

BLUE MOUNTAINS' DEMONSTRATION AREA **FY2001 ANNUAL REPORT**

PARTNERSHIP OVERVIEW

On June 30, 1999, Oregon Governor John Kitzhaber announced the establishment of the Blue Mountains Demonstration Area (BMDA) with the Chief of the Forest Service and the Under Secretary of Agriculture.

The Blue Mountains were selected as a Demonstration Area because its watersheds are considered high priorities for restoration, its communities are considered to be at risk economically and socially, and because of the demonstrated support for restoration that exists. Specifically, several ecological assessments, including those conducted by the Governor and the Interior Columbia Basin Ecosystem Management Project (ICBEMP), identified the Blue Mountains as an area of poor aquatic and forest health where wildlife, fish, water quality, recreation and forest resources are at risk from wildfires, forest insect and diseases, noxious weeds and roads. ICBEMP also considers several local communities to be at risk due to their natural resource dependency.

The Blue Mountains Demonstration Area is a partnership-driven effort established to demonstrate that watershed and community health can be accomplished through collaboration and innovation. To accelerate restoration of healthy watersheds, the BMDA fosters participant efforts, enhances partnerships, and explores new approaches. Participants seek to benefit local communities by providing employment opportunities and resource outputs that are sustainable and promote healthy watershed conditions. Participant's efforts are united through a single restoration strategy, and work priorities are identified based upon sub basin and watershed assessments. Information resulting from this project is communicated to benefit other restoration efforts.

The BMDA includes approximately 1.6 million acres of federal land, and 1 million acres of state, tribal and private lands located in the Middle Fork of the John Day River, Desolation Creek and Grande Ronde watersheds. The diversity of ownership, rights and responsibilities associated with the land, water, fish, and wildlife create complexity as well as opportunity. Fifteen communities are directly affected. There are ten federally listed threatened or endangered species and thousands of miles of Clean Water Act water-quality-listed streams. Lands ceded to the federal government by Confederated Tribes of the Umatilla Indian Reservation, the Nez Perce and Warm Springs Tribes, where the Tribes retain rights and interests, are included. Portions of eight Ranger Districts on the Malheur, Umatilla, and Wallowa-Whitman National Forests, and BLM's Baker Resource Area are within the project's boundaries. Numerous opportunities for private land partnerships exist.

PARTNERSHIP GOALS AND ACCOMPLISHMENTS

Participants in the BMDA have prepared a Restoration Strategy to unify their efforts. The Strategy describes principles, goals, outcomes, and related objectives. In FY2001, 97 restoration projects were completed on federal land, and 26 projects were pursued on lands privately owned. The following summary describes the project accomplishments, and how they contribute to achievement of Restoration Strategy's goals.

Goal 1. Accelerate forest and watershed restoration resulting in clean, cool water, restored wildlife and fish habitats, and sustainable and diverse forest and grassland conditions.

OBJECTIVE	DUE DATE	FY2000 ACCOMPLISHMENTS	FY2001 ACCOMPLISHMENTS
Complete a Subbasin Review for All the BMDA	Oct-00	COMPLETED	
Complete Watershed Analyses for Priority Watersheds (9)	Oct-02	Have completed 5 watershed analyses and 4 inprogress.	Have completed 7 watershed analyses and 2 in progress
Watershed Analyses for all watersheds (24 Watersheds)	Oct-04	Have completed 10 and 9 in progress	Have completed 16 and 6 in progress.
Base all projects selected for implementation upon watershed analyses		64 % of projects selected based upon completed	75 % of projects selected based upon completed watershed analyses.
Complete Water Quality Management Plans for all watersheds (28 Watersheds)	Oct-05	11 Completed	
Restore 7,659 acres of wetlands and uplands, 279 stream miles, 1,168 road miles, and 619 trail miles.		Restored 175 acres of wetlands and uplands, 44 miles of stream, 641 miles of roads and 105 miles of trails.	Restored 1,004 acres of wetlands and uplands, 132.3 miles of stream, 123.4 miles of roads, and 39.4 miles of trails in ALL watersheds.
Restore 3570 acres of wetlands and uplands, 141 miles of stream restoration, 474 miles of road restoration and 10 miles of trail restoration within HIGH PRIORITY WATERSHEDS.	Oct-05	Restored 54 acres, 29 miles of stream, 238 miles of road, and 17 miles of trail.	Restored 802 acres of wetlands and uplands, 19 miles of stream, and 49 miles of roads IN HIGH PRIORITY WATERSHEDS .
Restore or protect 10 sites of rare or declining vegetative communities	Annually	7 Sites including exclosures and plantings	7 sites including exclosures and plantings.
Develop seed sources for native plant species	Oct-03	3 seed and root stock collection projects.	7 seed and root stock collection projects
Reduce wildfire risk on 161,500 acres.		Reduced wildfire risk on 6,896 Acres	Reduced wildfire risk on 6,049 acres in ALL watersheds.
Reduce wildfire risk on 49,900 acres within HIGH PRIORITY WATERSHEDS.	Oct-03	Reduced wildfire risk on 1,303 Acres.	Reduced wildfire risk on 4,870 acres IN HIGH PRIORITY WATERSHEDS.
State, federal, and local fire prevention agencies initiate a coordinated effort to reduce fire risks around homes	Jun-02		Cooperative Plans Developed for 14 Communities at Risk
Reduce the risk of insect epidemics on 39,589 Acres.		Thinned 9,310 Acres.	Thinned 8,710 acres in ALL watersheds.
Reduce risk of insect epidemics on 8,636 Acres within HIGH PRIORITY WATERSHEDS.	Oct-03	Thinned 2,482 Acres.	Thinned 1,006 acres IN HIGH PRIORITY WATERSHEDS.
Control noxious weeds on 20,493 acres.	Oct-05	Controlled noxious weeds on 3,427 acres.	Controlled noxious weeds on 18,250 acres in ALL watersheds.
Control noxious weeds on 1,098 acres within HIGH PRIORITY WATERSHEDS.	Oct-03	Controlled noxious weeds on 355 Acres.	Contolled noxious weeds on 1,067 acres IN HIGH PRIORITY WATERSHEDS.

Consequences and Outcomes.

Restoration work was quantified for all watersheds through a subbasin review and watershed analyses. Accomplishment of this work will restore high quality water and habitat for listed fish and wildlife species, and reduce risks posed by insects and diseases, wildfire, and noxious weeds.

Nine of the twenty-eight watersheds were identified as priorities due to the importance of their aquatic and upland resources and risks posed by wildfire, insects and disease, and noxious weeds. The restoration needs of these watersheds are the BMDA's primary focus with restoration of healthy aquatic and upland conditions by October 2003 as an objective in the Restoration Strategy. Accomplishments in these watersheds are reported separately.

Twenty-six projects funded on private land through Wyden Amendment and State and Private authorities are not included in the above table. Cooperative federal and private land contracts are being prepared for some of this work to increase efficiencies. Outputs are expected to total:

- 800 acres of thinning and forest fuels reduction,
- 3,535 acres of noxious weed control,
- 163 acres of wetland restoration,
- 4 miles of stream restoration and
- 5 miles of road restoration.

Participants in the BMDA completed cooperative action plans for 14 communities listed as "At Risk" in the National Fire Plan.

Goal 2. Contribute to the economic and social health of local communities by providing family-wage jobs.

Hold community contractor meetings are annually in Grant, Union, and Wallowa Counties	Oct-99	Meetings held in all Counties	Held discussions with individual contractors.
Complete workforce skills assessments for Grant, Union, and Wallowa Counties	Oct-02		
Evaluate Forest Service procurement contracting options and provide the resulting information to officials preparing contracts.	Oct-01		Forests adopted a new Acquisition Planning Process that fosters season-long employment and incorporates assessments of local contractor resources, skills, and needs.
Begin training sessions for potential contractors.	Oct-01	Contractor Meetings in Grant, Union, and Wallowa Counties	Began a program to train 9 displaced timber workers to compete for future contract opportunities.
Award at least \$2 million dollars of restoration contract work.	Oct-01	\$1,928,271 in contract work awarded	\$2,467,600 in contract work awarded. In addition, \$800,000 was made available for local contracting through Wyden Amendment and State and Private Forestry authorities.
Incorporate timber product potential in project prioritization.	Oct-00	COMPLETED	
Evaluate alternative contract approaches for removal of low value forest products.	Oct-02		1) Developed and implemented a contract that embeds a timber sale in a service contract. 2) Developed and implemented a pilot "Goods For Services Contract" under special Congressional authorities.
Complete Forest Service training on how to contract removal of low value forest products.	Oct-02		Conducted training sessions on contract options to accomplish restoration on federal lands.
Propose revisions in Forest Service policies associated with preparing timber sales for low value forest products.	Oct-02		Modified crusing and marking and branding requirements.
Sponsor forums and prepare grants to identify new commodities and encourage development value-added industries associated with restoration forest products	Annually		1) Forest Products Lab made recommendations on cooperative value-added products (round wood, flooring) and mill efficiencies in Wallowa County. Provided \$300,000 for implementation. 2) Developed biomass assessment proposals for Wallowa and Union Counties which were funded.

Consequences and Outcomes.

Reductions in timber supply from federal lands and global economic factors have seriously impacted the economies most communities within the BMDA. Faced with business closures, double-digit unemployment rates, and steadily decreasing school enrollments, communities are desperately seeking ways to reverse economic trends. Participants in the BMDA are working to minimize future economic and social losses by providing family-waged jobs that are sustainable and consistent with restoration efforts.

Participants seek to produce family wage jobs by (1) fostering employment of local contractors to accomplish restoration work, (2) removing barriers limiting economic utilization of the small diameter logs resulting from restoration activities, and (3) eliminating process delays that undermine the accomplishment of restoration objectives, the availability of restoration contracts, and the reliability of timber production.

Significant progress was made in FY2001. By modifying the Forests' Acquisition Planning Process, communication between local contractors and Forest employees preparing restoration contracts was enhanced. Benefits will include contracts that provide longer term employment and identification of skill gaps where training would open new employment opportunities. In FY 2001, \$2,467,600 of contract work was awarded (over \$500,000 more than FY2000). In addition approximately \$800,000 in contracts were awarded locally through Wyden Amendment and State and Private Forestry authorities.

Nine displaced timber workers began a new training program developed by BMDA participants (Oregon Employment Department, Training and Employment Consortium, Oregon Economic and Community Development, and the Malheur National Forest) that will provide skills needed to compete for future contracts.

To assist in long-term economic planning, the National Forests completed estimates of the availability and quality of timber associated with restoration. Because a significant percent of this timber will be of small diameter and low value, BMDA participants developed a new contract approach that merges procurement and timber contracting authorities. This service contract with an embedded timber sale allows restoration treatments over substantially more acres at much less cost, and with greater recovery of timber products than possible under traditional timber contracting approaches. In addition, BMDA participants realized substantial cost savings through modification of timber cruising and branding requirements.

The Forest Service's Forest Products Lab is assisting local industries in their utilization of small diameter logs. The manufacture flooring, water filters and "round wood" structural products from restoration timber products are some of the concepts being pursued. A round wood structure resulting from this cooperation will be displayed at the Salt Lake City Winter Olympics.

Through National Fire Plan funding and with the leadership of the Oregon Department of Energy, BMDA participants are preparing biomass assessments for Wallowa and Union counties. The assessments will evaluate the potential use forest restoration products in manufacturing alcohol and electricity.

Goal 3. Unite ongoing restoration efforts through an integrated and collaborative landscape-level restoration strategy that incorporates all land ownerships.

OBJECTIVE	DOE DATE	FY2000 ACCOMPLISHMENTS	FY2001 ACCOMPLISHMENTS
Sign the BMDA Charter	Feb-01		COMPLETED
Complete a Restoration Strategy that unifies participants objectives.	Apr-01		COMPLETED
Begin BMDA funding of private land restoration work.	Oct-01		1) \$250,000 of State/Private Projects Are Funded. 2) Wyden Amendment Authorities are used to transfer \$550,000 to private land projects.
Identify USFWS, NMFS, USFS, and BLM staffing needs to implement the BMDA Restoration Strategy.	Apr-01	Consultation assistance is provided in the Grande Ronde Watershed.	1) NMFS opens a new office in La Grande. 2) USFWS receives funding for 2 new Biologists. 3) Consultation assistance is provided in the Grande Ronde Watershed.
Complete a collaborative subbasin review of federal, state, and private lands.	Oct-00	COMPLETED	
Complete draft coordinated water quality monitoring plans for the Lower and Upper Grande Ronde and North Fork John Day drainages.	Oct-03		
Implement coordinated water quality management plans for the Lower and Upper Grande Ronde and North Fork John Day drainages.	Oct-04		

Consequences and Outcomes

BMDA accomplishments demonstrate the effectiveness of collaboration in achieving watershed restoration and community health goals. There is only one staff, but over 40 local, state, and federal organizations are participants. Completion of the Charter and Restoration Strategy unified the diverse objectives and efforts of these groups and fostered accomplishment of shared priorities. Cooperation resulted in increased restoration accomplishments in all areas, made more work available for local contractors, organized training for nine displaced timber workers, expedited completion of Threatened and Endangered Species Act consultation, and expanded inter-organizational sharing of workloads.

Goal 4. Evaluate new ideas and transfer knowledge that will benefit other restoration efforts.

OBJECTIVE	DUE DATE	FY2000 ACCOMPLISHMENTS	FY2001 ACCOMPLISHMENTS
Identify efficiencies in the streamline consultation process.	Oct-01		Completed project design criteria.
Evaluate USFS Road Use Permit Fee requirements to remove impediments to forest health treatments on private lands.	Oct-01		Modified road permit requirements on the Umatilla and Wallowa Whitman NF's
Identify efficiencies in obtaining 404d permits for private land restoration projects.	Nov-00		COMPLETED
Group areas of similar climatic, topographic, hydrologic, and geologic conditions and describe potential vegetative communities, disturbance processes, and responses to environmental change.	Oct-01		COMPLETED
Group terrestrial species by common source habitats.	Oct-01		COMPLETED
Develop models that assess the status, trends, and developmental stages of aquatic and riparian habitats and responses to upland disturbances in the Blue Mountains.	Oct-02	Initiated	
Develop models that characterize risks to terrestrial source habitats posed by insects, diseases, wildfire, and grazing.	Oct-02	Initiated	
Develop models that predict future consequences of management scenarios on ecologic and economic conditions.	Oct-03	Initiated	
Evaluate remote sensing techniques to inventory and monitor the distribution and condition of forest vegetative communities.	Oct-01		COMPLETED
Evaluate the use of remote sensing techniques to inventory and monitor riparian and aquatic conditions.	Oct-02	Initiated	
Evaluate Long-term ecological and economic consequences of access travel management strategies.	Oct-03		
Develop models that estimate the industrial infrastructure required to achieve and maintain the desired mix of vegetative seral stages for the Blue Mountains	Oct-03		
Develop a monitoring framework and protocols that link broad, mid, and fine-scale information in monitoring terrestrial and aquatic outcomes.	Oct-02		
Develop management options to manage risks from insects, diseases, and wildfires.	Oct-03		
Provide an annual accomplishment report and regular updates on project accomplishments			Completed briefing papers on the landscape prioritization system, projections of forest products resulting from restoration, and BMDA economic initiatives. Provided regular updates on accomplishments, challenges, and future efforts. Completed an annual accomplishment report for FY2000.
Establish a cooperative internet web site.	Oct-01	A BMDA Web Site is established.	

Consequences and Outcomes.

Piloting of new management approaches and development of management tools are important goals of the BMDA. Participants operate within all existing legal requirements to insure that advances are exportable to other restoration efforts.

Several process refinements were piloted in FY2001. Contract and policy refinements noted under Goal 2 resulted in treatment of more area, at less cost, resulting in production

of more timber products than possible under traditional approaches. To improve consultation efficiency, participants drafted project design criteria. Road permit policies were reviewed to enhance the opportunity for commercial removal of products resulting from forest health treatments. Participants successfully refined 404d permit processes to eliminate unintended barriers to restoration work on private lands.

Research participants completed a vegetative model that can spatially assess existing vegetative conditions (risk of wildfire or insect and disease mortality) and predict long-term effects of alternative treatments. This tool will provide the basis for mid-scale assessments needed in Forest Plan revisions.

For a second year, scientists monitored snowshoe hare response to alternative forest health treatments. The results will clarify how forest health treatments may be implemented in concert with lynx habitat restoration.

CHALLENGES AND FUTURE ACTIONS

Restoration accomplishments could be enhanced by refinement of agency policies and authorities. Inability to successfully meet planning requirements has resulted in several delays in restoration work. Similarly existing contract authorities and funding limit the acreage that can be restored and inhibit the potential for local employment. To find solutions to these challenges, teams of BMDA participants plan to:

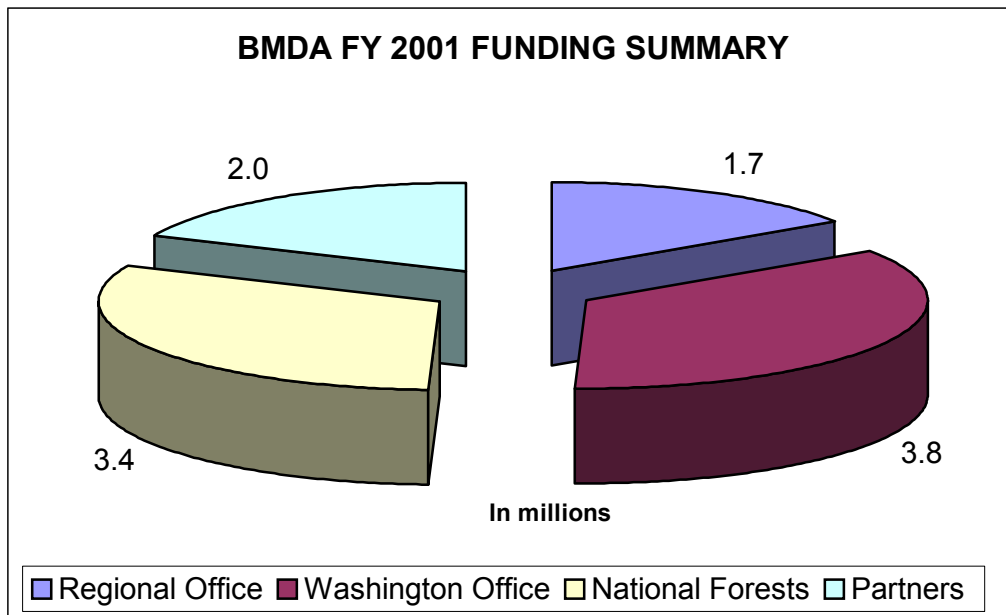
- Evaluate existing NEPA and Consultation processes to identify efficiencies,
- Develop language for a “Goods for Services” Contract proposal that would foster restoration,
- Encourage use of the new contracting approach in project development, and
- Prepare National Fire Plan Proposals to finance wildfire risk reduction work.

Many residents of local communities are disappointed that the BMDA has not restored or preserved timber-based employment. BMDA collaboration has and will continue to contribute family-wage jobs, however restoration activities will likely not restore timber-based employment. To align expectations with restoration needs, participants in the BMDA plan to:

- Complete projections of the quantity and quality of timber products resulting from restoration on federal and private lands,
- Facilitate development of contracts that will provide season-long, family-wage employment,
- Develop local contracting skills in areas that will be needed to accomplish restoration objectives, and
- Assist in the development of businesses that can manufacture products from small diameter wood.

PARTNERSHIP BUDGET

Because the BMDA is a partnership-based effort, identification of all contributions is difficult. The following chart displays the FY2001 budget based upon the project descriptions. The chart likely under-represents partner contributions.



PARTNERSHIP CONTACT

Project Coordinator: Bob Rainville, 541-962-6537, rrainville@fs.fed.us

Web Site: www.fs.fed.us/bluemountains