resources department specializes in water quality and species conservation.

Southern Oregon's rapidly growing population has meant that there is a large workforce. The Job Council, with offices in both counties, is the primary source of diverse kinds of worker training through its PowerUp Academy skills-building program. It also helps businesses improve and train their workforces. Its activities are partially directed by the Rogue Valley Workforce Development Council, a workforce investment board. The Job Council also offers specialized youth services and work programs, including a youth forestry crew that works on private and public lands restoration and trail projects. They do not have an adult forestry work program.

More than twenty-five businesses that carry out thinning, brushing, planting, firefighting, and other services are headquartered in Jackson and Josephine counties, making forestry support work an important component of the local economy. The Lomakatsi Restoration Project is a nonprofit organization that emphasizes local job training and forest restoration workforce development for adults. Through collaboration with the Forest Service and local environmental groups, Lomakatsi has developed a ten-year master stewardship agreement on the Rogue River-Siskiyou National Forest and conducts ecologically sensitive restoration work while providing jobs to displaced forest workers. Southern Oregon is also home to two large collaborative groups, the Southern Oregon Small Diameter Collaborative ("The Knitting Circle") and the Josephine County Stewardship Group, which have met since the mid 1990s to foster agreement on public lands restoration. The Southwest Oregon Resource Conservation and Development District helps coordinate and support the Knitting Circle. These groups are interested in diverse end uses for woody biomass, but have not pursued biomass energy generation. Current efforts to develop biomass businesses in the area include a proposal by A3 Energy Partners to build a densified wood brick facility at a sawmill in Josephine County, and ongoing interest from SOREDI and several partners in a large-scale cogeneration and value-added facility in White City.



Northern California

Trinity, Siskiyou, and Modoc counties each face different economic development opportunities and challenges. In Siskiyou County, a strong network exists among the Siskiyou County Economic Development Association (SCEDA), workforce and business training organizations such as the Northern California Regional Employment Consortium, Siskiyou Training and Employment Program Inc., and the economic development center at California State University in Chico. The Jefferson Economic Development Institute (JEDI) provides workshops to new and existing businesses, and no-cost personalized business counseling. SCEDA and JEDI have worked together to support local entrepreneurs and encourage business growth.

Another network exists between the Northern California Resource Center (NCRC), a natural-resource oriented nonprofit organization, and local contractors and Forest Service staff. The NCRC has convened a regional group to discuss incorporating biomass utilization opportunities into federal forest management. The Siskiyou Biomass Utilization Group (SBUG) has gained momentum since the completion of an American Recovery and Reinvestment Act-funded study of biomass supply feasibility from the Klamath National Forest. Siskiyou County also has several active sawmills and strong

industrial interest in biomass electricity generation. The county's economic development and natural resource networks are connected through the attendance of SCEDA members at SBUG meetings, and relationships seem to be growing as the potential of a biomass electricity facility in Yreka continues to develop.

Trinity and Modoc counties are more isolated from service delivery than Siskiyou County. Nonprofit and resource conservation organizations have played a larger role in natural resource-related activities than economic development groups in Trinity County. The Watershed Research and Training Center, a nonprofit dedicated to forest restoration, biomass utilization, and local employment, has worked for eighteen years to develop an integrated small-diameter biomass facility; attain the agreement necessary to restore the Shasta-Trinity National Forest; and train displaced forest and mill workers for restoration forestry support activities. It has also operated a small business incubator to provide new local businesses with low-cost space and assistance with start-up risks. The Watershed Center collaborates with land management entities on a large range of projects, including but not limited to watershed assessment and planning, forest health treatments, workforce training and development, community participation and outreach, and partnership with the U.S. Forest Service. The Watershed Center also collaborates with the Trinity Resource Conservation District, the Northwestern California Resource Conservation and Development District, and recently with the North Coast Integrated Regional Water Management Plan group. The Watershed Center has not worked as directly with regional economic development organizations, such as Superior California Economic Development, or with the network of economic development organizations in Siskiyou County. The Trinity County Economic Development Corporation, led by a volunteer board, pursues a range of economic development attraction and retention activities, including a focus on mitigating the impacts of wildfire smoke on local tourism and recreation businesses.

Modoc County is home to the Modoc Economic Development Corporation, which largely seeks to attract new residents and new businesses to the county, and the Modoc Employment Center, which is a workforce investment board-supported resource for

job training and businesses seeking employees. Modoc County supervisors and economic development staff have developed a county "vitality plan," and meet monthly in an ad hoc group called Modoc Vitality. This group is interested a number of economic development strategies, including the potential for biomass utilization. Modoc Vitality participants have met with Modoc National Forest staff members about planned landscape-scale restoration projects, such as the 40,000-acre Sage-Steppe restoration project. County leaders hope that this project will eventually produce a supply of woody biomass, opportunities for biomass utilization businesses, and jobs. The county has also had a growing interest in using thermal biomass heat to reduce municipal facility heating costs. Through the Dry Forest Investment Zone project, the Watershed Center has partnered with the Northern California-Nevada Resource Conservation and Development offices and Modoc County leaders to assess the feasibility of thermal biomass energy use in several municipal buildings.



Challenges to natural resource–based economic development

The connection between land management agencies and nongovernmental organizations, rural development agencies, and local economic development providers has room to grow.

Across the DFIZ, there tend to be strong networks between the economic development organizations and workforce organizations in a given county or region; and strong networks between natural resource–based nonprofit organizations, businesses or collaboratives and the Forest Service. However, these sets of networks are often only weakly connected, typically through one economic development provider staff person who may attend natural resource–related meetings. Several USDA Rural Development and economic development district, county, or regional economic development staff members reported that they are not communicating, meeting, or working with Forest Service or Bureau of Land Management staff members on a regular basis. One regional economic development employee noted that their last meeting with the Forest Service was five to seven years ago.

Reasons for this disconnection included frustration with the pace of public lands management; frustration with limited gains from collaboration; a lack of understanding of the opportunities that might exist for coordination with Forest Service activities; and a lack of venues through which they could meet. Another factor may be differing priorities and opportunities. Economic development groups that work at the county or regional level are traditionally experienced in attracting and retaining industry and building jobs opportunities where there are robust job markets. They tend to seek major employers and to follow trends in economic development such as the rise of the health-care industry. Although all economic development staff members interviewed described natural resources as central to their strategies, they also indicated that the current economic situation and limited activity on public lands makes it difficult to find investors or capital for forest products and/or restoration businesses. They are currently unsure of how to tap their natural resource base

to create and sustain long-term high-quality jobs. In addition, although the Forest Service has had a few initiatives like the Economic Action Program and funding through the American Recovery and Reinvestment Act that explicitly direct Forest Service funding for community benefits, they have not had many dedicated programs that support forest management for economic development.

Existing USDA Rural Development grant and loan programs are competitive, and opportunities for increased small business access to these resources are needed.

USDA Rural Development interviewees described many grants as too large in scope for smaller businesses or organizations. The proposals for these grants may take time away from already-strapped staff, and the match requirements may be unattainable. Staff members also noted that proposals for Rural Business Enterprise Grants, which have supported several forest products business developments in the DFIZ, have rapidly increased and that the program has become highly competitive (see Table 2, page 13). Rural Development resources frequently support natural resource–related projects through organizations such as the Central Oregon Intergovernmental Council and the South Central Oregon Economic Development District, but regional Rural Development staff members do not tend to participate directly in forest-based collaborative groups or the work of nonprofit organizations.

Workforce programs may not include training for forest-based employment.

Because of their strong family and social ties, or a lack of mobility, many unemployed or underemployed forest workers choose to remain in the DFIZ even when forest-based work is not readily available. They may lack updated computer or professional skills but retain strong knowledge about the local land base, logging and thinning, and lumber processing. Efforts to train people to compete outside of the natural resource sector help diversify the local workforce, but there is still need for a well-trained

TABLE 2

Examples of grant and loan programs that support forest-based economic development in the Dry Forest Investment Zone

Rural Business Enterprise Grants (USDA Rural Development) . . . Grants to nonprofit organizations, public authorities, or tribes to support financing and planning resources for the development of small and emerging rural businesses and employment-related adult education programs. Supports a range of activities from construction to workforce training and development.

Rural Business Opportunity Grants (USDA Rural Development) . . . Grants to nonprofit organizations, public bodies, tribes, or cooperatives to provide training and technical assistance for business development and economic development planning.

Rural Energy for America Program (USDA Rural Development) . . . Grants to help businesses assess feasibility, audit existing energy systems, and plan and implement new renewable energy systems.

Woody Biomass Utilization Grants (USDA Forest Service) . . . In 2011, this program will support the engineering services necessary for final design and cost analysis of combined heat and power units at sawmills, nonpressurized hot water systems for various applications at hospitals or schools, and biomass power generation facilities.

Source: www.rurdev.usda.gov/BCP-LoanAndGrants.html, www.fpl.fs.fed.us/research/units/tmu/tmugrants.shtml

workforce to perform stewardship work on public and private lands, maximize the opportunity to utilize and add value to the materials removed from these land treatments, and engage in the development of a renewable energy sector that can provide local markets for wood-based energy. However, existing workforce programs such as WorkSource and skills providers such as Small Business Development Centers do not currently offer many forest-related training opportunities.

One example of where entities are working to build local capacity for land stewardship is southern Oregon, where several nonprofits support both youth and adult stewardship crew training. The regional Job Council in Josephine and Jackson counties runs a youth training program and work crew that bids and works annually on Forest Service and Bureau of Land Management contracts. The Lomakatsi Restoration Project, a nonprofit organization based in Jackson County, trains workers in ecological restoration practices and runs crews on private and public lands projects across the region. It is possible that restoration businesses in this area of the DFZ are able to succeed because there is a high density of contractors and a diverse labor pool. In other areas of the DFZ, there may not be a comparable level of investment in workforce development because of

concern that the federal land management agencies will offer insufficient work on public lands, and thus a lack of markets for restoration jobs.

Isolation and distance affect both service provision and the working relationships between service providers.

Governmental and nongovernmental rural development service providers who work across large service areas cannot frequently visit outlying communities; they may lack the capacity to build strong relationships and trust and to capitalize on ripe opportunities for projects or investments at the local level. Regional providers may also be limited in their ability to meet with each other, to build momentum on ongoing projects, and to coordinate their activities.

Employees at state and nongovernmental entities promoting economic development across the DFIZ also reported a lack of funding and access to technology to communicate remotely (video conference, webinar) and the training to facilitate these new forms of communication. Rural residents and businesses that want to use their services or apply for resources may also be inhibited by a lack of reliable broadband Internet.

Opportunities for natural resource-based economic development

Nonprofit organizations and forest collaborative groups can act as bridges, creating venues where managers, government service providers, and economic development professionals can collaborate.

Organizations such as the Southern Oregon Small Diameter Collaborative or the Blue Mountains Forest Partners meet regularly and encourage the participation of a range of local stakeholders and interested public. Collaborative groups may also sponsor project-based meetings and field tours to work through specific issues on proposed forest management projects, as the Central Oregon Partnerships for Wild-fire Risk Reduction has done to build agreement around landscape-scale proposals. In Lake County, Oregon, the executive director of the South Central Oregon Economic Development District has consistently participated in the Lakeview Stewardship Group and contributed an economic development perspective to their activities. Economic development professionals may be able to help collaborative groups understand the implications of their land management activities for job creation, retention, and economic growth in their communities. In turn, Forest Service staff members may help economic development service providers understand the options for administering projects, such as stewardship contracting, that can increase local community benefits from land management activities. Regional intermediaries such as Sustainable Northwest can also build bridges between stakeholders from inside and outside of the community, increasing access to diverse financial, human, and technical resources and networks.

Government-led committees and districts may also be sites of forest-based collaboration.

There are nine Secure Rural Schools–based Resource Advisory Committees and several more county-based Natural Resource Advisory Committees in the DFIZ. Several economic development interviewees reported that they attended their local committee meetings, but remarked that they did not attend “as much as they should.” In northeastern Oregon, the Wallowa County Natural Resource Advisory Committee has successfully forwarded projects for a major watershed assessment, youth training and

crews, trail maintenance, noxious weed control, and native plant protection. All of these projects supported the protection of local natural resource assets, and offered opportunities for students and youth to develop stewardship skills and experience. One particular project, called Hands on Lands, brought together Wallowa Resources, Wallowa County, the Forest Service, the Oregon Department of Human Services, the Employment Department, and other social welfare, economic development, and natural resource organizations to train underemployed individuals for jobs in forest-related industries.

Another potential venue for collaboration on forest-based economic development is the USDA’s Resource Conservation and Development Program, which creates designated areas able to receive federal technical and financial-assistance program funds to improve natural resource and regional economic development. Six Resource Conservation and Development areas with offices currently cover most of the DFIZ, except northeastern and eastern sections of Oregon that have recently applied for designation. For example, the Northern California–Nevada Resource Conservation and Development offices in Modoc County, California, has partnered with the Watershed Research and Training Center, a nonprofit in Trinity County, California, to support rapid feasibility assessments of potential end users of thermal biomass heat (pellets or bricks burned in biomass boilers as a substitute for propane) in Modoc and Trinity counties. This project may eventually help municipalities save greatly on their heating costs, and provide a market for woody biomass harvested from the Modoc and Shasta-Trinity national forests.

Nonprofit natural resource–based organizations are increasingly performing small business development services.

Organizations such as Wallowa Resources and the Watershed Research and Training Center have supported local forest-based entrepreneurship by conducting feasibility analyses, connecting businesses with capital sources, and seeking local markets for restoration byproducts. These business support roles are similar to those of county and regional econom-



ic development groups and economic development districts. Although there may be organizational efficiency gains in allowing natural resource–related organizations to “cover” forest-based business development, there may also be potential for improved coordination, increased access to resources and capital, and mutual understanding if natural resource–based organizations and economic development service providers can more directly engage each other in collaborative county and regional economic development. Sustainable Northwest, through its for-profit subsidiary Sustainable Northwest Wood, provides a regional distribution center to augment the ability of rural businesses like Malheur Lumber to reach urban markets. Sustainable Northwest also manages a group chain-of-custody certificate under the Forest Stewardship Council (FSC), which helps small wood-products manufacturers throughout the supply chain access expanding green-building markets. Wallowa Resources recently entered into an agreement with an FSC-sanctioned certifying body, and provides third-party auditing for forest management and chain-of-custody FSC certificates.

County and regional economic development providers are learning about new forest products business opportunities.

There is growing interest from county and regional economic development groups as well as the private sector in using woody biomass materials from forest thinning and restoration for applications such as heat, energy, small-diameter lumber, posts and poles, shavings, or densified fuels. However, there is limited understanding among county and regional economic development providers of this range of options, and of how biomass businesses can be planned and financed. Their knowledge and perceptions of barriers and opportunities largely pertain to manufacturing, and they are often interested in developing large (greater than 10-megawatt) biomass electricity generation facilities in their communities. Rural communities often have broad political and social support for such facilities because many believe that they have the potential to produce large number of local jobs. Large biomass plants are under construction or planned in Lake, Klamath, and Siskiyou counties. Although this scale of development is not well-suited for all rural communities, a

key factor in these specific cases was the presence of a traditional forest products facility, which will provide mill residuals for a significant portion of the supply.

Other groups have pursued a smaller, integrated biomass utilization model where several different types of producers (e.g., post and pole, combined heat and power, or firewood) are colocated on an industrial site to collectively maximize use of all byproducts. The model also encourages local markets for biomass heating in municipal buildings, such as schools and airports. Nonprofit organizations and collaborative groups in Trinity, Wallowa, and Deschutes counties have been looking at how to develop agreement around restoration, secure sustainable supplies, and find sites and businesses for these integrated facilities.

Strong relationships to the Forest Service and collaborative groups can help economic development professionals learn about land management issues associated with supply, models that help predict supply, and levels of social agreement about biomass among diverse stakeholders.⁵ County and regional economic development groups are seeking to expand their knowledge of the business and policy opportunities that can support smaller-scale biomass businesses, such as the Woody Biomass Utilization Grant. Several regional economic development groups in the Dry Forest Investment Zone have applied for funding to pursue feasibility studies of the most efficient “best bet” biomass products, but have not been successful.

Peer-to-peer learning can facilitate steps toward new kinds of economic development.

Nonprofit groups, consultants, and community and business leaders in the DFIZ who have started to develop their own models for integrated, diversified biomass utilization have gained experience with financing and planning processes. Innovations such as methods for rapid feasibility assessments, stories,

and lessons learned could be shared through peer learning forums, tours, and networking opportunities. Although there may be intraregional competition, particularly in adjacent counties, there are also opportunities for different service providers to learn from each other. For example, Modoc, Crook, Wheeler, and Harney counties are all seeking woody biomass applications for juniper, which has encroached on valuable range and water resources in arid areas. Peer-to-peer learning activities could also help reduce the sense of isolation and frustration at seemingly impossible barriers to economic development and natural resource utilization that many rural communities face.

Conclusions

Rural public lands communities increasingly recognize the potential of forest restoration to provide economic development and local workforce growth. This has manifested in a growing number of nonprofit organizations and collaborative groups that pursue agreement around forest management and seek ways to support local forest-based businesses. Their economic development work, however, often remains largely disconnected from the economic development that county and regional groups promote, and from workforce training organizations. The different skill sets and resources of various economic development entities means that they tend to individually pursue various components of economic development such as workforce training, industry recruitment, or small business support. But natural resources-related economic development, particularly on public lands, faces unique interrelated management, workforce, and market challenges. Strong networks between different types of economic development entities, government service providers, and natural resource management agencies and groups may lead to new opportunities for rural employment and business growth, and produce broad benefits across economically distressed counties and regions.



ENDNOTES

1. Recent studies by the Ecosystem Workforce Program have shown that forest and watershed restoration activities have the potential to create an average of fourteen jobs per \$1 million invested. For more information on this research, please visit ewp.uoregon.edu/sites/ewp.uoregon.edu/files/downloads/WP24.pdf.
2. For the purposes of this paper, a “public land community” is a community where 40 percent or more of the land is in federal, state, or county ownership. Across the fifteen counties that make up the Dry Forest Investment Zone region, the U.S. Forest Service, Bureau of Land Management, and states own 68 percent of the land base.
3. More information on the importance of community capacity in the Dry Forest Investment Zone is found in an assessment conducted in 2009. Please see E. J. Davis, C. Moseley, and M. Nielsen-Pincus, “The State of the Dry Forest Zone and Its Communities,” Ecosystem Workforce Program, University of Oregon, ewp.uoregon.edu/sites/ewp.uoregon.edu/files/downloads/DryForestZoneAssmt.pdf, pp. 46–53.
4. This scan complements interviews of Forest Service and other natural resource managers and organizations conducted in 2009 as part of a larger assessment of the Dry Forest Investment Zone. Findings from the 2009 assessment were used to further clarify the relationship between economic development and land management. Please visit ewp.uoregon.edu/research/dfz.
5. A recent study by the Ecosystem Workforce Program surveyed Forest Service district rangers across the United States about the barriers and opportunities that they face in utilizing woody biomass on their national forests. Results from this research are forthcoming. Please visit ewp.uoregon.edu for updates.



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