

Socio-Economic Impacts

BLM Western Oregon Plan Revision

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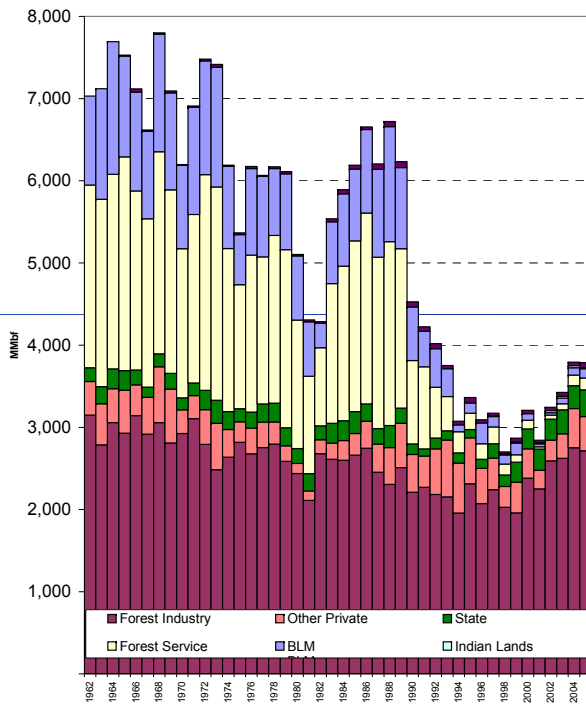
Darius Adams, Greg Latta, OSU

Analysis Examines

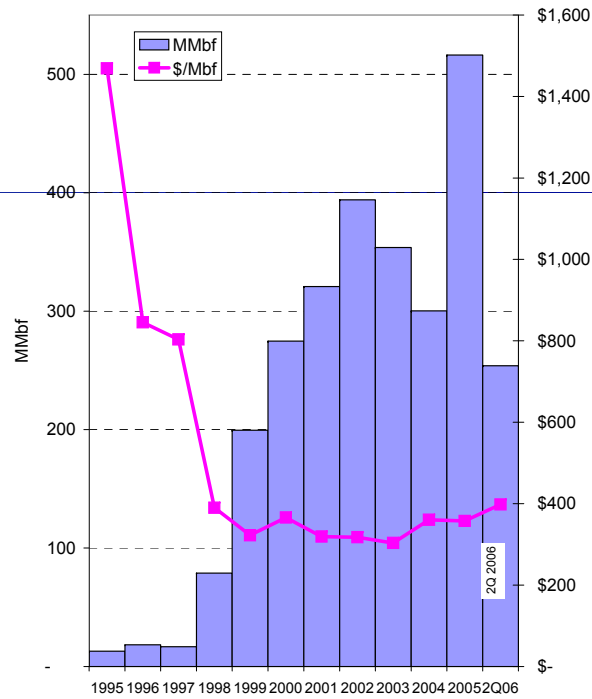
1. Payments to Counties
2. Employment and Income
3. BLM Budget
4. Present Net Value

Timber supply

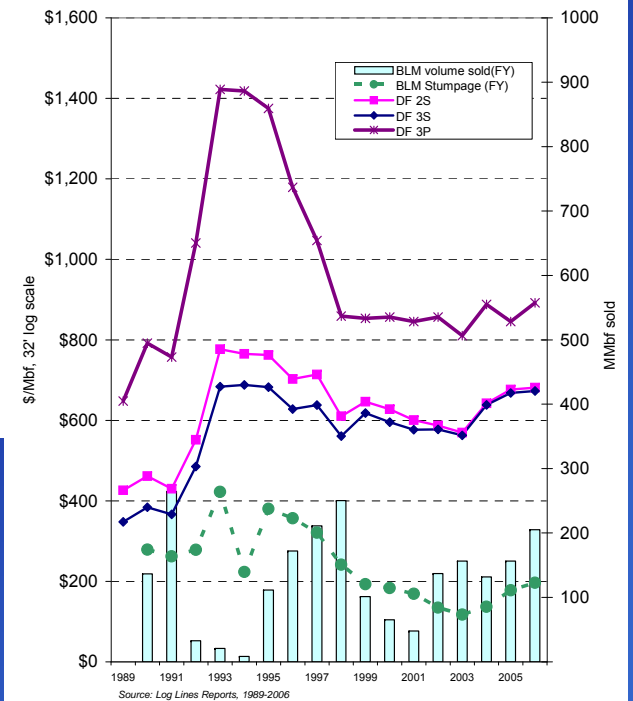
Harvest by Owner
Western Oregon



Log Imports from Canada



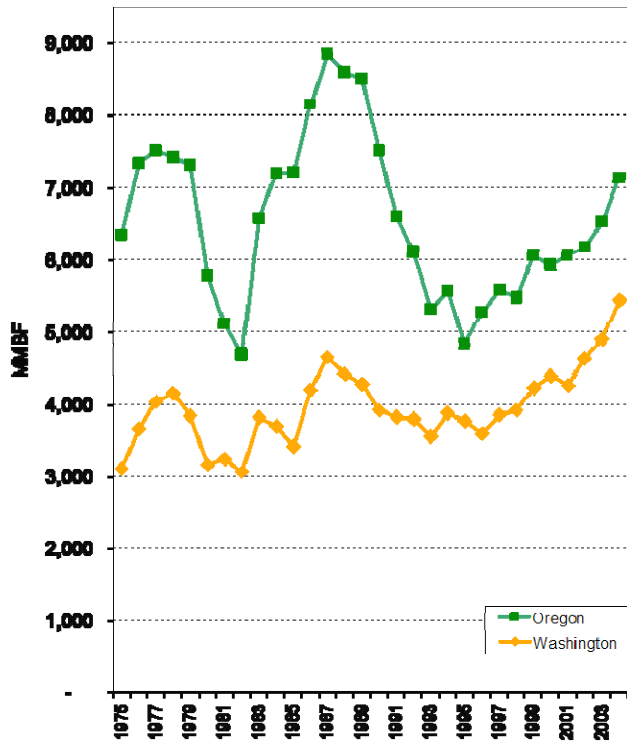
Willamette Valley Douglas fir delivered log prices
BLM volume and average stumpage



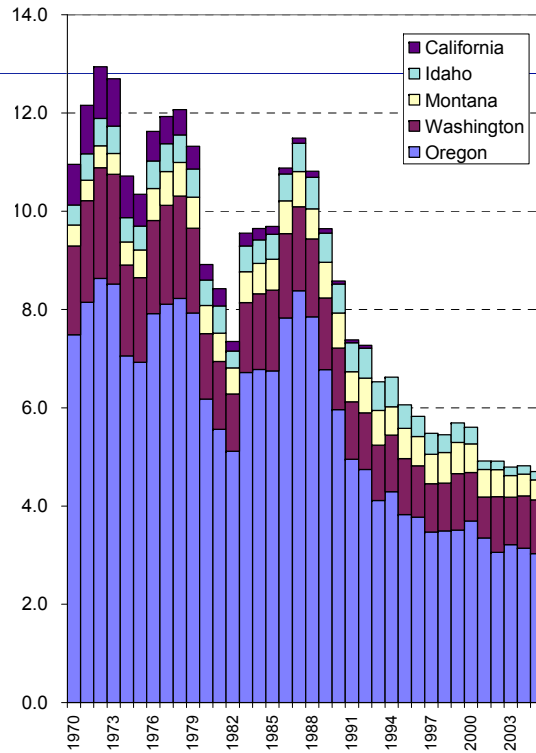
Source: Log Lines Reports, 1989-2006

Production trends

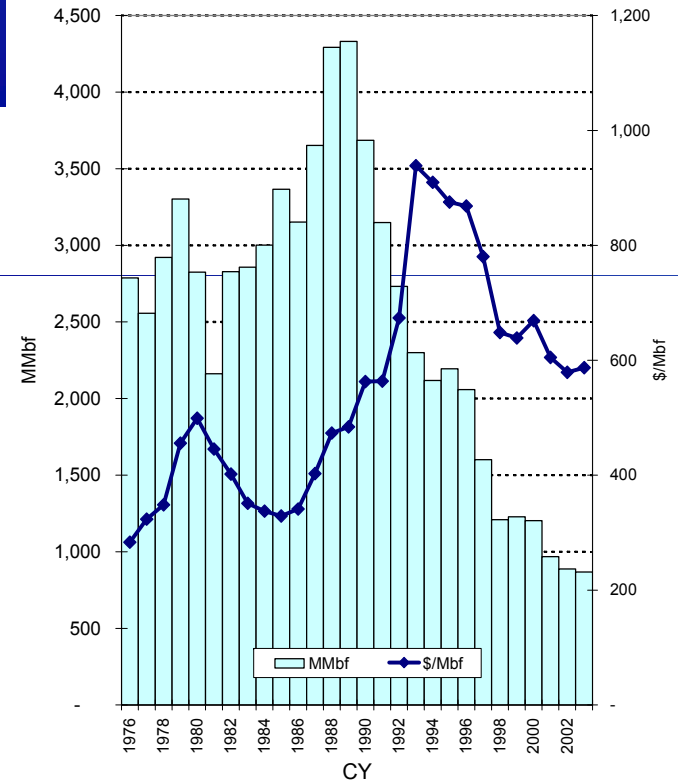
**Lumber Production
Oregon & Washington**



Western Plywood Production

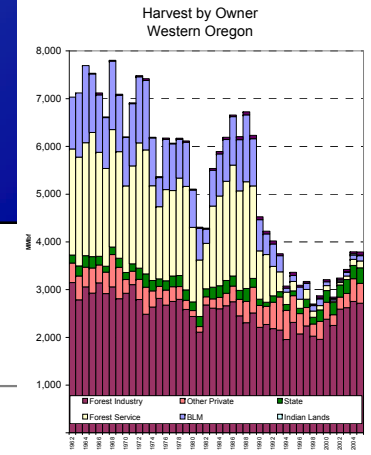
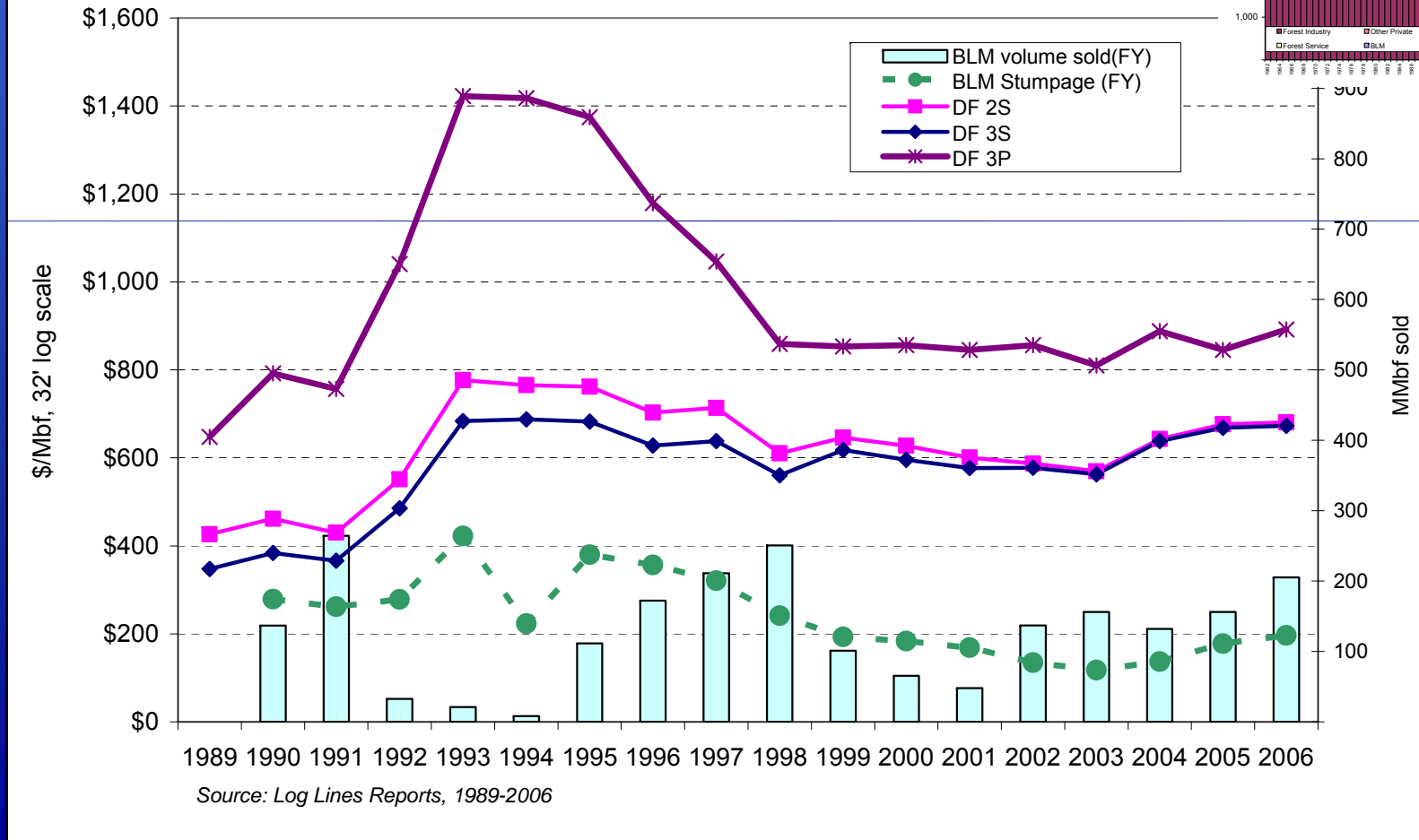


Log Exports: Western US Ports

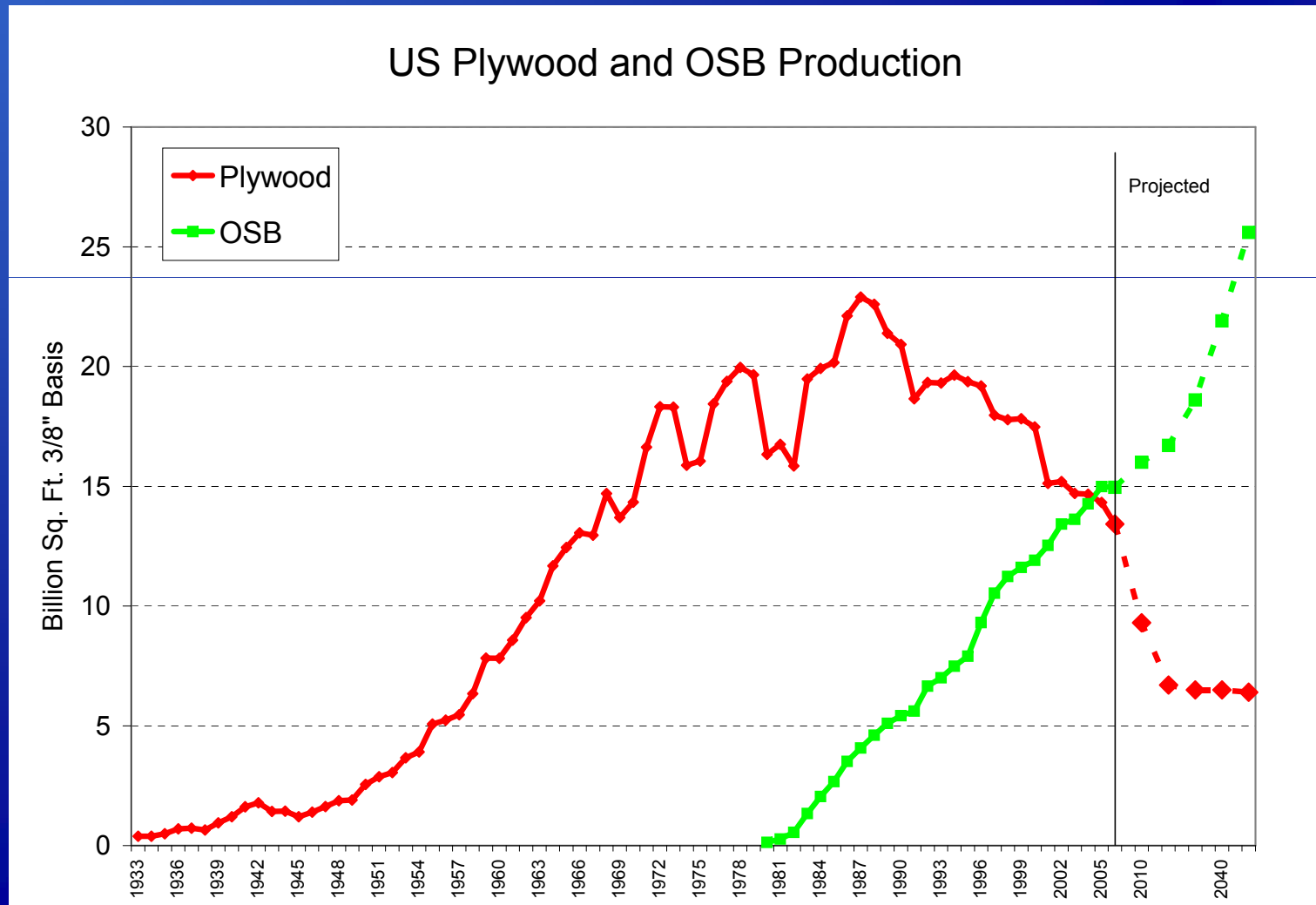


Price trends

Willamette Valley Douglas fir delivered log prices
BLM volume and average stumpage

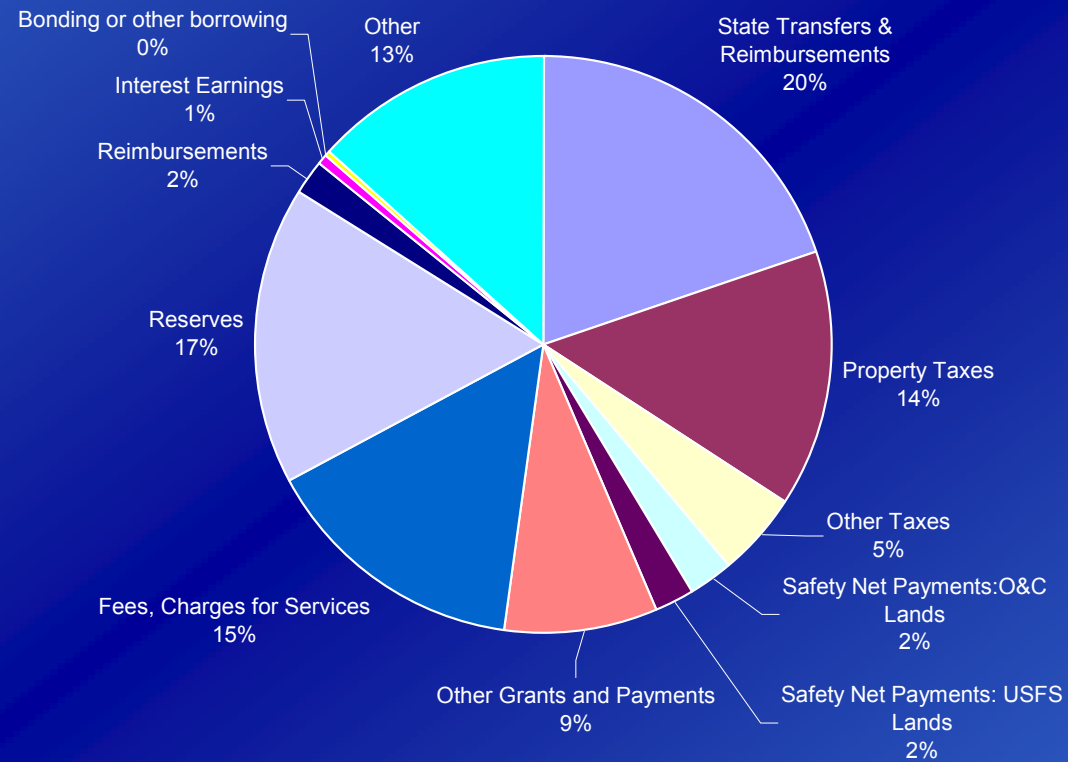


Plywood projections



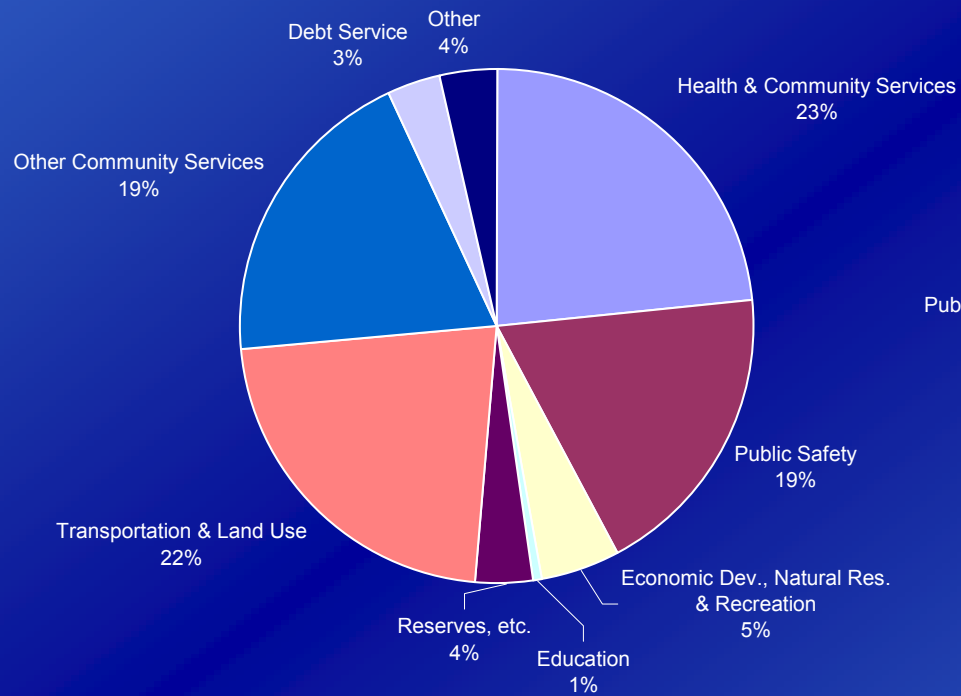
Payments to Counties

FY2005 Revenues for the 18 O&C Counties

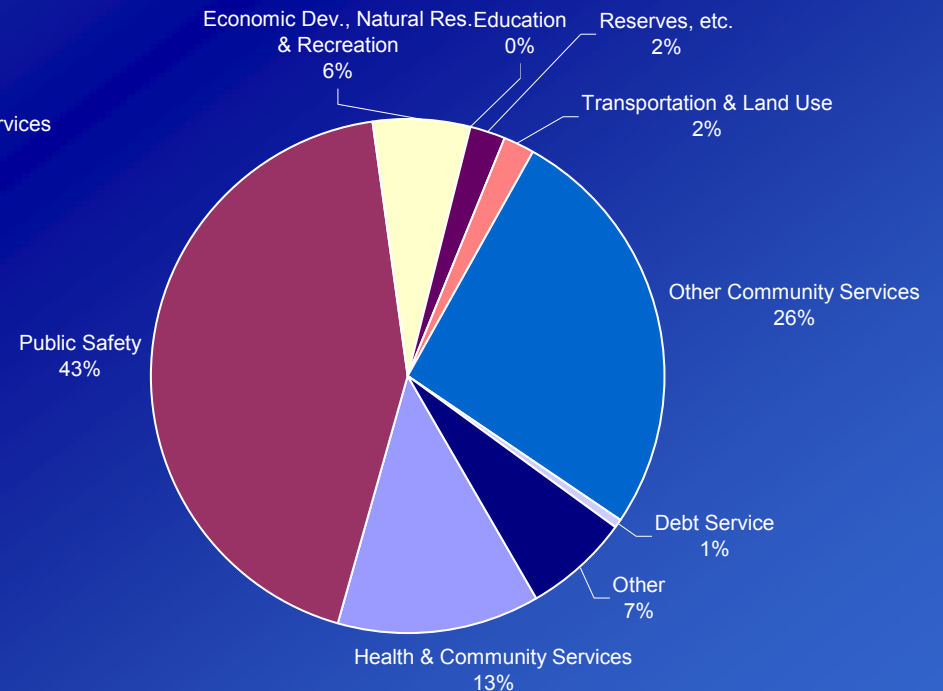


Payments to Counties

FY2005 Total Expenditures
18 O&C Counties



FY2005 Expenditures of Discretionary Funds
18 O&C Counties



Payments to Counties

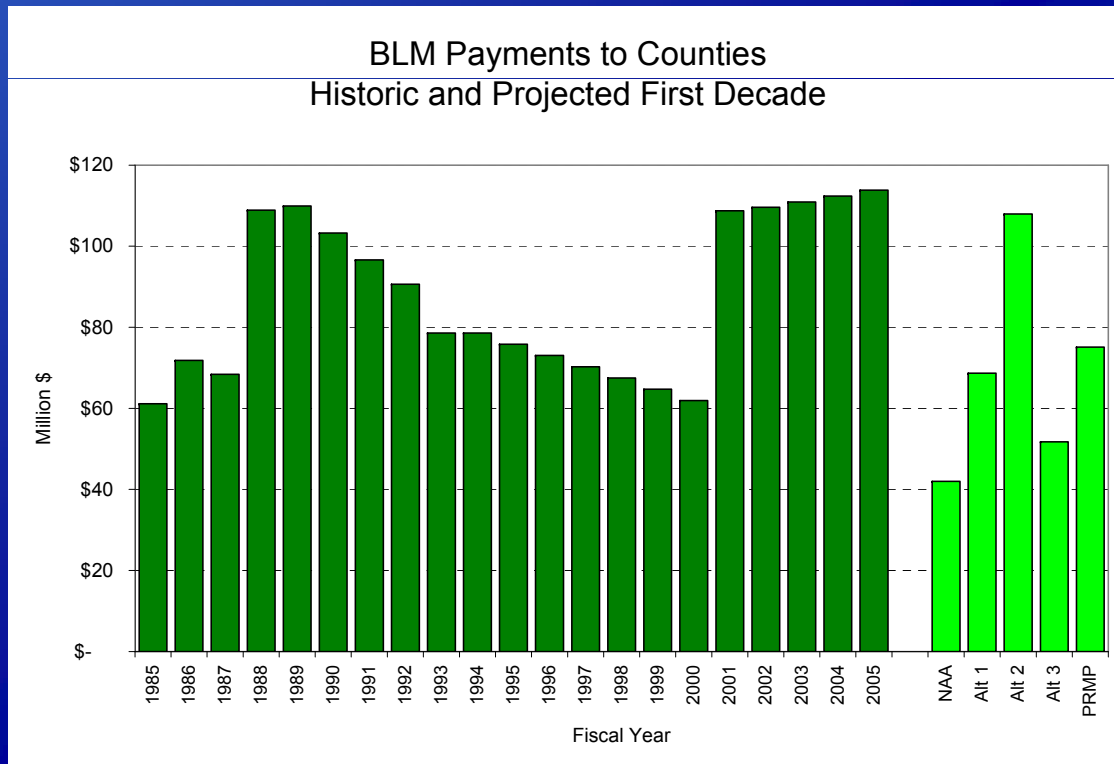
Summary of FY2005 O&C County Revenues

County	Revenue			O&C Revenue as % of	
	All Sources		from BLM	Total	Discretionary
	Total	Discretionary	Total O&C		
Benton	72,288,316	24,114,009	2,920,490	4.0%	12.1%
Columbia	47,303,696	9,881,991	2,250,622	4.8%	22.8%
Coos	45,315,118	13,113,030	6,537,510	14.4%	49.9%
Curry	54,959,478	6,920,829	3,424,000	6.2%	49.5%
Douglas	136,784,970	39,942,546	28,105,526	20.5%	70.4%
Jackson	290,614,408	77,040,445	15,145,237	5.2%	19.7%
Josephine	109,802,550	29,278,099	12,092,595	11.0%	41.3%
Klamath	160,315,525	15,522,030	2,206,000	1.4%	14.2%
Lane	466,328,935	56,786,868	14,583,629	3.1%	25.7%
Lincoln	74,031,888	32,218,773	388,968	0.5%	1.2%
Linn	83,070,524	25,287,488	2,518,846	3.0%	10.0%
Marion	314,833,911	70,333,962	1,360,000	0.4%	1.9%
Polk	60,207,240	13,956,261	2,385,000	4.0%	17.1%
Tillamook	57,560,514	14,622,039	730,820	1.3%	5.0%
Yamhill	82,504,377	13,211,916	807,500	1.0%	6.1%
Subtotal Rural	2,055,921,450	442,230,286	95,456,743	4.6%	21.6%
Clackamas	406,647,713	82,829,267	5,890,071	1.4%	7.1%
Multnomah	1,092,793,083	409,015,566	1,000,000	0.1%	0.2%
Washington	607,731,836	121,402,176	707,861	0.1%	0.6%
Subtotal Metro	2,107,172,632	613,247,009	7,597,932	0.4%	1.2%
Grand Total	4,163,094,082	1,055,477,295	103,054,675	2.5%	9.8%

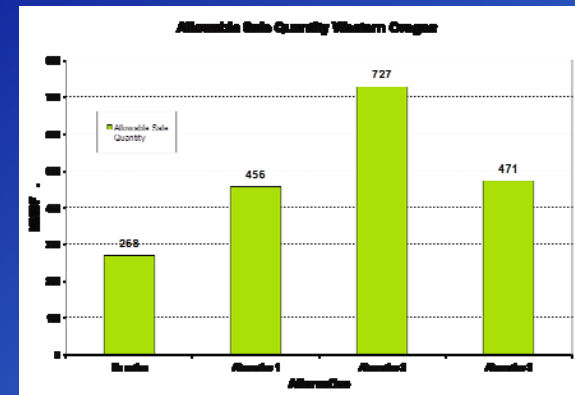


Payments to Counties

- Increased harvest will not make up loss of SRS funding



	% BLM	% BLM + USFS
NAA	34%	18%
Alt 2	94%	46%



Payments to Counties

Annual Payments to Counties, by County, Decade 1 (million \$)

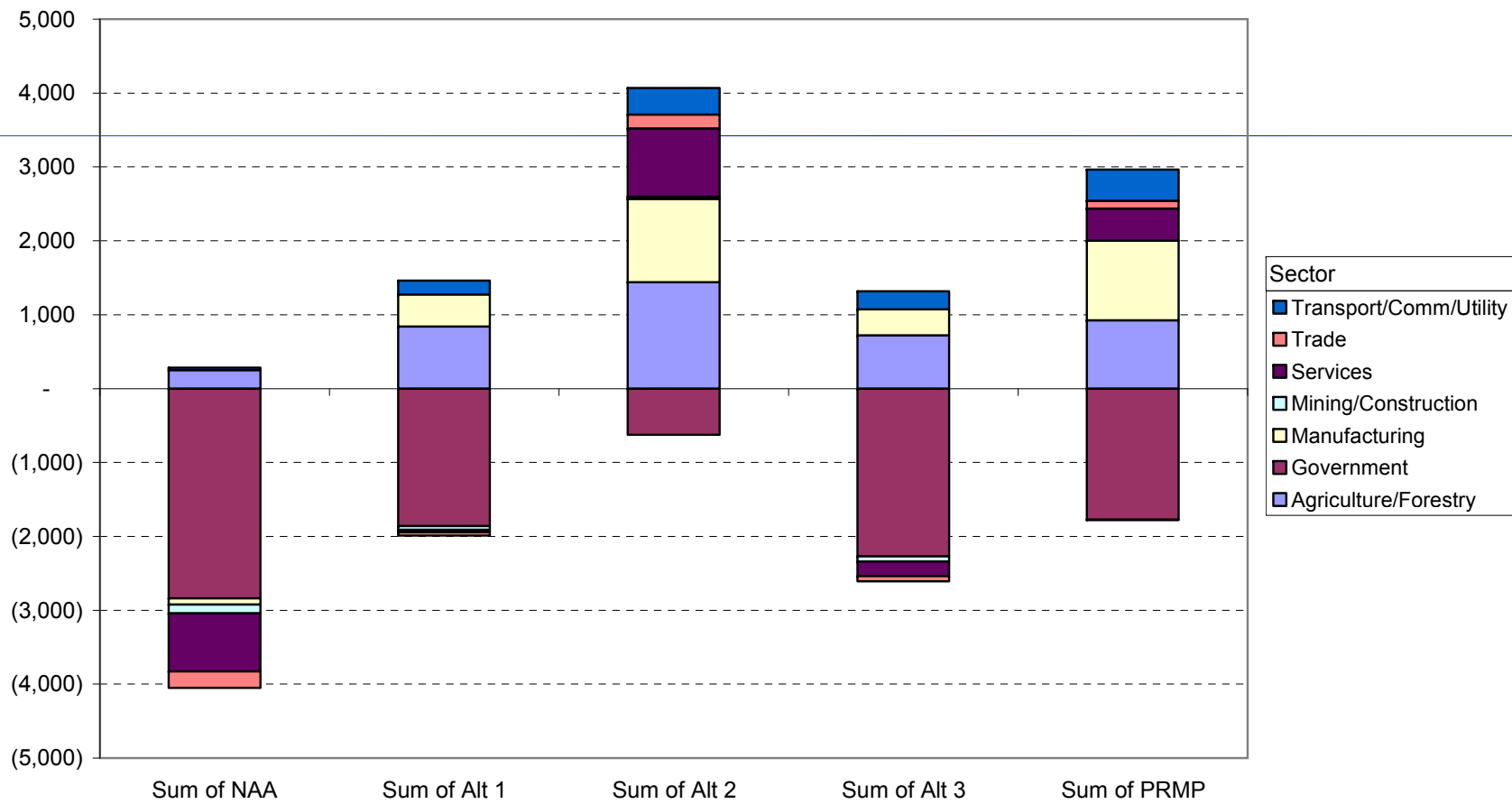
County	2005 BLM Payment	USFS SRS	Total SRS	NAA	Alt 1	Alt 2	Alt 3	PRMP
Benton	3.2	0.5	3.7	1.2	1.9	3.0	1.5	2.1
Clackamas	6.3	7.2	13.5	2.3	3.8	6.0	2.9	4.1
Columbia	2.3	0.0	2.3	0.9	1.4	2.2	1.1	1.5
Coos	7.6	0.8	7.5	2.5	4.1	6.4	3.0	4.4
Curry	4.2	5.6	9.8	1.5	2.5	3.9	1.9	2.7
Douglas	28.7	22.7	51.2	10.5	17.2	27.0	12.9	18.8
Jackson	17.8	6.4	24.3	6.6	10.8	16.9	8.1	11.8
Josephine	13.8	3.1	16.8	5.1	8.3	13.0	6.2	9.1
Klamath	2.7	17.2	19.9	1.0	1.6	2.6	1.3	1.8
Lane	17.4	34.2	51.5	6.4	10.5	16.5	7.9	11.5
Lincoln	0.4	5.3	5.7	0.2	0.2	0.4	0.2	0.3
Linn	3.0	11.4	14.4	1.1	1.8	2.8	1.4	2.0
Marion	1.7	4.3	5.9	0.6	1.0	1.6	0.8	1.1
Multnomah	1.2	1.1	2.3	0.5	0.7	1.2	0.6	0.8
Polk	2.5	0.0	2.5	0.9	1.5	2.3	1.1	1.6
Tillamook	0.6	2.8	3.5	0.2	0.4	0.6	0.3	0.4
Washington	0.7	0.0	0.7	0.3	0.4	0.7	0.3	0.5
Yamhill	0.8	0.8	1.6	0.3	0.5	0.8	0.4	0.6
Total	114.9	123.3	237.1	42.0	68.7	108.0	51.7	75.1

Basis for economic impacts

- WOPR economic impacts based on changes in:
 - Harvest
 - Payments to counties
 - Panel production trends
 - BLM budget
- Public comments – should have included:
 - Recreation
 - Fish and Wildlife
 - Property values
 - Etc

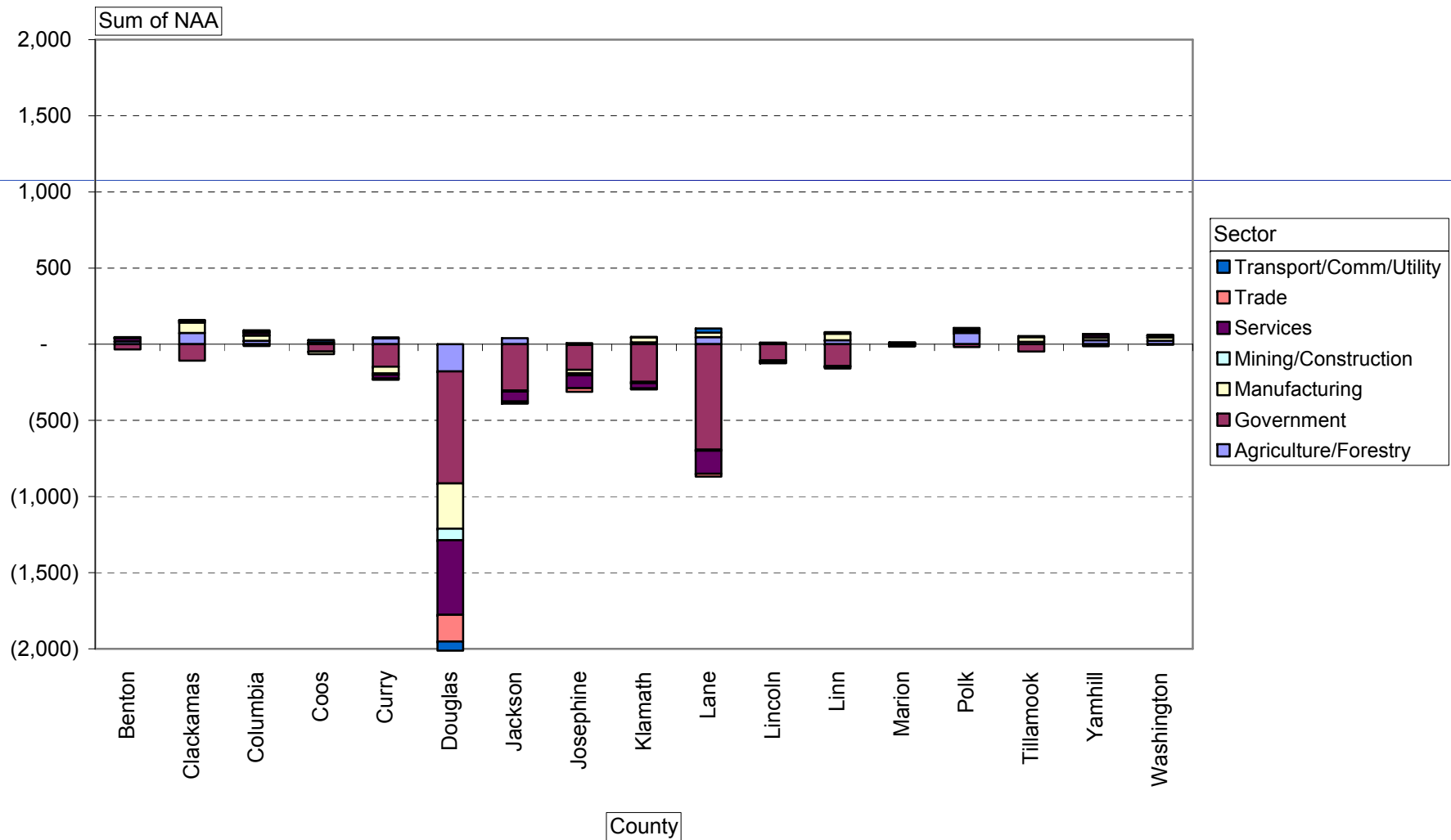
Employment impacts

Change in Employment
All Counties

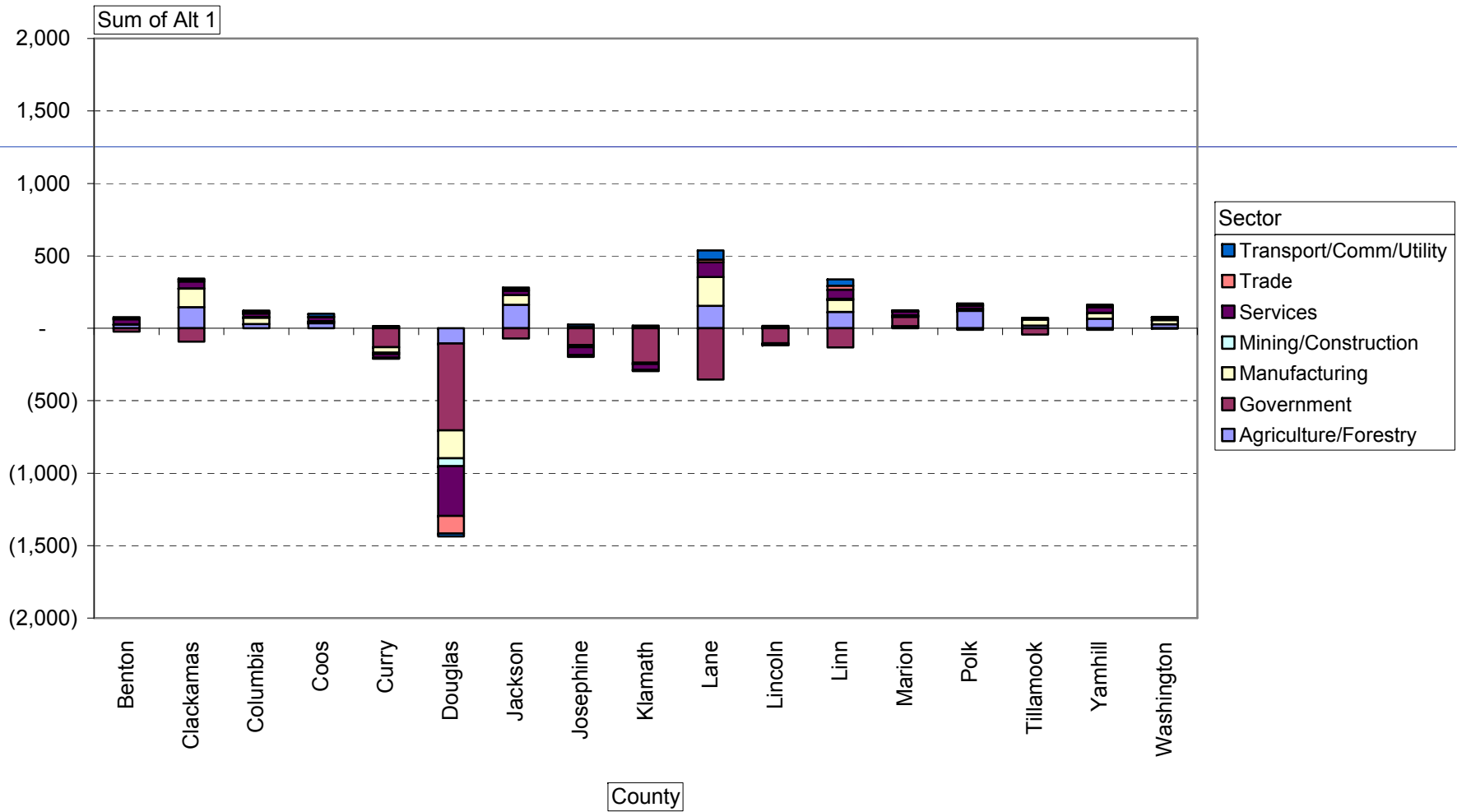


Data

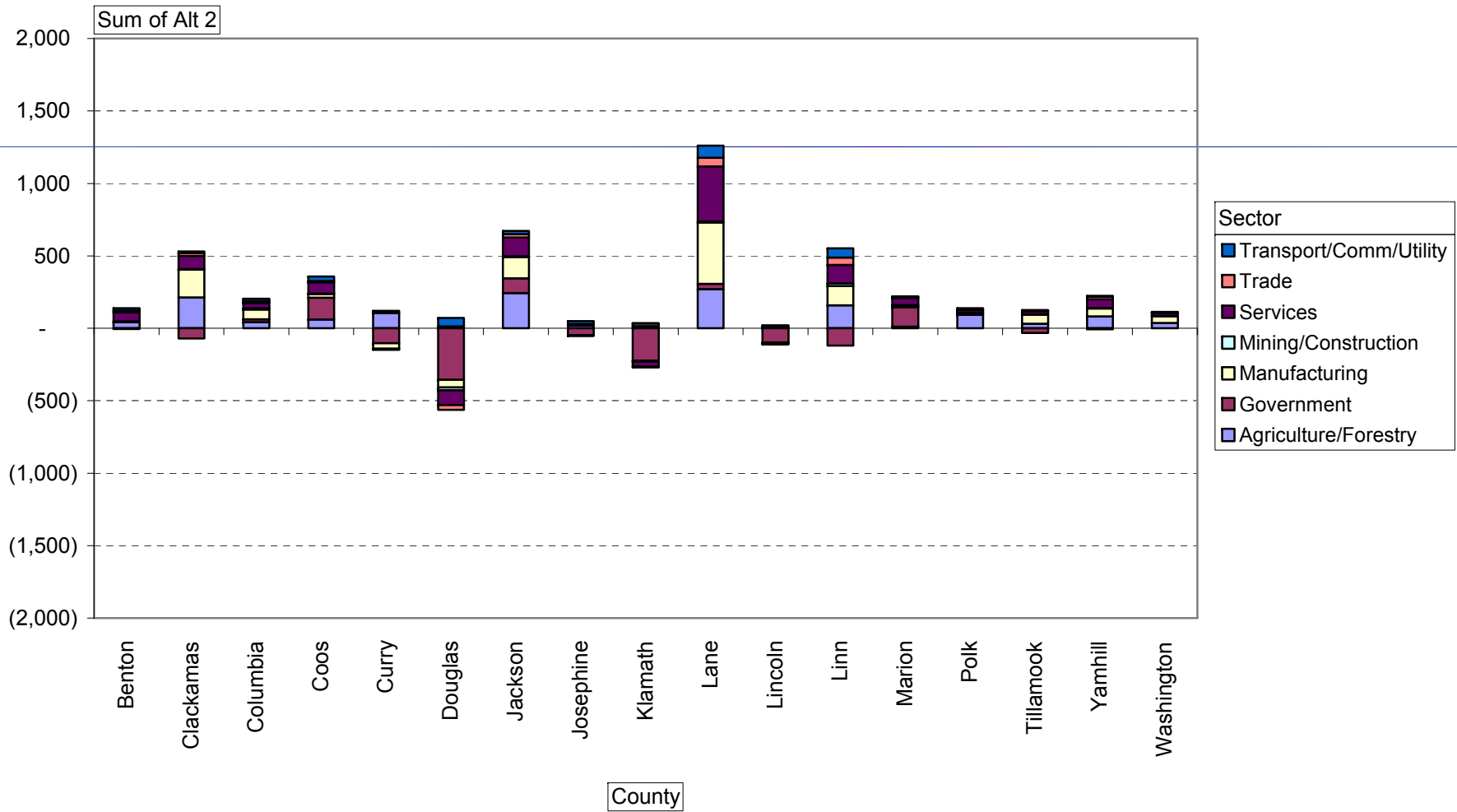
Change in Employment No Action Alternative



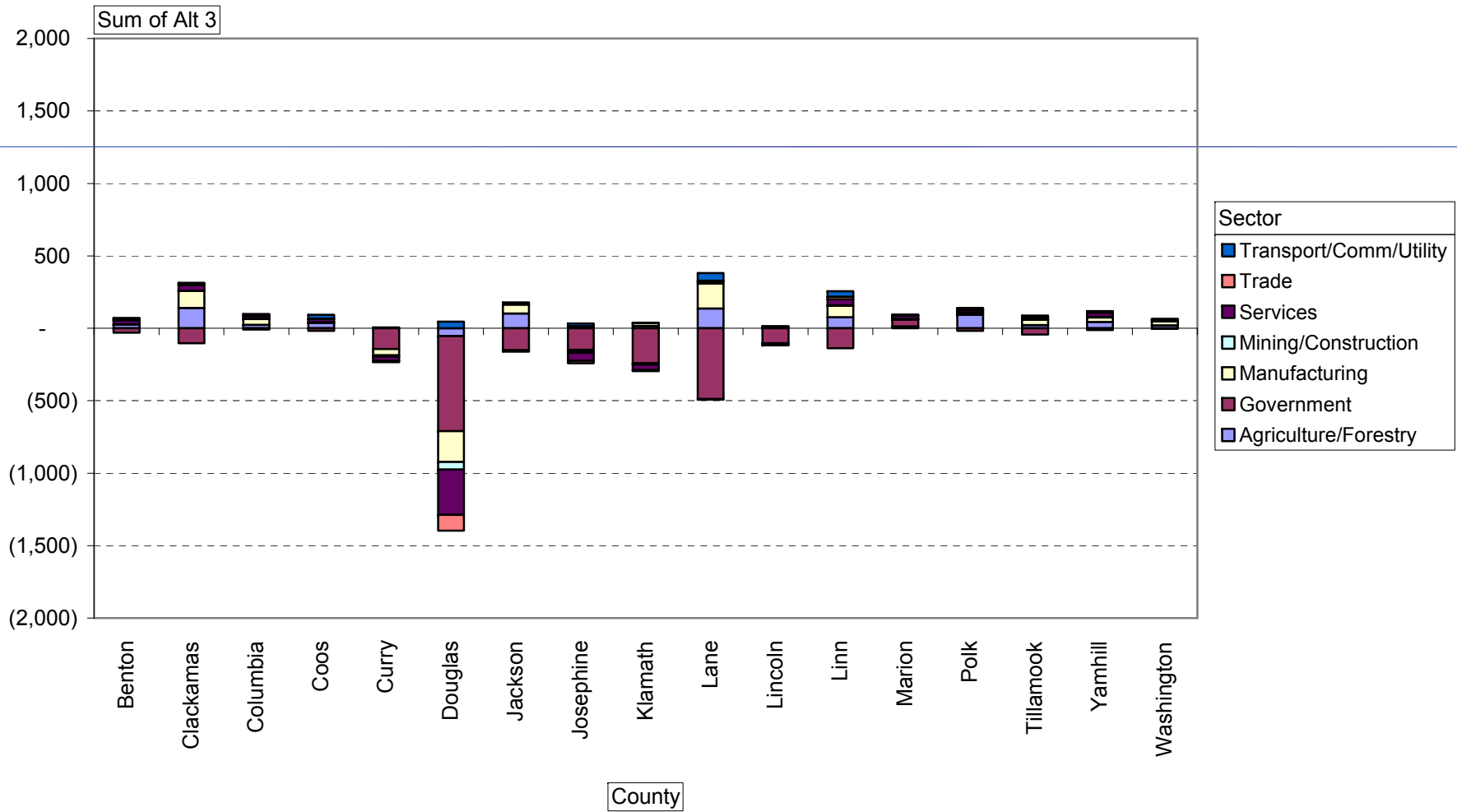
Change in Employment Alt 1



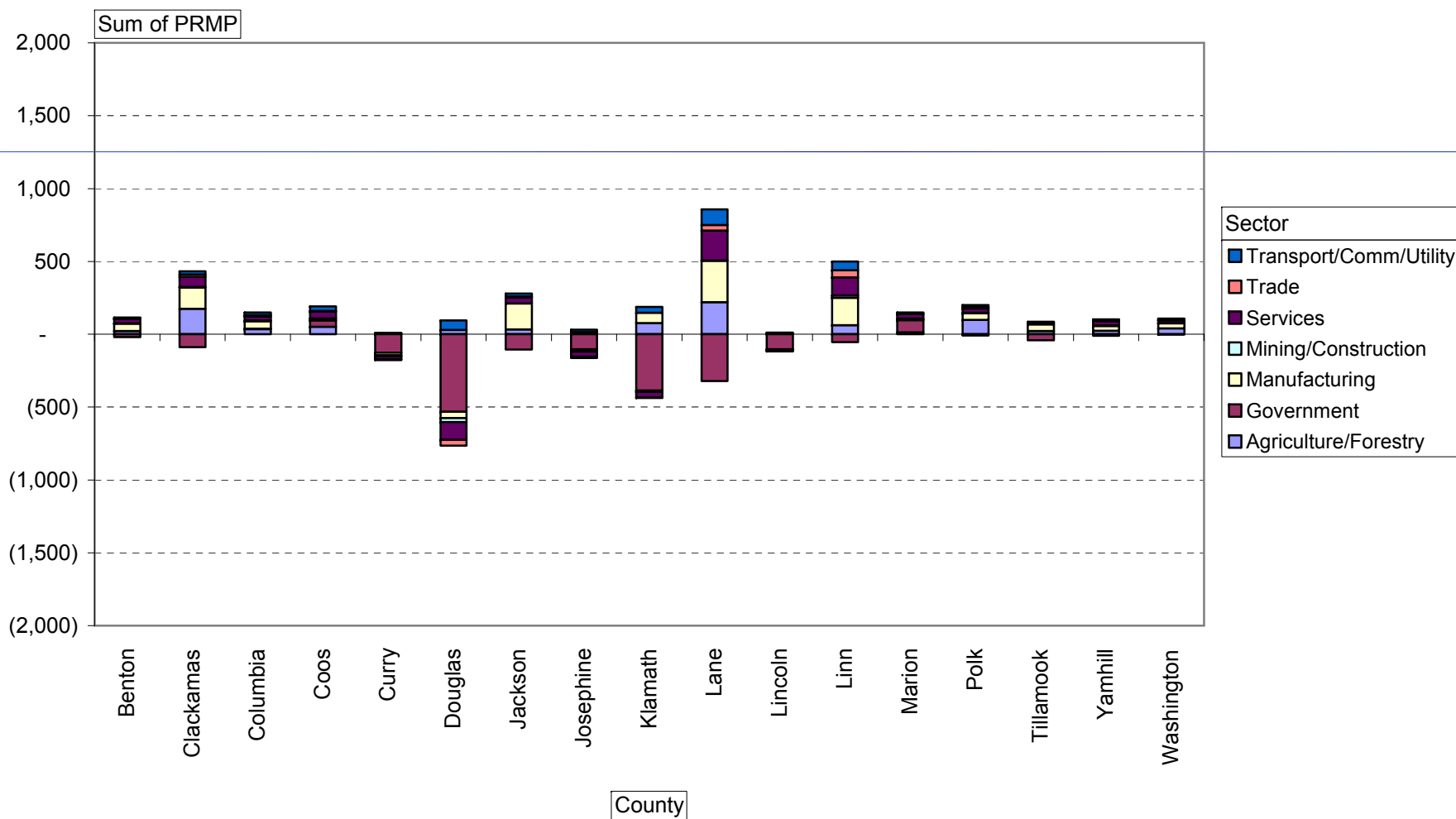
Change in Employment Alt 2



Change in Employment Alt 3



Change in Employment PRMP



BLM Budget

- BLM budget and expenditures would increase 18-62%

BLM Budget, million \$

BLM Office	FY 2006	NAA	Alt 1	Alt 2	Alt 3	PRMP
Coos Bay	12.8	18.2	20.5	30.4	19.1	21.9
Eugene	11.9	17.6	27.0	34.2	19.2	31.5
Lakeview*	6.2	6.6	7.4	7.4	7.2	6.5
Medford	33.9	39.6	46.3	50.8	44.2	45.6
Roseburg	14.7	17.9	18.7	25.3	22.3	20.3
Salem	16.1	21.3	30.7	38.9	28.5	32.7
State Office	51.3	51.3	51.3	51.3	51.3	51.3
Total	146.9	172.9	201.8	238.3	191.8	209.7

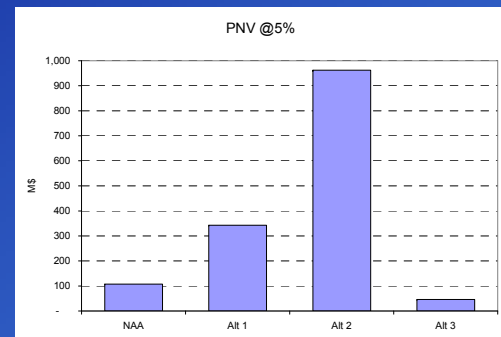
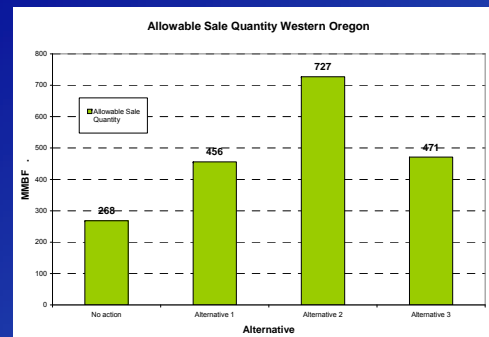
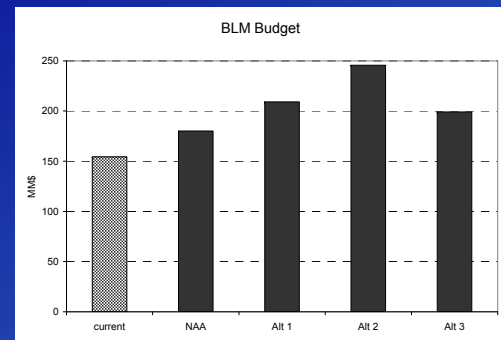
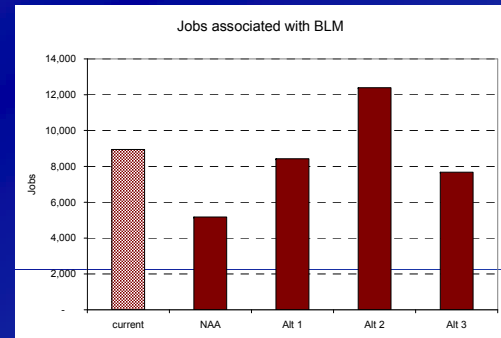
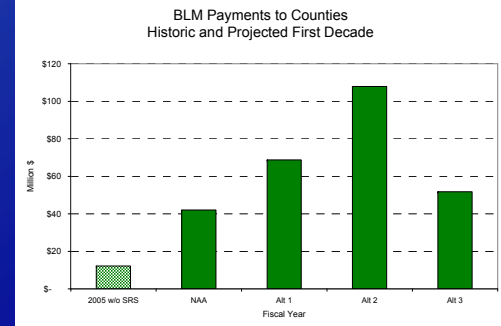
Present Net Value

- Present net value = (+ Stumpage – BLM timber program costs- Contracting costs) discounted @ 5%

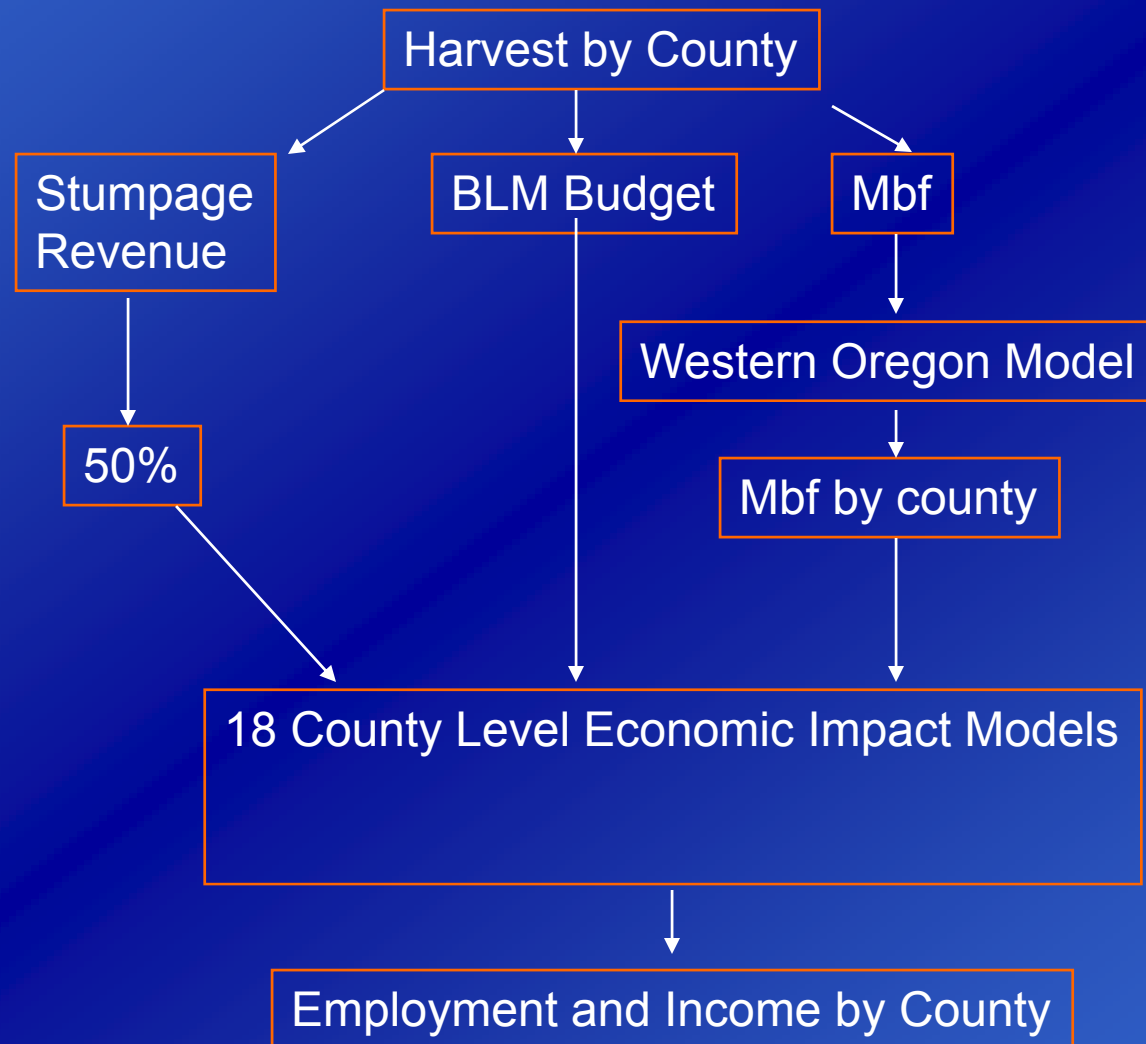
First Decade Revenues and Costs,
Present Net Value over 50 years, (\$million)

	Decade 1			Present Net Value Over 50 years
	Total Revenues	Total Costs	Net Revenues	
NAA	83.9	(78.7)	5.2	107.5
Alt 1	137.5	(117.7)	19.8	342.8
Alt 2	215.8	(166.9)	48.9	962.3
Alt 3	103.3	(103.8)	(0.4)	46.1
PRMP	150.1	(127.1)	23.0	465.0

- Payments to counties
 - Impacts vary by county (USFS and SRS)
- Jobs & income
 - Impacts vary by county (Payments, mills, BLM budget)
- BLM Budget
 - 78% Fixed +\$159/Mbf
- PNV
 - Disproportionate
 - CC v. Thin
 - Large v. small



Analytical Process



The end

Jobs and Income

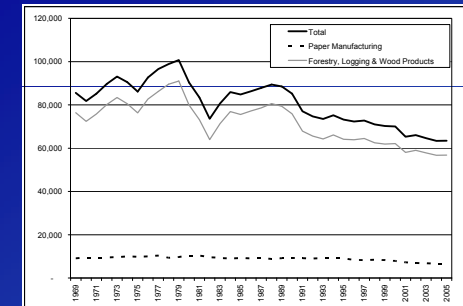
- County level jobs and income impacts based on changes to:
 - Federal payments to counties
 - BLM & USFS Secure Rural School funding
 - BLM timber payments
 - BLM harvest levels
 - BLM budget and expenditures
 - Projected changes in the wood products sector
- Did not consider economic changes from:
 - recreation, grazing, minerals, SFP, etc.

Payments to Counties

- Current BLM payments (SRS):
 - \$115 million
 - 2.7% of total county budgets
 - 9.2% of total discretionary budgets
- Wide range by county
 - 0.1% to 20.5% of total budget
 - 0.2% to 70.4% of discretionary budget
- USFS SRS payments
 - \$123 million
 - Vary by county, no correlation with BLM

Jobs and Income

- Wood products sector:
 - Primary sector: 52,000 workers, 3.2% of Oregon wages, \$1.9 billion in sales
 - With secondary sectors: 64,500 jobs
 - With multiplier: 161,000 jobs



- BLM contribution to western Oregon's economy (2005):
 - 0.71% of total jobs and total income (statewide)
 - Up to 4.18% of jobs and 4.70% of county level income (Douglas)

Jobs and Income

- County level jobs and income impacts based on changes to:
 - Federal payments to counties
 - BLM & USFS Secure Rural School funding
 - BLM timber payments
 - BLM harvest levels
 - BLM budget and expenditures
 - Projected changes in the wood products sector
- Did not consider economic changes from:
 - recreation, grazing, minerals, SFP, etc.

Jobs and Income

Sources of economic effects by Alternative

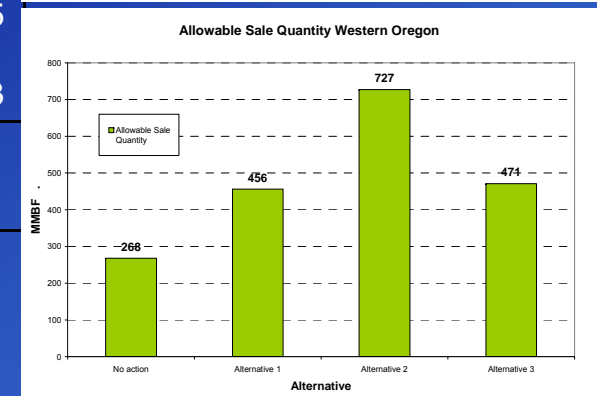
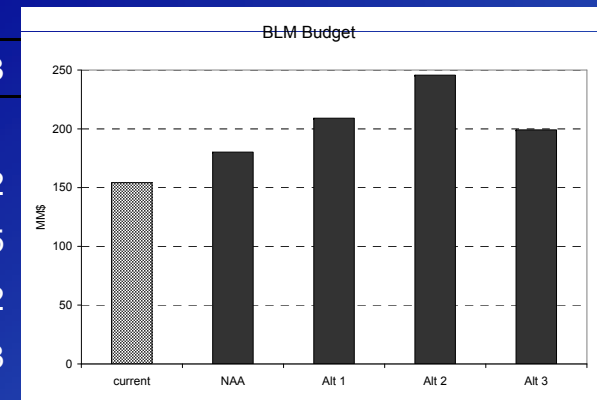
	Current	NAA Δ	Alt 1 Δ	Alt 2 Δ	Alt 3 Δ
Payments to Counties: BLM + USFS (\$ millions)	237	(195)	(168)	(129)	(185)
Timber Harvest (MMBF)	117	241	424	654	359
BLM Expenditures (\$ millions)	141	26	55	91	45
Lumber Production (MMBF)	6,084	454	720	1,060	656
Plywood Production (MMSF 3/8")	2,838	(441)	(428)	(395)	(433)
Board Mill Output (\$ millions)	26	32	53	83	51
Pulp Mill Output (\$ millions)	18	38	67	104	60

BLM Budget

- BLM budget and expenditures would increase 17-60%

BLM Budget, million \$

BLM Office	FY 2006	NAA	Alt 1	Alt 2	Alt 3
Coos Bay	12.8	18.2	20.5	30.4	19.1
Eugene	11.9	17.6	27.0	34.2	19.2
Lakeview*	13.5	14.2	14.7	14.7	14.5
Medford	33.9	39.6	46.3	50.8	44.2
Roseburg	14.7	17.9	18.7	25.3	22.3
Salem	16.1	21.3	30.7	38.9	28.5
State Office	51.3	51.3	51.3	51.3	51.3
Total	154.2	180.2	209.1	245.6	199.1



Present Net Value

- PNV of the “timber program” over five decades
- $PNV = (\text{Stumpage} - \text{BLM “timber program” costs} - \text{contracting costs})$ discounted @ 5%
 - Stumpage = f(species, grade, logging systems, 2005 log values, market adjustment factor)
 - Costs = \$200/Mbf + contracting costs
- PNV does not:
 - calculate “fair market value”
 - account for other uses (grazing, etc.) or non-market values (wildlife, recreation, etc.)
 - recognize the value of increasing inventory

Present Net Value

- Present net value = (+ Stumpage – BLM timber program costs- Contracting costs) discounted @ 5%

First Decade Revenues and Costs,
Present Net Value over 50 years, (\$million)

	Decade 1			Present Net Value Over 50 years
	Total Revenues	Total Costs	Net Revenues	
NAA	83.9	(78.7)	5.2	107.5
Alt 1	137.5	(117.7)	19.8	342.8
Alt 2	215.8	(166.9)	48.9	962.3
Alt 3	103.3	(103.8)	(0.4)	46.1

