

# Briefing Paper

## Pacific Northwest Region – Malheur National Forest

**Topic:** Malheur 10-year Stewardship Contract

**Date:** October 14, 2014

**Background:** In August 2012, Malheur Lumber Co. in John Day, Oregon, announced the planned closure of its mill, the only operating mill in the county. The closure announcement cited the lack of a predictable and adequate timber supply as the main reason for the shutdown. The announcement and local press with headlines of “Infinitely Saddened” galvanized a local, state and national examination of the options to forestall closure. These discussions acknowledged the need for a viable forest products industry infrastructure in Grant and Harney Counties as essential in meeting forest restoration objectives.

In late September 2013, after a series of public meetings, the Malheur National Forest awarded a 10-year Integrated Resource Service Contract (IRSC) to Iron Triangle, LLC of John Day. Within a 20-month period from the original closure announcement, the local headlines went from “Infinitely Saddened” to “It’s a Remarkable Turnaround,” giving great credit to the collaborative and the Forest Service Accelerated Restoration Program. This collaboratively designed contract met three objectives; it would accomplish crucial forest restoration work while providing a predictable/sustainable supply of forest products to local mills, and enhance the economic stability in Grant and Harney Counties. Iron Triangle’s proposal included supporting the majority of remaining timber industry infrastructure working in the area.

An important component of the initial solicitation was the decision that benefits to the local community (identified as Grant and Harney Counties) would be significantly more important than price. Iron Triangle’s bid emphasized the use of local labor and contractors, and maximized the benefit to the local communities. Another important consideration was the decision to put up to 70% of the Forest’s annual timber outputs into the contract. Support for the project also came from Title II funding from both Grant and Harney Counties, and the Oregon State Legislature passing of the Governor’s 2013-15 budget which included \$2.88 million for accelerated restoration on Federal lands.

**Updates:** On Sept. 10, 2014, Task Order #2 was awarded under the Malheur National Forest IRSC. This award continues to provide a predictable and sustainable volume of timber, increase employment and assist the local economy, while implementing crucial restoration work on the land.

This second Task Order supports restoration and commercial harvest on nearly 27,000 acres across the Malheur. Areas treated include the Upper Pine analysis area on the Emigrant Creek Ranger District and the Sugar (Soda Bear analysis area), Tin, and Cup projects (Galena analysis area) on the Blue Mountain Ranger District. Restoration activities include installation of a fish passage culvert; aspen thinning and fencing; road maintenance activities including closure, re-construction, and construction; pre-commercial thinning, and grapple and hand-piling of excess forest fuels. Commercial Harvest includes the removal of over 321,000 tons (54 mmbf) of saw log and biomass material.



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As the IRSC expands through subsequent Task Orders, a level of certainty continues to develop for local contractors, encouraging their investment in the infrastructure necessary to fully accomplish needed restoration work across the Malheur and other eastside Oregon forests. Benefits to the local community are occurring directly with the contractor/subcontractors, the local mill

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(Malheur Lumber) and with other mills in the region as well. Benefits are also extended indirectly to local businesses and schools, with a corresponding reduction in the local unemployment rate.

**Significant outcomes to date include:** The first task order was awarded in October 2013 and work is ongoing, but significant outcomes to date are:

- Oregon Employment Department reported Grant County experienced an unemployment decline of 3.1 percent between September 2013 and March 2014. This was the sharpest unemployment drop of any county in the state during that time period.
- Malheur Lumber Company (a partner of Iron Triangle) added a second shift of employees (first increase since 1998).
- 12,000 acres treated using pre-commercial thinning, biomass removal and commercial harvest, restoring the forest to a more fire resilient state.
- The Forest has stepped up hiring, bringing in a diverse workforce to facilitate the contract's implementation.
- The timber target on the Malheur National Forest has increased from 29 mmbf in 2012, to 55 mmbf in 2013 and 65 mmbf in 2014. Another 10 mmbf increase is expected in 2015 for a total program of 75 mmbf in 2015 and beyond. This level of program increase is dependent on additional funding.
- Stewardship Authority uses the revenues from commercial products (timber) to fund other ecologically critical restoration activities like fish passage enhancements, non-commercial thinning and stream and spring restoration projects. These types of projects are also creating jobs, further stabilizing the economy in this rural area.

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