



*Economic analysis and feasibility of  
the Lakeview Biomass Initiative*

**Western Stewardship Summit**  
**September 25, 2008**



# Economic Base

The economic base of a area is made up of firms that export products or services out of the region, or produce goods that might otherwise come in from elsewhere thereby bringing new money into the area

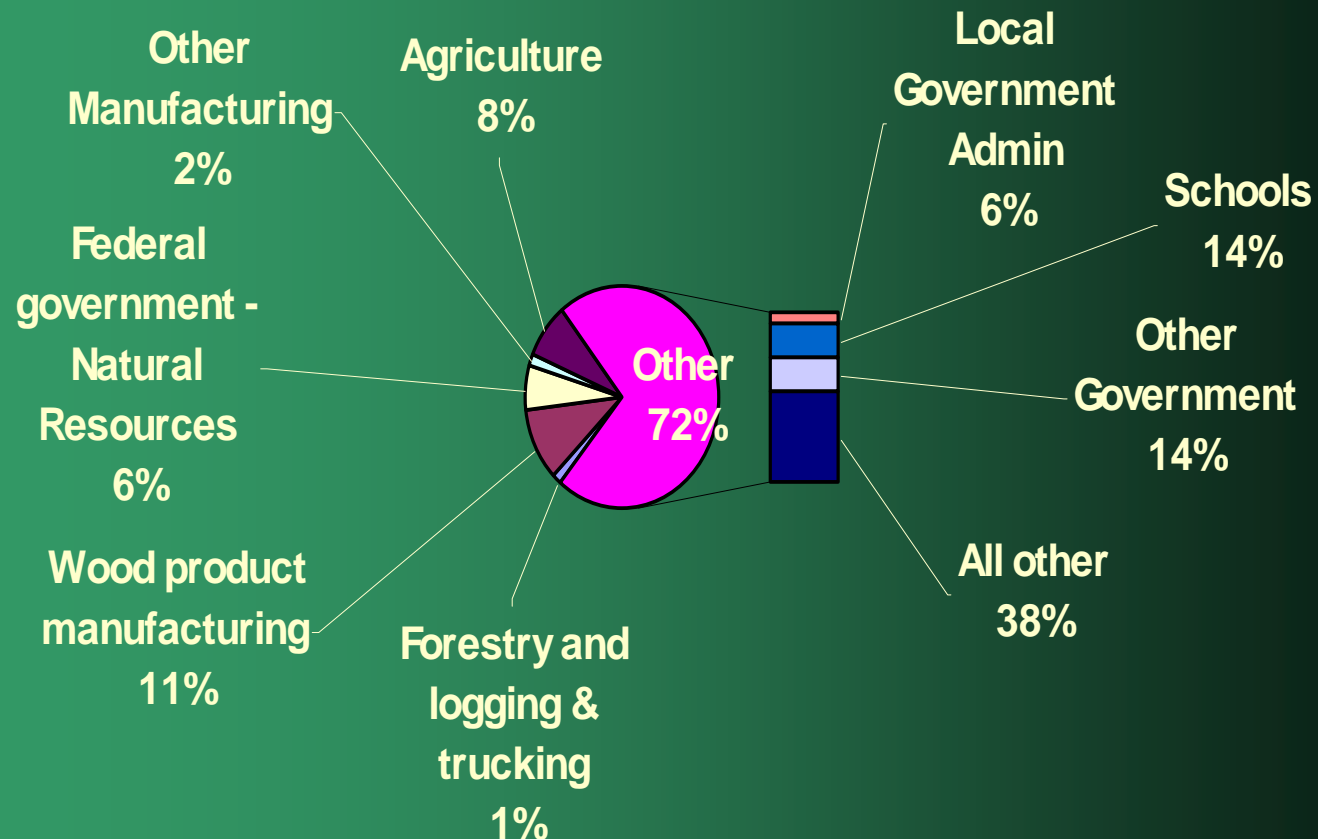


# Local Economy

The local market economy consists of retail firms, restaurants, real estate and small construction firms that serve the local market. These firms re-circulate dollars brought in by “base” industries



# 2007 Employment Base for Lake County Oregon





# Employment base

These numbers do not include the county Nonemployers – which include 7 logging contractors, 7 forestry support services and 23 trucking firms.

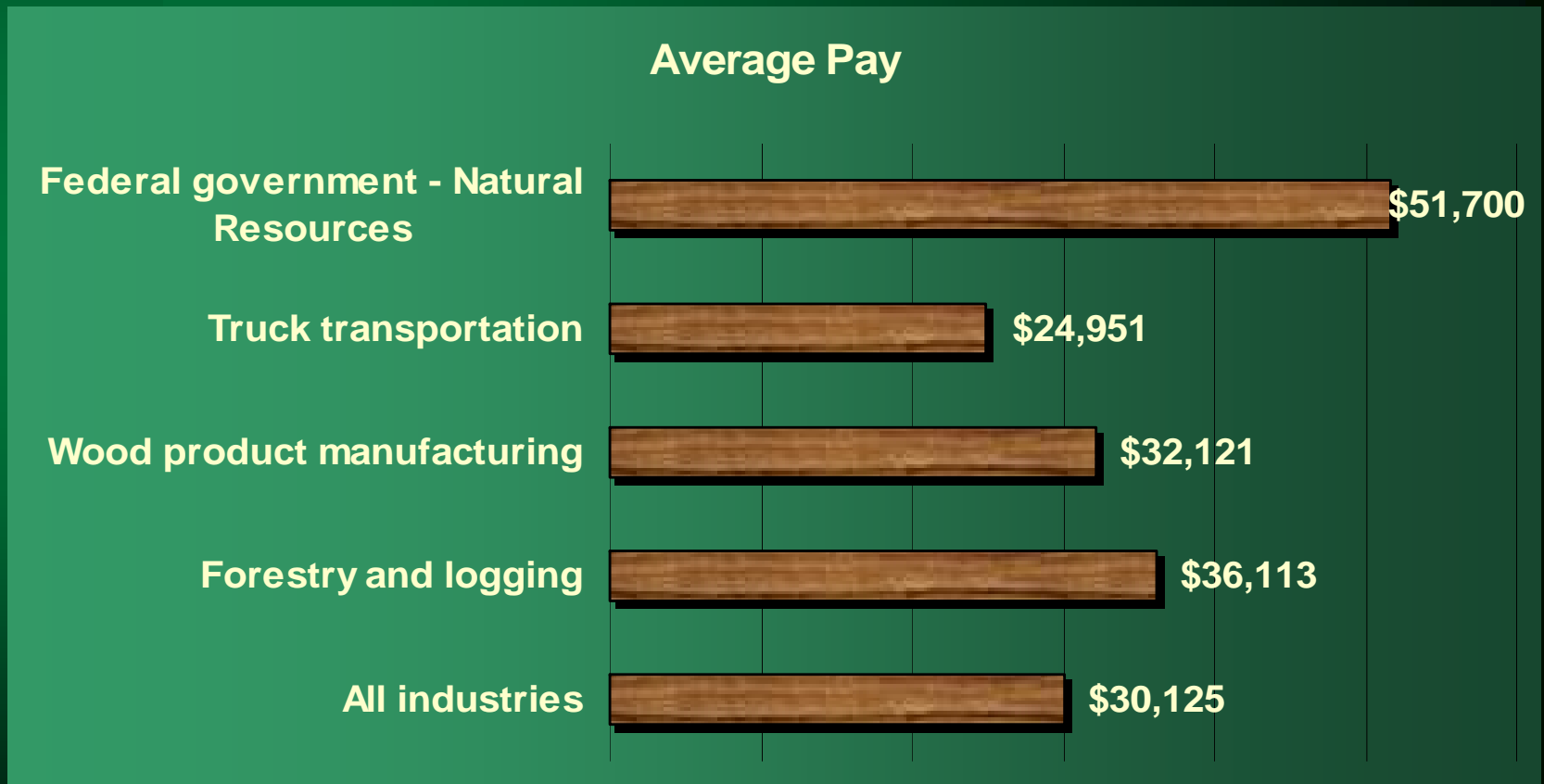


# What kinds of jobs

The level of impact of employment on local economy is also determined by the wage levels of the jobs which determine the re-spending effects



# 2007 Average Wages – Lake County Oregon





# Lakeview Biomass Initiative

In early 2007 an announcement was made that DG Energy – now Marubeni – and The Collins Company were committed to building a 10-15 mW biomass cogeneration plant in Lakeview Oregon



# Lakeview Biomass Initiative

The Collins Company also announced that they would be expanding their Lakeview Fremont Sawmill to add a \$6.6 million small log mill to their existing facility

This commitment was assurance that the company was remaining in the community thereby retaining 78 jobs



# Methodology

An economic analysis of the project was conducted as part of the media package provided at the ribbon cutting for the new small log mill.

The analysis considers the impact of investment and direct jobs created by the retention of Collins Pine and the construction of a biomass facility on total employment, labor income and state personal income tax.



# Methodology

**The total impact is the sum of the following three impacts:**

- 1. Direct Impact – impacts associated with the company's employment and wages**
- 2. Indirect Impact – impacts resulting from suppliers to the company**
- 3. Induced Impact – impacts resulting from purchases made with income earned from the company and its suppliers**



# Project Description

- Retention of 78 jobs at Collins Pines
- Construction of a \$30 million biomass facility
- Creation of 50 logging jobs to provide feedstock for the biomass facility
- Creation of 10 new sawmill jobs at the biomass facility
- Creation of 5 power generation jobs



# Assumptions

- The companies inputs will originate from Oregon and workers filling the positions will reside within Oregon
- The companies investments will not displace investments in Lake County but instead will add to the total stock of economic activity in the county



# Collins Pine Impacts

## Employment

Direct	Indirect	Induced	Total
78	47	31	156



# Biomass Facility Impacts

## Construction Employment

Direct	Indirect	Induced	Total
365	67	61	493



# Biomass Facility Impacts

## Logging Employment

Direct	Indirect	Induced	Total
50	30	40	120



# Biomass Facility Impacts

## Wood Product Manufacturing

Direct	Indirect	Induced	Total
10	6	4	20



# Biomass Facility Impacts

## Electricity Generation

Direct	Indirect	Induced	Total
5	1	2	8



# Biomass Facility Impacts

Total Long Term Biomass Facility Employment

Direct	Indirect	Induced	Total
65	37	46	148



# Biomass Facility Impacts

## Total Long Term Biomass Facility Employment

The estimated 148 new jobs will increase the employment base in Lake County by 5.8% - the equivalent of 4,041 new jobs in Deschutes County



# Biomass Facility Impacts

The construction phase of the project will have a short term impact of employing 493 workers with labor income of \$14, 074,638



# Income Tax Benefit

The project also has positive impacts on personal income taxes paid. To estimate these impacts an effective rate of 5.8% is assumed based on the 2005 estimates by the Oregon Department of Revenue. Although the rate is significantly lower than the 9.5% personal income tax rate most households pay in Oregon, it provides a conservative estimate for all taxpayers since personal income tax rates vary by income group.



# Collins Pine Impacts

## Estimated Personal Income Taxes

Direct	Indirect	Induced	Total
\$219,645	\$152,174	\$33,197	\$405,016



# Biomass Facility Impacts

## Estimated Personal Income Taxes – Construction

Direct	Indirect	Induced	Total
\$640,442	\$105,682	\$70,205	\$816,329



# Biomass Facility Impacts

## Estimated Personal Income Taxes – Logging

Direct	Indirect	Induced	Total
\$418,850	\$81,861	\$48,256	\$548,967



# Biomass Facility Impacts

## Estimated Personal Income Taxes – Wood Product Manufacturing

Direct	Indirect	Induced	Total
\$28,160	\$19,509	\$4,256	\$51,925



# Biomass Facility Impacts

## Estimated Personal Income Taxes – Electricity Generation

Direct	Indirect	Induced	Total
\$17,622	\$1,681	\$1,660	\$20,963



# Biomass Facility Impacts

Estimated Personal Income Taxes  
– Combined Long Term Impact

Direct	Indirect	Induced	Total
\$684,276	\$255,225	\$87,369	\$1,026.871



# Conclusion

The economic impact to Lake County of retaining an existing enterprise plus startup of the new biomass enterprise is significant.

The employment impact from both projects is 12% of the current employment base of 2,538



## Other regions

From my experience working in the Sierra's – was able to track employment growth related to fuel load reduction activity in the urban forest interface.

Over a five year period we saw growth of 500 landscaping jobs – primarily tree service. Most of this was related to creating fire safe zones around homes.



# Contact Information

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