



Sustainable Northwest

**Statement of Maia J. Enzer
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Before the
U.S. House of Representatives Subcommittee on Forests and Forest Health on
Effective Community Involvement in National
Forest Restoration and Recreation Efforts: Obstacles and Solutions**

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Dear Mr. Chairman and Members of the Subcommittee:

I am Maia Enzer, Program Officer at Sustainable Northwest for the Healthy Forests, Healthy Communities Partnership. Thank you for your interest in this topic and for gathering so many practitioners from around the country to share their hands-on experiences and perspectives regarding community involvement in forest restoration. Sustainable Northwest (SNW) is a Portland, Oregon-based nonprofit organization founded in 1994 and dedicated to forging a new economy in the Pacific Northwest – one that reinvests in the people, the communities, and the landscapes of the region. The mission of the organization is:

To build partnerships that promote environmentally sound economic development in communities of the Pacific Northwest.

The Healthy Forests, Healthy Communities Partnership (HFHC) is a regional collaborative dedicated to building capacity in rural communities to perform forest restoration and ecosystem management services, and to produce and market the by-products of such activities. The Healthy Forests, Healthy Communities Partnership has members in northern California, south-central and eastern Oregon, Washington, and Idaho. Our partners are small and micro-businesses, community non-profits, land management agencies, environmental interests, and others interested in building a conservation-based economy. A Vision and Values Statement serves as the constitution of our Partnership, which our members sign as a symbol of their commitment to strive towards environmental and social responsibility. My remarks today will be based in part on that Statement, which reads:

“We are a group of people, organizations, and businesses working together, able to think beyond ourselves to embrace the entire biological community, beyond one generation to the needs of many.

We value and support those who refuse to sacrifice the long-term good of the land for the good of the people, or the good of the people for the good of the land, and who seek to find a new path which honors and sustains both.

We are committed to working towards:

- 1. Integrating ecological, economic, and social objectives in everything we do*
- 2. Obtaining our raw materials in a manner that restores and/or maintains forest ecosystem and watershed health;*
- 3. Processing our products to maximize quality and value to the consumer while benefiting the people and communities closest to where the raw materials originate;*
- 4. Marketing our products through commercial partners who understand and can communicate our vision, values, and principles;*
- 5. Working cooperatively with landowners, managers, and with each other, in a way that honors our respective cultural backgrounds, roles, and responsibilities.”*

Today I would like to highlight some of the critical steps necessary to building a conservation-based economy reflective of our Vision and Values Statement. This includes the need to develop a high-skill, high-wage workforce to perform activities in forest restoration and value-added manufacturing. I will also identify several challenges and needs associated with making the transition from a traditional extractive economy to one based on restoration and ecosystem management. Finally, I will offer some recommendations for what can be done to overcome these challenges and what opportunities the Forest Service and Congress can embrace to make this transition successful.

First, I would like to provide you with a little background information on the people and places that constitute this restoration-based economy:

Rural Communities and Public Lands

Across the Northwest, isolated rural communities surrounded by public lands have undergone major environmental and economic transitions. Some of these changes result from significant shifts in public land management policies, some are due to structural changes in the forest products industry, and still others are connected to global trends towards an increasingly urban-based service economy. Such changes have deleteriously impacted the ecological integrity of many of our forests and watersheds, reducing the natural capital of the surrounding rural communities. The concomitant decline of these communities' social and economic capital is also leaving its mark: Businesses have left or closed, and skilled people have outmigrated to find work elsewhere, leaving fewer people to address and mitigate the impacts of these changes.

Despite the challenges they face, many rural communities have, as Betsy Rieke said, “*Optimism beyond reason.*” They love our public lands and feel the deep connection between those lands and their communities. They stay because they know they can provide the skills and stewardship ethic to care for both. They believe our public lands provide numerous ecological services yet to find their value in the marketplace: services such as clean water, biodiversity, carbon sinks, etc. These people hold generations of local knowledge about the land. And, they have every intention of building a sustainable future for themselves, their children, and our public lands.

The communities and businesses affiliated with Sustainable Northwest are committed to finding a new path through the woods. They want to move beyond the ‘boom and bust cycle,’ which clearly failed from a biophysical and community standpoint, to adopt a stewardship role in public and private lands management—one focused on restoring ecological integrity and providing long-term maintenance. They also want to stimulate a more favorable economic and political response to that stewardship role. Rural communities and businesses are eager and ready to help redefine

the value of our public lands and to offer the stewardship services we will need to achieve those values. But their success is dependent on the commitment of Congress and the American public to reinvest in our natural *and our human* capital.

Common Challenges of Conservation-based Businesses

Sustainable Northwest works with a variety of small rural communities and businesses through many of our programs. Our partners all share a commitment to building sustainable conservation-based economies; they also experience similar constraints and challenges to fulfilling that commitment. Small and micro businesses join northwest rural communities in feeling the burden of the polarization over forest issues. The combination of reduced and inconsistent funding (and delays in budget approval) and the shifting direction of federal agencies have made it very difficult for the private sector to prepare to serve the restoration economy. The members of the Healthy Forests, Healthy Communities Partnership face several challenges, which include:

- Making use of traditionally low-value species (the by-products of forest restoration)
- Being located in communities surrounded by public lands, high in poverty, and remote from transportation corridors and limited in infrastructure
- Having unpredictable supplies of wood sources (from restoration projects or traditional timber projects)
- Difficulty in finding a skilled workforce
- Lacking access to capital to invest in and expand their businesses

However, the HFHC Partnership is committed to working together to overcome these challenges and make local businesses profitable through their commitment to environmental and social responsibility.

From the Watershed to the Woodshop: Steps to creating a conservation-based economy

The success of a conservation-based economy is dependent on many factors, including where we make investments and how the market rewards environmental and social responsibility. In the arena of forest and watershed restoration, the success of the conservation-based economy will depend on how work is structured and byproducts are utilized on public lands. This includes three components: Building a high-skill, high-wage workforce which can respond to the needs of the landscape; investing appropriately to get the work done on the land, and adding value to by-products that result from restoration work.

From the Watershed...

The cornerstone of public lands restoration is on what the landscape needs to bring back its ecological integrity and resiliency. Those ecological needs must drive restoration and management. After that we need to look at utilizing the byproducts, if any, from those activities. Although progress has been made towards these ends, it is often inhibited by land management agencies that are not structured for this type of work. It is time to put in place policies, procedures, and regulations that encourage restoration to occur at an appropriate scale, utilize site-specific conditions, and allow managers to deal with whole landscapes.

One critical step is to make restoration work accessible to local contractors, non-profits, and other appropriate private entities. Our current system is biased towards large, mobile crews and sets up a system that may not treat the worker (local or mobile) fairly and may not, in the long-run, be the best value for the American taxpayer. Large contracts are written in the name of

efficiency, limiting the ability of small and micro-businesses to successfully compete. A greater emphasis on quality of the work, rather than lowest bid, is needed. In addition, contracts offered locally are often of low value, low skill, and short duration. That is, even when awards are made to local contractors, they tend to be less significant. Some examples: in Lakeview, Oregon, an assessment of service contracts showed that local contractors received less than 20 percent of the awards. In Hayfork, California, a study by Dr. Cecilia Danks showed local contractors getting about 7 percent of the contract awards. In both cases, the contracts were for lower-value, shorter-duration work. A more balanced approach to contracting needs to take place. Restoration contracts need to be designed and released in a timely manner (with respect to field seasons), and when possible, packaged for smaller contractors. This would create a fairer and more equitable atmosphere for competition. The new authorities offered through the National Fire Plan are an excellent beginning to correcting this situation.

...To the Woodshop

Sustainable Northwest is committed to ensuring the restoration economy makes the link *from the Watershed to the Woodshop*. Many of our community partners, who work collaboratively to find agreement on forest restoration goals, want to take the next step toward ensuring that the by-products of their projects are used to build a *local* value-added manufacturing sector. Through our HFHC Partnership we work to identify and access urban markets for the products manufactured. In addition, the HFHC Partnership provides businesses with a way to share inventories and jointly fill orders, allowing them to increase their capacity and capture a larger share of the market, within the limits of the local resources.

But let us be clear on this point. Building a value-added manufacturing sector with the by-products of forest restoration is not about the volume of product extracted. Rather, it is about ensuring that by-products that enter the manufacturing stream are utilized by local secondary and tertiary manufacturers. Look at the data: In the Pacific Northwest the value-added industry is a key part of the region's wood products sector, and a segment that has shown steady growth in the past decade. Studies conducted in Oregon and British Columbia reveal that typical primary mills employ only about 3 persons annually per million board feet (MMBF) of lumber produced. Compare that to, manufacturers of moldings, millwork products and components employ approximately 12 to 18 persons annually per MMBF or furniture manufacturers who employ 60 persons annually per MMBF of wood processed. As you can see, by adding value locally to the by-products of forest restoration we have the opportunity to create high-skill, high wage jobs, diversify the local economy, and connect rural communities to the urban marketplace.

HFHC business partners are working towards these goals, creating viable value-added businesses that reflect their commitment to environmental and social responsibility. They work primarily (but not exclusively) with small diameter wood (suppressed Douglas Fir), underutilized or lesser-known species (i.e. Madrone, Tan Oak, and Juniper), or recycled, reclaimed, or reused wood. The range of products these small rural businesses provide is impressive, and include:

- Flooring, paneling, and molding;
- Post and poles;
- Custom and roundwood furniture, designed for the home or the office; and
- Gifts and accessories (puzzles, wine and magazine racks, bird houses, hampers).

The Old Growth Diversification Program, authorized by Congress and delivered to the states of Oregon and Washington through the Forest Service, has allowed significant investments of technical and financial resources to expand the region's secondary manufacturing sectors. In

fact, Sustainable Northwest has been able to use these funds to help our business partners access urban markets. This funding has been critical to the success of the Healthy Forests, Healthy Communities Partnership.

So what can we do together to move these efforts forward? We have some ideas:

1. Support Conservation-based Businesses

A successful shift from the traditional extractive economy to one based on restoration and maintenance will require that businesses—both on the land management and manufacturing sides—invest in new equipment, train and recruit new employees, and partner with communities and agencies. Finding markets for the by-products of forest restoration is another important part of this equation. Community-based nonprofits and local businesses are working together to identify these markets, to research and develop new technology, and to raise private dollars to train workers and test restoration techniques on public lands. The Ford Foundation has a five-year Community-based Forestry Demonstration Program, which is supporting efforts like HFHC.

Many businesses are willing to engage in this new economy. However, without a strong commitment from federal agencies and Congress to a consistent program of work, businesses will become reluctant to take these risks.

Wallowa County, Oregon, provides us with an example of the current situation. The community has been working on a number of light touch approaches to restoration. In anticipation of restoration work announced by the Forest Service, some local contractors purchased special Scandinavian equipment designed to handle small-diameter material and have minimal impact on the land. Unfortunately, few projects have been brought to fruition. Further, the remaining mill in the region also invested in new equipment based on the Forest Service's projections. However, due to several factors, this mill has been in curtailment since November, although it hopes to reopen one shift in April. Compounding this situation, adjacent industrial private landowners usually award contracts to crews from outside the community rather than utilize a local workforce.

While we support public-private partnerships, it is important for the federal agencies and Congress to understand that with every change in policy—when the pendulum swings from one extreme to the other—it is the communities that get caught in middle. A commitment to building a climate for conservation-based business will take time and consistency at the federal level - not short term or politically expedient solutions. Therefore, Congress needs to examine ways to support conservation-based businesses and serve as a catalyst to stimulate this sector. Some suggestions to explore are:

1. Create Small Restoration and Value-Added Training Centers

There has been little or no public investment in value-added manufacturing in forest-based communities. One idea is to create sub-regional centers focused on serving small and micro-businesses involved in restoration and creating a conservation-based economy. These centers could be formed through partnerships between local nonprofits, universities, the Forest Service, and others. For example, the Centers could provide technical assistance in the areas of:

- Restoration and ecosystem management
- Processing techniques for the byproducts of restoration and sustainable forestry

- Accessing capital from public and private sources
- Workforce training for value-added manufacturing and restoration
- Marketing and business support to help conservation-based businesses penetrate urban markets.

2. *Invest in Research and Technology Development*

Creating a restoration economy necessitates that the public and private sectors develop new techniques and approaches to treat the land and handle restoration by-products. The Forest Products Lab in Madison, Wisconsin has been an excellent resource and has worked with a number of Sustainable Northwest partner communities and businesses. For example, one of the HFHC founding business members, Jefferson State Forest Products, worked with the Lab to improve the utilization of Madrone, traditionally considered a non-commercial species due in part to its color inconsistency. The Forest Products Laboratory helped develop a formula to pre-steam the wood, making its color consistent and thus increasing its commercial viability. This will help Madrone move to a furniture grade wood.

To ensure the success of the Forest Products Lab, it is essential that Congress provide adequate support and direction to enable its employees to work with more communities and small businesses to:

- Test and develop value-added products
- Create and understand light touch management techniques and equipment
- Understand the impacts of restoration forestry

3. *Make Better Use of Existing Programs.* There are a number of programs, like the Economic Action Programs, which I will discuss later, that are very effective and need to be fully funded and supported. We also need to determine how the Small Business Administration targets forest-based businesses. The HUB Zone program seems to be one SBA program that is proving itself useful in helping local contractors win contracts.

2. Understand Community Capacity Through Assessment and Monitoring

The Healthy Forests, Healthy Communities Partnership believes the health of our forests and well-being of communities are interdependent. In order to fully understand this interdependence, we must look at assessment and monitoring as the linchpins to successful restoration and to building the capacity of communities and the agencies to reach those goals.

Community Capacity is the ability of a group to respond to external and internal stresses and to find solutions to those stresses. Rural communities, and the Forest Service, need to understand what capacity they possess to build a conservation-based economy and perform the work of restoration. By directing the Forest Service to participate in assessing and monitoring social and economic conditions, and making the appropriate investments, we will increase the likelihood that restoration projects will be successful—from an environmental and social perspective. The work of the Pacific Southwest Research Station in partnering with communities to understand social and economic conditions is an excellent example of participatory research.

For restoration, we need to understand the capacity of the existing workforce and business sectors in our rural communities. This will require the Forest Service to partner with nonprofits and other entities to assess the current workforce, identify the type of restoration work needed,

and match the two together. Communities and the agency will then be able to respond to this information by rebuilding where gaps exist and making necessary changes in procurement to allow local businesses to successfully compete for contracts on the public lands.

Lake County, Oregon, provides us with an example of what can be done. Based on the results of the workforce assessment conducted, Sustainable Northwest is providing technical assistance for contractors signing up as HUB Zone contractors. We are simultaneously working with the Forest Service to ensure that service contract work on the Fremont National Forest (the adjacent public land) is sized and offered in a way that allows local contractors to compete. This is an example of how community-based nonprofits can work in partnership with federal agencies and private entities to reach common goals.

Similar assessments will need to be made on the manufacturing side, with the results allowing for further investments in training and capacity building if necessary. Rural communities need to know what is left of their manufacturing base, infrastructure and workforce. There is a need to identify what kind of wood supply will be available and what capital is needed to build inventory. Local nonprofits, small businesses, and federal agencies can work together towards these objectives, conducting feasibility studies, demonstration projects and market research to understand how to access urban consumers.

3. Work With and Investing in Land Management Agencies

Collaboration takes time and trust. Community-based organizations are willing and able to undertake long-term partnerships with the Forest Service and other agencies. However, these agencies have limited capacity to partner with community groups and other external partners. Forest Service staff is constrained in their attempts to provide funding, direction, incentives, and rewards, because they are trying to meet today's challenges with yesterday's tools.

There are several opportunities to improve the ability of communities to work with the Forest Service and other agencies:

- *Increase access to information.* Often when new directives come through the Agency it is difficult for field staff and communities to get consistent and timely information about what is expected. There is a lack of accountability—and rewards—to ensure that new directives are followed. By strengthening partnerships with nonprofits, we can work together to improve information flow. Often, nonprofits are able to get information from a variety of sources and get it into the hands of community partners and ironically, sometimes into the hands of field level agency staff.
- *Provide clarity on existing and new authorities.* There seem to be numerous interpretations and comfort levels in using different contracting arrangements to achieve the goal of restoration. There needs to be more clarity and consistency of interpretation to ensure that communities and agencies can work together in project planning and implementation. When there are various interpretations of the flexibility new authorities provide it is confusing to communities, businesses, and Forest Service staff.
- *Promote Agency staff in-place.* Forest Service staff are frequently shifted from project to project or promoted out of the local area. Forest Service staffs need to be able to be

promoted to increase consistency. Too often projects are delayed or redirected because a new person is in place and isn't yet comfortable with the new way of doing business.

- *Congress needs to fully fund the Forest Service and regulatory agencies, like the Fish and Wildlife Service.* Staff reductions at the field level have hampered their ability to work collaboratively with communities. While this is a problem across the board, there is a need to focus on the contracting staff and increasing the ability of the agency to complete NEPA accurately and in a timely manner. In the Northwest projects have almost come to a halt because of the agencies lack of capacity to complete consultation and survey and manage correctly and efficiently. Working in partnership takes time and the agencies need the staff to be good partners.
- *Give the Agencies direction and support to monitor ecological, social, and economic conditions.* Monitoring needs to be done in partnership with communities and other external partners to ensure that learning takes place and adaptive management occurs. As mentioned earlier, the need for monitoring of social and economic conditions is critical to understanding the interdependence between the health of our forests and communities. Partnerships with nonprofits, universities and others is important to make research relevant to communities and local forest conditions. Further, these type of partnerships could also help the Forest Service conduct a full accounting of the range of ecological services provided by our public lands, such as water, energy conservation, clean air, carbon sequestration, and others.
- *Support the Forest Service Economic Action Programs (EAP).* The Economic Action Programs, specifically the Rural Communities Assistance and the Forest Products Conservation and Recycling (FPCR), are essential to the success of rural communities in building their capacity. There is probably not a better use of federal dollars then to invest in Economic Action Programs. Unfortunately, this program is chronically underfunded and earmarked for a variety of projects, mostly unrelated to the program purpose. For example, in FY 2001 of the 30 million allocated for the Economic Action Programs, approximately two-thirds were ear-marked for other purposes. This year there will be an infusion of EAP funds through the National Fire Plan, which is very appreciated. We hope this will demonstrate the benefit of making a long-term commitment to this program. Furthermore, the EAP are inadequately staffed; for example, nationwide, there are only about 6 fulltime staff dedicated to working in Forest Products Conservation and Recycling, with key regions having vacancies in this position.
- *Continue Support for Stewardship Contracting.* One critical factor in building a restoration economy is changing the contracting mechanisms used by the Forest Service. Traditional timber sale contracts are focused on outputs. When the land management goal is restoration, a different contracting mechanism is needed to ensure that the objectives are reached. Stewardship Contracting is a collection of mechanisms that can be used to integrate the ecological integrity of public forestlands and the well-being of rural communities. The Forest Service can utilize it to create contracts for high-skill, high wage, long duration jobs, training and capacity building by focusing a larger percentage of the contracts on the best value system, rather than lowest bid. A continuing challenge for communities working on this issue is the agency's lack of clarity in how to use the various tools and their lack of confidence in what is permissible and what is not.

We are in the process of learning about the effectiveness of various Stewardship Contracting mechanisms through the 28 Stewardship Pilots authorized by Congress. It is critical that the all-party monitoring process required for those pilots be supported so we can translate the lessons learned to real solutions in contracting. We hope you will have an oversight hearing, after this year's field season, to evaluate the success of those efforts.

As a final note on this topic we believe it is safe to say the communities that are working on Stewardship Contracting are generally groups of diverse people who came together initially around more general forest related issues. Rural Community Assistance dollars helped build the capacity of these groups and positioned them to work on the complex array of projects that Stewardship Contracting affords. It is important to recognize that programs like RCA can help the National Forest System learn to work in partnership with communities.

- *Continue Support for the Wyden Amendment.* The Wyden Amendment allows the Forest Service to work more holistically across ownership boundaries. This tool is critical to effective watershed restoration. We hope that the use of this tool will be secured and more widely applied.
- *Support Innovative Funding of Restoration.* Senate Bill 597 was recently introduced that directs certain hydroelectric charges to be used to support restoration activities such as, recovery of threatened and endangered species, watershed analysis, multiparty monitoring. This bill also directs that employment and job training opportunities be offered to rural communities near the restoration project. This is an example of the type of linkages we need to make to ensure that we build an ecologically and socially responsible conservation-based economy.

Conclusions

Thank you for the opportunity to share our experiences in working with rural communities and businesses and our efforts to create a restoration economy built on the principles of sustainability. While many of the issues we have raised relate to appropriations, we believe it is important that the Resources Committee advocate for these important programs in addition to providing the Forest Service with direction and authority to conduct its business.

The main messages we would like to leave with you are:

The way in which we care for the land directly affects the well-being of rural communities. When our forests are healthy, we believe our communities are better off. For us, there is a strong correlation between degraded land and poverty in rural communities. We need to restructure the way we take care of the land to create a healthy interdependence. This will take time and its success depends on communities, land management agencies, environmentalists, industry, and others working together to find solutions.