

BLUE MOUNTAINS DEMONSTRATION AREA **FY2002 ANNUAL REPORT**

PARTNERSHIP OVERVIEW

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

The Blue Mountains were selected as a Demonstration Area because its watersheds high priorities for restoration, its communities are at risk economically and socially, and because of the history of community support for restoration. Several ecological assessments, including those conducted by the Governor and 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 promote healthy watersheds, the BMDA fosters the efforts of individual participants, enhances partnerships, and explores new management approaches. BMDA participants seek to contribute to the economic health of local communities by providing employment opportunities and timber products at levels that are sustainable and compatible with healthy watershed conditions. Work is pursued based upon a restoration strategy that unites the goals and objectives of individual participants. Priorities are identified based upon a sub-basin review and individual watershed assessments. Accomplishments are communicated to other restoration efforts through workshops, reports, and publications.

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. Fifteen communities are directly affected. There are ten federally listed threatened or endangered species and 1,200 miles of Clean Water Act water-quality-listed streams. Included are lands ceded to the federal government by the Confederated Tribes of the Umatilla Indian Reservation, and the Nez Perce and Warm Springs Tribes, where treaties retain tribal rights and interests. 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 prepared a cooperative restoration strategy to encourage collaboration. The Strategy describes participants' goals, outcomes, and related objectives. In FY2002, 114 projects were completed on national forest land, and 11 projects were pursued on privately owned land. The following tables describe FY2002 accomplishments as they relate to the restoration strategy's four goals. The tables also describe cumulative achievements of the Blue Mountain Demonstration Area since its inception.

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	FY2002 ACCOMPLISHMENTS	CUMULATIVE THREE YEAR ACCOMPLISHMENTS
To complete a Subbasin Review for all the BMDA watersheds.	Oct-00		COMPLETED
To complete watershed analyses for PRIORITY WATERSHEDS (9)	Oct-02	Updated one watershed analysis	Completed 7 watershed analyses and 2 in progress
To prepare watershed analyses for all watersheds (24 watersheds)	Oct-04	Completed 1	Completed 17 and 5 in progress.
To complete Water Quality Management Plans for all watersheds (28 Watersheds)	Oct-05		Completed 11
To restore 7,659 acres of wetlands and uplands, 279 miles of stream, 1,168 road miles, and 619 trail miles.		Restored 27 acres of wetlands and uplands, 40 miles of streams, 17 miles of roads and 1 mile of trail.	Restored 1,206 acres of wetlands and uplands, 216 miles of stream, 787 miles of roads, and 145 miles of trails.
To restore 3570 acres of wetlands and uplands, 141 miles of streams, 474 miles of roads and 10 miles of trails within PRIORITY WATERSHEDS.	Oct-05	Restored 38 miles of streams and 7 miles of roads in PRIORITY WATERSHEDS.	Restored 856 acres of wetlands and uplands, 86 miles of stream, and 294 miles of roads in PRIORITY WATERSHEDS.
To restore or protect 10 sites of rare or declining vegetative communities	Annually	Treated 7 sites with exclosures or plantings	Treated 21 sites with exclosures or plantings.
To develop seed sources for native plant species	Oct-03	Completed 1 seed and root stock collection projects.	Completed 11 seed and root stock collection projects
To reduce wildfire risk on 161,500 acres.		Reduced wildfire risk on 9,263 acres	Reduced wildfire risk on 22,208 acres.
To reduce wildfire risk on 49,900 acres within PRIORITY WATERSHEDS.	Oct-03	Reduced wildfire risk on 3,420 Acres in PRIORITY WATERSHEDS.	Reduced wildfire risk on 9,593 acres in 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
To reduce the risk of insect epidemics on 39,600 Acres.		Thinned 5,688 Acres.	Thinned 23,708 acres.
To reduce the risk of insect epidemics on 8,636 acres within PRIORITY WATERSHEDS.	Oct-03	Thinned 2,235 acres in PRIORITY WATERSHEDS.	Thinned 5,723 acres in PRIORITY WATERSHEDS.
To control noxious weeds on 20,400 acres.	Oct-05	Completed noxious weed treatments on 787 acres.	Completed noxious weed treatments on 20,400 acres.
To control noxious weeds on 1,098 acres within PRIORITY WATERSHEDS.	Oct-03	Treated noxious weeds on 75 acres in PRIORITY WATERSHEDS.	Treated noxious weeds on 1,497 acres IN PRIORITY WATERSHEDS.

Consequences and Outcomes.

Work needed to reduce risks posed by wildfire, noxious weeds, and forest insects and diseases and to restore high quality water and habitat for listed fish and wildlife species was identified for all watersheds through a subbasin review and watershed analyses. Improvement targets associated with achievement of desired outcomes were quantified for each watershed. Nine of the twenty-eight watersheds were identified as priorities for treatment. Emphasis has been placed on these watersheds due to the importance of their aquatic and upland resources and the severity of risks posed by wildfire, insects and disease, and noxious weeds. Enhancement of aquatic and upland conditions within these watersheds has been the primary focus of the BMDA. Accomplishments in these watersheds are reported separately in the preceding table.

Eleven projects were funded on private land through Wyden Amendment and State and Private authorities. These projects were not included in the above table. Outputs are expected to total:

- 924 acres of thinning and forest fuels reduction,
- 545 acres of noxious weed control, and
- 8 miles of stream restoration.

Of the 160 projects selected for funding in FY2002, 114 were completed as planned. Wildfire suppression demands and planning delays were primarily causes for the reduction in accomplishments. Suppression borrowing withdrew over \$971,000 from designated BMDA funding affecting 33 projects on national forest lands and 13 private land projects. Because of the occurrence of large wildfires within its boundaries, the Malheur National Forest completed only 6 of the 21 projects that were funded. As a result, stream habitat and wetlands restoration, forest thinning and fuels reduction, and road restoration accomplishments did not meet expectations.

The cumulative accomplishments of the BMDA over its 3-year existence indicate substantial progress. All noxious weed infestations within priority watersheds have been treated. Over half of the stream and road miles in need of restoration have been treated within priority watersheds. Thinning or fuels reduction activities have been accomplished on almost 46,000 acres.

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

OBJECTIVE	DUE DATE	FY2002 ACCOMPLISHMENTS	CUMULATIVE THREE YEAR ACCOMPLISHMENTS
Make available stable and sustainable supplies of forest products.	Oct-03	Offered 13.6 MMBF of timber products.	Offered 74.9MMBF of timber products.
Provide estimates of the quantity, composition, and economic value of forest timber products resulting from thinning of dense forest stands.	Oct-02	COMPLETED for National Forest Lands. Private land assessment begun.	COMPLETED for National Forest Lands. Private land assessment in progress.
Hold community contractor meetings annually in Grant, Union, and Wallowa Counties	Oct-99	Held meetings in Grant and Wallowa Counties.	Held meetings in Grant, Union, and Wallowa Counties.
Complete workforce skills assessments for Grant, Union, and Wallowa Counties	Oct-02	Completed or initiated workforce skills assessments.	Completed or initiated workforce skills assessments.
Evaluate Forest Service procurement contracting options and provide the resulting information to officials preparing contracts.	Oct-01	Monitored new Acquisition Planning Process developed by participants in the BMDA and made modifications.	Developed and began implementation of a new Acquisition Planning Process for national forests that fosters season-long employment and incorporates assessments of local contractor resources, skills, and needs.
Begin training sessions for potential contractors.	Oct-01	Held meetings in Grant and Wallowa Counties.	Implemented 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	Awarded \$1,562,000 in contract work. In addition, up to \$325,000 was made available for contractors through Wyden Amendment and State and Private Forestry authorities.	Awarded \$6,285,000 in contract work. In addition, \$1,125,000 was made available for contractors through Wyden Amendment and State and Private Forestry authorities.
Incorporate timber product potential in project prioritization.	Oct-00	COMPLETED	COMPLETED
Evaluate alternative contract approaches for removal of low value forest products.	Oct-02	Developed an Integrated Resource Contract which incorporates timber contract provisions, market adjustment factors, and designation by description. The contract is planned for use under Stewardship Contracting Pilot authorities.	1) Developed and implemented a contract that embeds a timber sale in a service contract. 2) Developed and implemented two "Goods For Services" contracts under Stewardship Contracting Pilot authorities.
Complete Forest Service training on how to contract removal of low value forest products.	Oct-02		Conducted two 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.

Consequences and Outcomes.

Reductions in timber supplied 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 work to minimize future economic and social losses by providing family-waged jobs that are sustainable and consistent with healthy watershed conditions.

Participants seek to produce family wage jobs by (1) improving the ability of local contractors to compete for contracts, (2) removing barriers limiting economic utilization of the small diameter logs, and (3) eliminating process delays that undermine the availability of restoration contracts and the reliability of timber production.

Participants continued to make progress in FY2002. A new Acquisition Planning Process was implemented. Longer-term contracts bundling multiple management jobs were offered in hopes of providing opportunities for local family-wage employment. In total, \$1,562,000 of contracts were offered. Contracts totaling over \$600,000 dollars were awarded to local contractors. In addition, up to \$325,000 in contracts were awarded locally through Wyden Amendment and State and Private Forestry authorities.

Since 1999, nearly \$6.3 million dollars of contracts have been awarded within the BMDA. From half to two-thirds of the contracted funds were awarded to contractors residing in the Blue Mountains. Contracting results for FY2002 were below expectations because fire suppression borrowing and project delays prevented offering of up to \$1.2 million of contracts and because the largest contracts were offered for work outside the competitive strengths of local contractors.

Nine displaced timber workers completed a training program developed by BMDA participants (Oregon Employment Department, Training and Employment Consortium, Oregon Economic and Community Development, and the Malheur National Forest). The program provided unemployed workers with skills needed to establish small businesses and compete for future contracts.

To assist communities in long-term economic planning, a team of scientist and managers from Oregon State University, Oregon Department of Forestry, US Forest Service's Pacific Northwest Research Station, and the Malheur, Umatilla and Wallowa Whitman National Forests estimated the quantity, composition and economic value of timber products that could result from thinning of dense forests located on seven million acres of private and national forest lands across a seven county area. The assessment's results are available at <http://www.fs.fed.us/bluemountains/pubs.htm>.

BMDA participants continued to pilot contracting tools that increase operational efficiency. Experience has shown that substantial increases in efficiency occur when a single contract is used to reinvest receipts from commercially viable thinning operations to accomplish fuels reduction and thinning efforts that have a negative net value. More acres can be treated at reduced costs to the government, and with greater recovery of timber products than possible under traditional contracting approaches. In FY2002, a BMDA team prepared a new stewardship contract called an Integrated Resource Contract. This contract incorporates attributes of a procurement contract into a timber sale contract. "Market adjustment" provisions, retention of timber receipts for restoration work, and use of written descriptions of desired treatment results to replace physical marking individual trees are included. The contract is scheduled for testing under Stewardship Contracting Pilot authorities.

A team of participants have prepared a proposal to sponsor a wood products fair in the Blue Mountains. The fair will expose manufacturers and contractors to commercial products such as flooring, water filters and “round wood” structural products that can be made from the small timber resulting from thinning and fuels reduction.

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

A work force assessment process has been developed for communities within the BMDA. The assessment will be used to monitor the effect of BMDA activities on creation and maintenance of family-wage employment opportunities.

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

OBJECTIVE	DUE DATE	FY2002 ACCOMPLISHMENTS	CUMULATIVE THREE YEAR 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 work that compliments federal land restoration efforts.	Oct-01	Funded \$325,000 of private land projects using State/Private and Wyden Amendment authorities.	1) Have funded \$500,000 of State/Private Projects. 2) Wyden Amendment authorities used to accomplish \$625,000 of private land projects.
Identify USFWS, NMFS, USFS, and BLM staffing needed to implement the cooperative BMDA Restoration Strategy.	Apr-01	1) USFWS opened a new office in La Grande. 2) Staff added to NMFS and UFWS offices. 3) Consultation assistance was provided from the USFS to the NMFS through a cooperative agreement.	1) NMFS and USFWS open new offices in La Grande with additional staff. 2) Consultation assistance has been provided to the NMFS through a cooperative agreement with the USFS.
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	Established an interagency coordinator for the Grande Ronde drainage.	Established an interagency coordinator for the Grande Ronde drainage.
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 are the result of collaboration involving more than forty local, state, and federal organizations. The project’s Charter and Restoration Strategy serve to unified participants’ objectives and focus work on shared priorities. During FY2002, six inter-organizational teams worked on issues limiting BMDA accomplishments. All products described in this resulted from collaborative efforts.

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

OBJECTIVE	DUE DATE	FY2002 ACCOMPLISHMENTS	CUMULATIVE THREE YEAR ACCOMPLISHMENTS
Identify efficiencies in the streamline consultation process.	Oct-01	1) Developed Project Design Criteria for use in consulting on projects will not likely to adversely affect listed species. Completed consultation with the UFWS and NMFS on their use. 2) Identified NEPA planning efficiencies expected to reduce preparation time and delays.	1) Developed Project Design Criteria for use in consulting on projects will not likely to adversely affect listed species. Completed consultation with the UFWS and NMFS on their use. 2) Identified NEPA planning efficiencies expected to reduce preparation time and delays.
Evaluate USFS Road Use Permit Fee requirements to remove impediments to forest health treatments on private lands.	Oct-01		COMPLETED
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	Models tested on a pilot study in the Upper Grande Ronde.	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	COMPLETED	COMPLETED
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 a report on the location of overstocked stands on national forest lands and the quantity, composition, and commercial value of the timber that could result from thinning. Completed an Accomplishment report.	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 reports
Establish a cooperative internet web site.	Oct-01		Established a BMDA Web Site.

Consequences and Outcomes.

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

Participants identified processes refinements, developed new management tools, and conducted scientific evaluations that will benefit restoration activities within the Blue Mountains and throughout the West.

- Project design criteria were developed and will be implemented to expedite Threatened and Endangered Species Act consultation for projects. The criteria are expected to significantly shorten consultation time for up to forty percent of planned projects.
- NEPA planning efficiencies were identified. Implementation of these ideas will reduce delays and could reduce planning time by up to twelve months.
- An Integrated Resource Contract (IRC) was developed for implementation under Stewardship Pilot Authorities. The new contract will allow greater efficiency in the treatment of overstocked stands. Union County Commissioners have assembled a diverse team of interested publics to monitor use of the IRC.
- The USFS Pacific Northwest Research Station and Oregon State University have developed 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.
- A USFS Pacific Northwest Research Station scientist has completed a three-year study on snowshoe hare response to alternative forest health treatments. The resulting publication will clarify how forest health treatments may be implemented in a manner that is compatible with lynx habitat restoration.
- A USFS Pacific Northwest Research Station scientist is mapping the distribution of noxious weeds in the Blue Mountains and evaluating options for their control.

CHALLENGES AND FUTURE ACTIONS

The BMDA funded 160 projects in FY2002, 114 projects were implemented successfully. The following were the primary barriers to project accomplishment.

1. Wildfire suppression borrowed \$970,000 of BMDA dedicated funding reducing or eliminating accomplishments on 33 projects on national forests and 13 projects on private lands. Wildfire suppression personnel demands negatively affected another six projects.
2. Planning delays prevented implementation of eight large restoration projects and resulted in the loss of \$260,000.

3. A Pacific Northwest lawsuit on lynx management delayed implementation of two large thinning projects that would have harvested 7.5 MMBF.
4. Internal agency differences on interpretation of Stewardship Pilot Contracting authorities have halted testing of the Integrated Resource Contract. The project would have reduced fuel loadings on 4,700 acres, thinned 2,400 acres of overcrowded forest stands, and harvested 7.7 MMBF.
5. An absence of local contractors able to compete for noncommercial thinning contracts, prevented securing of job opportunities for Blue Mountain contractors.

To find solutions to these challenges and improve future operations, BMDA participants plan to:

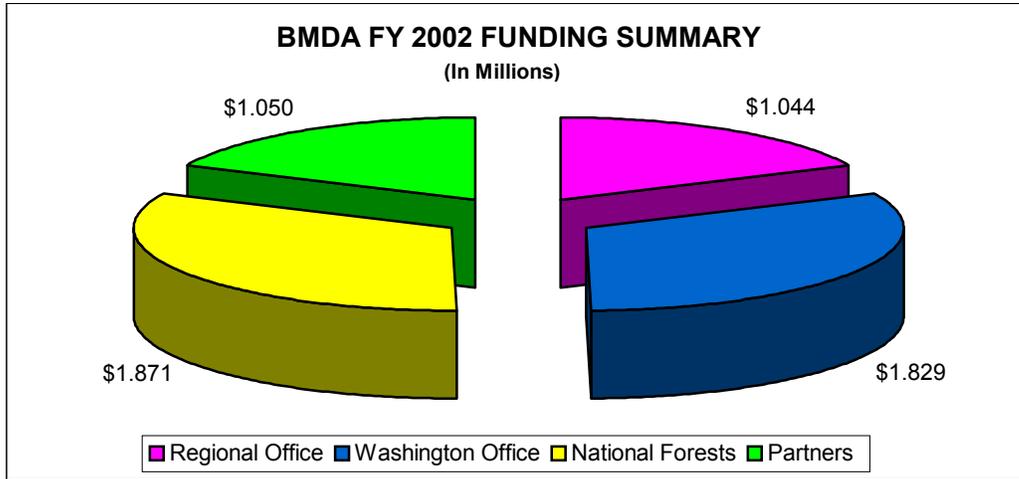
- Implement the NEPA and Consultation process efficiencies developed by BMDA Teams,
- Encourage use of the new contracting strategies during project development,
- Seek clarification of Stewardship Contracting authorities,
- Work with local communities to encourage interest in noncommercial thinning contract work, and
- Prepare National Fire Plan proposals to finance wildfire risk reduction work.

The BMDA is a dynamic project whose success is dependent upon the commitment of its participants. Facing the retirement of Governor Kitzhaber in 2003 and the loss of dedicated Forest Service funding for restoration work, the project is at a crossroads. Participants want to continue their collaborative efforts to promote watershed and community health. They want to expand BMDA boundaries to include federal and private lands within seven counties. They would like to continue to develop and pilot innovative ideas. They will continue to seek private, State, and federal support to meet their objectives.

Loss of commitment and support from the Forest Service and incoming Governor of Oregon are the greatest threats to the continued success of the BMDA. For BMDA collaboration, innovation, and accomplishment to continue, active participation by Forest Service leaders and resource managers must be sustained. Agency functionalism, changes in direction, and lack of follow through on funding commitments have and will continue to threaten collaborative relationships and project accomplishments. In the past, active support and participation by agency leaders has overcome these often-unintentional threats to collaboration. In the absence of sustained agency support, the BMDA's ability to maintain the partnerships that fuel its success will be seriously handicapped.

PARTNERSHIP BUDGET

The following chart displays the FY2002 budget. The chart likely under-represents partner contributions because identification of all contributions is difficult.



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