

The Blackfoot-Clearwater Stewardship Project: Protecting What's Best About Montana

Analysis: Blackfoot-Clearwater Project Would Create 45-51 Local Jobs

Project, Two Years in the Making, Combines Forest Restoration, Stewardship; Builds on Success of Previous Regional Cooperative Agreements

Executive Summary: An analysis of the Blackfoot Clearwater Stewardship Project (BCSP) shows that it would provide a variety of annual direct economic benefits to local communities and businesses along with other longer-term impacts:

- Approximately 45-51 annual full and part time jobs such as in sawmills, logging, forest restoration, and at a cogeneration biomass facility in Seeley Lake, MT;
- Increased small business income of \$325,000-\$388,000 annually;
- Increased wages of \$1.196-\$1.356 million annually;
- Annual increase in final sales for western Montana businesses of \$6.4-\$7.5 million;
- Construction of the cogeneration plant would provide one-time benefits of 31 new short-term jobs, \$270,000 in small business income, \$770,000 in wages, and \$7.5 million in sales;
- Continued long-term benefits to local communities and the region from healthier lands, cleaner water, better habitat, and continuing or improved recreation opportunities.

Background: BCSP is a collaborative effort with a wide diversity of Montana partners that builds on the same spirit of cooperative success as other local accomplishments such as the Blackfoot Challenge, the Forest Service's work on the Seeley Lake Ranger District, and the efforts of the Montana Forest Restoration Committee. The project entails stewardship projects, community forestry, and a biomass project in Seeley Lake, as well as additions to the Bob Marshall-Scapegoat and Mission Mountain Wilderness areas totaling 87,000 acres. The geographic area covers the 400,000-acre Seeley Lake Ranger District of the Lolo National Forest within the Blackfoot watershed as well as lands within the multiownership 41,000-acre Blackfoot Community Conservation Area (BCCA).

Strong Local Support: Two years in the making, BCSP has received wide support from local and county officials, wood products industry representatives, outfitters, recreation groups, and conservationists. This proposal also is entirely consistent with the existing Lolo National Forest Plan. The vision of BCSP is prosperous communities and conservation of resources within the Blackfoot watershed by creating jobs, promoting forest stewardship projects, advancing renewable energy development, and protecting Montana's backcountry traditions for current and future generations.

Funding and Project Work: BCSP proposes a public-private partnership to fund stewardship, community forestry, and recreation enhancement projects in the area. It also provides funding for a cogeneration facility burning woody biomass in Seeley Lake. Currently there is limited information on the economic impacts, costs, and benefits of the BCSP. To partially fill this gap, this study provides projections of the economic impacts of the proposed BCSP funding

authorizations and their implementation. These impacts are described in terms of changes in final demand (sales) in 206 business sectors, as well as employees' compensation, proprietors' incomes, indirect business taxes, and employment – the number of part-time and full-time jobs. Note that data limitations prevent distinguishing between full and part time jobs.

For each of the next ten years, BCSP would authorize \$750,000 federal appropriations -- matched each year by \$250,000 in private funds -- to allow the planning, implementation, and monitoring of stewardship projects on the Seeley Lake Ranger District and BCCA. Stewardship projects would address hazardous fuels reduction, road and trail remediation, habitat improvements, and stream restoration, as well as improvements to forest access and hunting on the Blackfoot. A one time federal appropriation of \$4.5 million -- matched by \$2.5 million from Pyramid Mountain Lumber Company, Inc. -- would be used to construct a modern cogeneration plant burning sawmill byproducts and forest residues to generate electricity and process steam at the Pyramid site in Seeley Lake, Montana.

Details of Economic Findings/Methodology: The BCSP project entails both forest stewardship projects and a new cogeneration plant in Seeley Lake. Below is a summary of the economic findings for each of these areas; adding them together provides the summary figures provide at the top of this document.

Spending on stewardship projects is projected to stimulate a \$5.6 million annual increase in final sales for western Montana businesses, along with \$1.08 million in increased wages, \$270,000 in small business income, and nearly 40 new full and part time jobs in sawmills, logging, forest restoration, engineering services, and other business sectors.

Cogeneration facility operations are projected to increase sales by \$0.8-\$1.9 million, wages \$115,000-\$275,000, and small business income \$53,000 to \$118,000. Between 5 and 12 additional new jobs are projected. The projected annual impacts related to the operation of the cogeneration plant will continue for the life of the plant (up to twenty years), but the projections are sensitive to the amount of new biomass harvested to fuel the plant and the cost of harvesting that biomass.

By comparison, construction of the cogeneration plant is projected to stimulate a one-time increase of \$7.5 million in sales, \$770,000 in wages, \$270,000 in small business income, and 31 new short-term jobs.

All of these projected impacts are obtained using the software IMPLAN© (Minnesota IMPLAN Group, Inc 1999-2004). IMPLAN is widely used by federal agencies and private consultants to estimate the impacts of various projects, including proposed changes in resource management plans.

Additional Benefits Not Measured By This Report:

It is highly likely that other economic benefits would accrue from projects supported by the BCSP, but it is impossible at this stage to quantify these benefits with a direct economic value. Since the major focus of this study is direct economic impacts, additional benefits are mentioned briefly below:

- **Wildland Fire:** Stewardship projects focused on thinning and other prescriptions could reduce the probability and severity of wildfire and lower future fire fighting costs.
- **Water:** Stewardship projects directed toward thinning and burning of heavily stocked stands could improve water quality. Also, thinning and burning of overstocked stands containing old ponderosa pine trees can increase water uptake and growth rates of mature ponderosa pine while reducing the depth to groundwater. This will improve water availability to riparian species.
- **Wildlife and Fish Habitat:** Enhanced big game and fish habitat and associated hunting and fishing opportunities.
- **Land Values:** Studies outside Montana provide evidence that land and recreation are valued more highly in areas recently treated rather compared to sites subjected to severe wild fire.
- **Wilderness:** Designation of 87,000 acres of Wilderness is likely to contribute to the recovery plans of grizzly bear, Canada lynx, and bull trout. This may reduce the costs of species recovery programs, while providing other benefits such as clean water and recreation.
- **General Recreation:** Wilderness contributes to local economies in ways that cannot be captured in IMPLAN, including tourism and business start-ups.
- **Winter Recreation:** The 2000 acre winter recreation area (part of the Lolo National Forest Plan) will provide enhanced recreational benefits.
- **Biomass:** Utilizing biomass in a cogeneration facility may reduce several types of air pollution, and the associated health costs, otherwise associated with slash pile burning.

Conclusion: Now is the time for the Blackfoot Clearwater Stewardship Project. The strong local support, expertise, and history of local collaboration all are in place. The proposal can provide immediate benefits to Montanans while also serving as a model for future collaborative projects in Montana and across the country. The comprehensive support and the relative size of the project also make BCSP a perfect ‘test case’ for Congress to pass this year as a pilot for future efforts.

More Information: www.blackfootclearwater.org

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