

Who Gets the Work?
National Forest Contracting in the Pacific Northwest

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Summary of Findings

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Purpose and approach

A number of rural communities and federal land management agencies have seen federal forest contracting as an avenue for rural economic development. However, people disagree about the structure of the forest contracting industry and the extent to which contractors located in rural communities capture federal contracts. This study asks, who gets the work? It answers this question by measuring how far contractors travel to work on national forest lands and by considering what causes variation in travel distance.

The study uses data from contract registers from all the national forests in the Pacific Northwest Region except the Okanogan National Forest and analyzes restoration and reforestation contracts let during fiscal years 1998 and 1999.

Who gets the work?

- Measured by contract value, the sector that wins Forest Service contracts is centered along the Interstate-5 corridor in Oregon, especially in the Willamette and Rogue valleys.
- Contract value is concentrated in small cities and scattered in smaller towns. The Portland and Seattle metro areas are not centers of Forest Service contracting.
- Contractors from western Oregon capture contracts throughout the Pacific Northwest while contractors from Washington and eastern Oregon rarely capture contracts outside their region.
- Overall, the Forest Service awards most of its work to contractors located within 125 air miles of the awarding national forest but contractors travel significantly farther to work in eastern Oregon and Washington than in western Oregon.
- On average, contracts won by nearby firms were of lower value than those won by contractors traveling farther to work. For example, the average contract value for contractors that traveled between 125 and 300 air miles was approximately \$50,000 but only \$37,000 for those traveling less than 50 air miles. This disparity was even greater in the Blue Mountains and eastern Cascades.

What determines differences that contractors travel to work?

Work location:

- All else being equal, contracting firms travel 100 air miles further to work in the Blue Mountains than in the Coast/West Cascades and 30 miles in East Cascades than the Coast/West Cascades.

- Firms working in Washington travel, all else being equal, 54 miles further than contractors working on national forests in Oregon.

Work characteristics:

- Contractors travel shorter distances for equipment intensive contracts than for labor intensive contracts. For example, all else being equal, contractors travel nearly 100 miles further for the most equipment intensive than for the most labor intensive ones.
- All else being equal, contractors travel slightly farther to work on contracts that require more skill than for those that require fewer skills. For example, contractors travel 45 more air miles for the most skilled work than for the least skilled work.
- On average, contractors travel considerably farther for reforestation and thinning contracts than for roadwork, especially on eastside national forests.

Conclusions

- On average, contractors travel farther to work in the Blue Mountain and East Cascade regions than Coast and West Cascades.
- Contractors located in the Willamette Valley capture contract value across region but rural contractors capture only a limited percentage of contracts from nearby national forest
- However, contractors located near national forests do capture a larger proportion of the heavy equipment work than more distant contractors do.

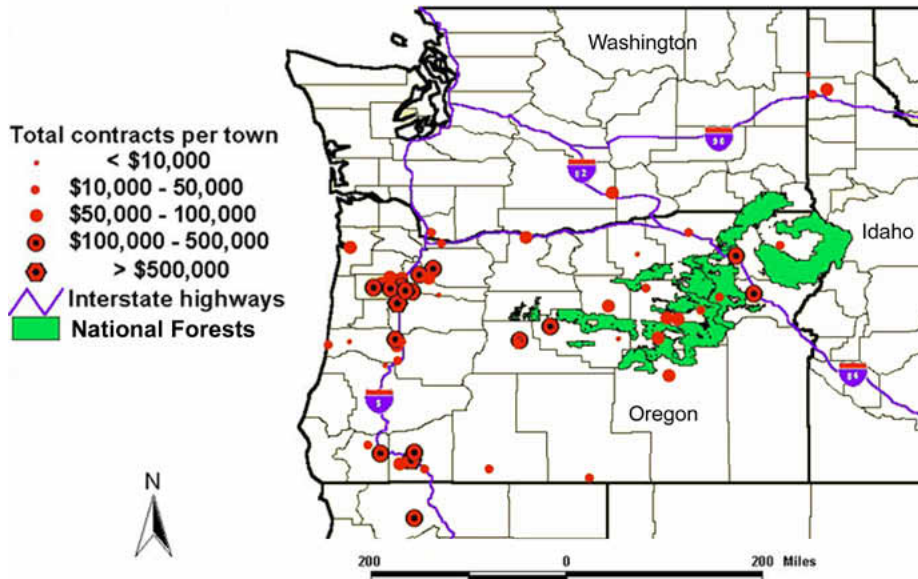
Table 1. Average contract value (percent of total contracts for region) by distance to contractor headquarters and region. USFS Pacific Northwest, FY1998-FY1999.

Distance	Subregion				
	Coastal	W Cascades	E Cascades	Blue Mountains	All regions
<50	\$38,932 (37%)	\$43,701 (35%)	\$34,551 (27%)	\$20,766 (18%)	\$36,547 (28%)
51-150	44,753 (50)	35,886 (56)	39,150 (46)	36,775 (35)	38,253 (47)
151-300	35,556 (11)	65,210 (8)	41,748 (20)	59,170 (38)	51,788 (19)
>301	27,450 (3)	26,135 (2)	36,377 (7)	63,762 (9)	45,019 (6)
All distances	41,124 (100)	40,554 (100)	38,265 (100)	44,459 (100)	
N=1329					

Table 2. Percentage of contracts captured by contractors in each region. USDA Forest Service Region 6, FY 1998-FY 1999.

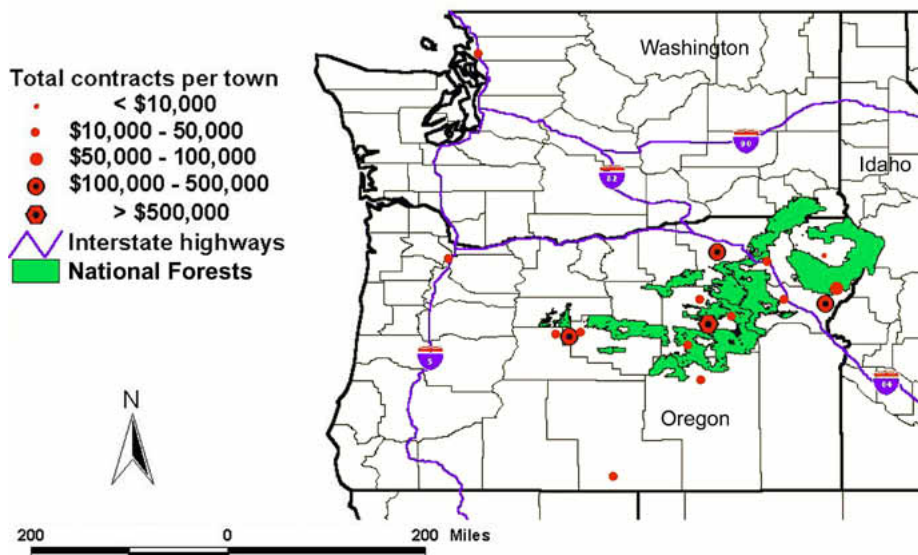
Contractor HQ	National Forest Subregion			
	W Oregon	E Oregon	W Washington	E Washington
W Oregon	85%	58%	14%	22%
E Oregon	4	34	0	1
W Washington	2	1	73	16
E Washington	1	1	0	53
Other	8	6	13	8

Reforestation and thinning contracts by contractor location,
National Forests in the Blue Mountains, FY 1998-99.



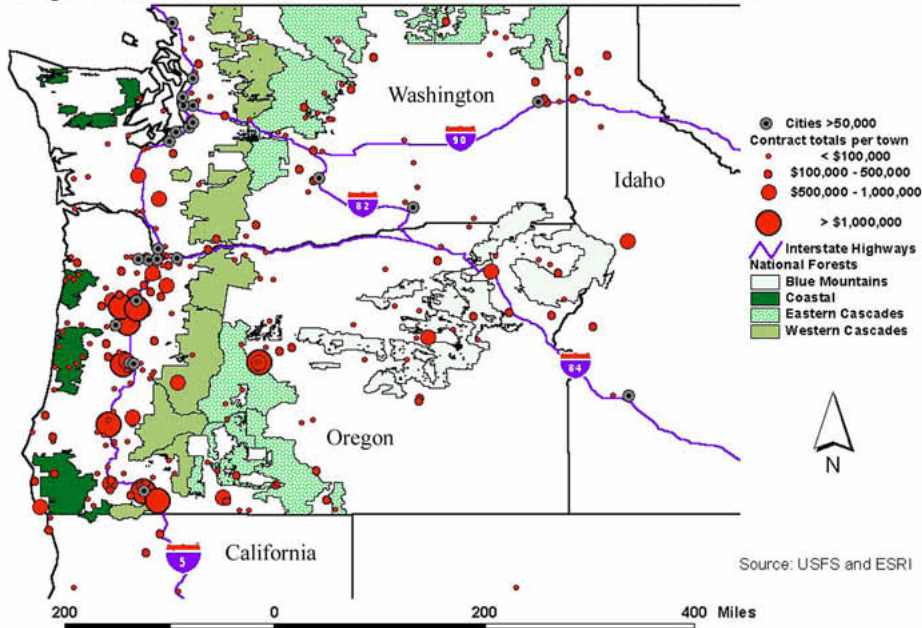
Cassandra Moseley & Stacey Shankle, Ecosystem Workforce Program, August 2001

Roadwork contracts for the National Forests in the Blue Mountains
by contractor location, FY 1998-99



Cassandra Moseley & Stacey Shankle, Ecosystem Workforce Program, August 2001.

Location of Pacific Northwest national forests in relation to cities, transportation corridors, and FY 1998-FY1999 contract awards.



Source: Cassandra Moseley & Stacey Shankle, "Who Gets the Work? National Forest Contracting in the Pacific Northwest" *Journal of Forestry*, September 2001.