

THE DAILY ASTORIAN

138th YEAR, No. 197

FRIDAY, APRIL 1, 2011

75 CENTS



GARY WEST — East Oregonian Publishing Group Astoria City Councilor Peter Roscoe speaks at the House Judiciary Committee hearing in Salem Thursday.

DA, Astoria leaders butt heads over DUII cases in Salem

Marquis, supporters speak out in favor of trying cases in Circuit Court; City Council opposes it

By CHELSEA GORROW
The Daily Astorian

SALEM — The city of Astoria and the Clatsop County District Attorney went head-to-head and toe-to-toe Thursday at the House Judiciary Committee hearing on House Bill 3025.

The bill would clarify District Attorney Josh Marquis' authority to take any case from Municipal Court, especially Driving Under the Influence of Intoxicants (DUII) cases.

Marquis and five others who testified in support of HB 3025 — including a representative of the Governor's Advisory Committee on DUIIs — told the House Judiciary Committee that problems are not isolated to Astoria. They urged the committee to pass the bill. Testifying in opposition of the bill were the Astoria City Council, city manager, city attorney and a representative for the League of Oregon Cities.

The proposed statute is the latest step in the long-running battle between Marquis and the city of Astoria. Marquis believes there is a different standard of justice in Astoria Municipal Court for DUII cases. Despite repeated offers from Marquis to move the cases to Circuit Court, where all other DUII arrests in Clatsop County are handled, Astoria leaders have pledged that they want to keep the cases in Municipal Court, in part because of the revenue they bring in.

See **DUII**, Page 12A

Advertising scam hits close to home

The Daily Astorian is warning businesses to question any caller who seeks advertisements

By DEEDA SCHROEDER
The Daily Astorian

At least five local businesses have reported possible scam phone calls from an advertiser posing as the publisher of the Astoria-Warrenton Visitor's Guide.

The Daily Astorian is warning businesses to question any caller who asks them to advertise in their visitor's guide publication.

One person contacted is Doug Swanson, owner of Rusty's Coin shop in Long Beach, Wash., who got a call Tuesday about his advertisement in the Visitor's Guide, a Daily Astorian publication. When he got the call, something just didn't seem right.

The caller identified herself as "Sheena" from mypalette.org, and she asked if he wanted a larger ad in the guide, quoting a price for his current ad and the increase in cost. Swanson said.

"I guess I wasn't falling for it," he said. Swanson played along with the caller and got her phone number, but didn't make any commitments.

Then, he promptly called his ad representative at The Chinook Observer, Andrew Renwick, who confirmed Swanson's suspicions — no one local had been in contact with him.

See **SCAM**, Page 12A

FOREST SERIES • PART 3

Will this image ever disappear?



A CAT 988 grapple lifts a load of logs off of a semi-trailer as the semi-driver looks on in the yard at the Kinzua Lumber mill in Pilot Rock.

E.J. HARRIS — East Oregonian Publishing Group

One Oregon company town finds it's no longer typical

By SAMANTHA TIPLER
East Oregonian Publishing Group

Pilot Rock is a mill town. Each entrance sign to the town of 1,500 hosts a broad circular saw painted with an Eastern Oregon landscape.

Just past the sign on the north end of town lies Kinzua Lumber.

Hills and valleys of timber wait in the lumber yard to be processed.

Across the yard, the plant buzzes with activity as all those pine logs turn into planks and boards to one day be used as doors and window frames.

Oregon was once full of mill towns. But very few are left today.

Pilot Rock doesn't host the businesses it used to, and in many ways it has become a bedroom community of Pendleton, 15 miles to the north. But Pilot Rock continues to survive, much because of the survival of its mill.

Kinzua, and Pilot Rock, found a way to survive by teaming up with Boise

Cascade, a forest products giant based in the Northwest but sprawling around the world.

The Kinzua mill fits a specific niche to manufacture pine wood. That's why it looked like another gem for Boise Cascade to put in its crown when the larger company bought the mill in 2009.

"It's a good outlet for our pine log volume," said Tom Insko, Boise Cascade's inland region manager for Northeast Oregon and Washington.

Also, the pine shavings go over the Blue Mountain pass to the La Grande particle board plant.

"That supply is very strategically important to our particle board plant," Insko said. "As we continue to see facilities go away, supply of that product is more and more difficult to procure for the plant."

Also, the culture at Kinzua emphasizes the same values Boise Cascade wants in its mills and workers.

"After we looked at the plant, we continued to like what we saw," Insko said. "There's a good workforce, a culture of success."

See **MILL**, Page 10A

He's spent a lifetime on the job

By SAMANTHA TIPLER
East Oregonian Publishing Group

Gerry Mikel has worked at the mill in Pilot Rock for longer than some of his co-workers have been alive. The 69-year-old tally person has worked there for a little more than 50 years, since June 1960.

When Mikel first came to the mill, it was called Pilot Rock Lumber Co. In 1962, it was bought by Georgia Pacific, which eventually changed to Louisiana Pacific. Then in 1996, Kinzua Resources bought the mill. The latest change came in 2009, when Boise Cascade bought the mill but kept the name as Kinzua Lumber.

Mikel moved to Pilot Rock at the age of 8 with his parents in 1949. His father came to town to work at the mill.

Right out of high school, Mikel took his first job at U.S. Gypsum, a plant that once was next door to the mill. There the shifts changed often, so Mikel couldn't get a consistent schedule. When he was laid off because work had slowed down, Mikel applied at the mill, where he knew he would get a sin-



Submitted photo

Gerry Mikel has worked at the lumber mill in Pilot Rock for more than 50 years.

gle shift. He liked this most because it meant he could take Jackie, his future wife, on regular dates.

See **MIKEL**, Page 10A



Broker sees another round of land sales on horizon

Tom Tuchmann is president of U.S. Forest Capital, a Portland-based firm that helps clients assemble complex transactions involving forestlands. A professional forester, Tuchmann has been a high-level forest policy maker in Washington, D.C.

Q. U.S. Forest Capital seems to be at the junction of the economic and environmental forces that are reflected in how forestland ownership patterns are changing. Is that a fair statement?

A. Yes. We see macroeconomic forces dramatically changing the economic and environmental climate within which forests are owned and managed. More specifically, we believe that there are going to be significant ownership changes over the next 10 to 20

years, and not all these new owners want to maintain large-scale working forests. While there have been exceptionally strong disagreements about how forests should be managed over the last 30 years, most people agree that they want to keep these forests working. Our work at U.S. Forest Capital is focused on helping communities, businesses and conservation groups maintain these forests in a way that produces jobs, tax base, fiber, water quality and quantity, wildlife habitat, recreational opportunities, etc. This may sound counterintuitive to some, but we have found that developers can actually work with communities in a way that conserves working forests so that they become part of the solution. They have become a positive part of my clients' transactions.

See **TUCHMANN**, Page 11A



Submitted photo

Tom Tuchmann of U.S. Forest Capital.

Mill: Kinzua Lumber is a microcosm of the Boise Cascade operation

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The advantages work both ways. Tony McKague, forester and log buyer at the Kinzua mill, remembers things being very slow in 2009.

"Before Boise Cascade, buying plummeted," McKague said. "We struggled to buy logs."

Fewer logs meant fewer work hours. That meant less money circulating through the community to the few businesses left in town. "Since Boise Cascade has taken over, we've had a steady flow of logs," McKague said.

That means steady work, steady paychecks and steady money reverberating through the community.

"Boise Cascade has been a very good thing for this mill and community," McKague said. "They have attacked things saying, 'We're going to run this mill and make money.'"

Supply and distribution

When it comes to lumber supply and distribution, Kinzua Lumber has become a microcosm of the overall Boise Cascade company.

About 85 percent of the logs coming to the Pilot Rock mill come from private land, Insko said. About 9 percent come from federal forest lands, and 5 percent from state lands.

The private land timber comes from central Washington and central Idaho. The timber coming from the federal lands comes from Northeast Oregon as well as Idaho and central Washington. There aren't many state forests in Eastern Oregon, so most state timber comes from Idaho. "We're purchasing from quite a broad geographical area," Insko said.

The lumber coming out of the Kinzua mill is called "cut stock," Insko said, and is used to make doors and window frames. They could go as near as the Bend area, to manufacturers there, or as far as companies in the Midwest. From there, a window frame or door could go anywhere around the world.

Changes in the forest

The heavy dependence on private land is a reflection of what has happened to the industry over the last 15 years, Insko said.

To give an example, he used what is known as the "Iron Triangle" in Eastern Oregon: the Umatilla, Wallowa-Whitman and Malheur National Forests.

Insko came into the industry in 1995. Then the harvest volume off the Iron Triangle was 180 million board feet. In 2010, the harvest volume was 75 to 78 million, Insko said.

And not all lumber is created equal. That 180 million board feet in 1995 was mostly timber volume. Today, half the 78 million harvested can't be used in Boise Cascade's facilities.

"It's firewood and other materials like that," Insko said. "It's important to remove that. It's not a bad thing."

But 40 million board feet – the rough volume of timber lumber coming off the Iron Triangle – isn't enough to run a single mill for a year, Insko said.

"That's three national forests producing less saw timber than it takes to operate a single mill in Eastern Oregon," he said. "It's a huge impact."

McKague agreed. The Kinzua mill alone processes 45 to 60 million board feet per year, he said.

Looking at the national forest closest to Pilot Rock, the Umatilla National Forest, he said it takes about 27 million board feet from the forest every year. But 86 percent of that is firewood, pulp and chips – those products that can't be used at the Kinzua mill. That leaves 4 million board feet coming off the Umatilla per year.

Kate Klein, operations staff officer on the

It helps that their names are on their hard hats

By SAMANTHA TIPLER
East Oregonian Publishing Group

Tony and Tim Nolan always have done things together. They grew up and went to high school together in Lexington. They took their first job at a quarry together. And for the past 17 years, they have worked at the Kinzua mill together.

That hasn't always been easy for co-workers, because the Nolan brothers are twins.

When they first came to the mill, they worked as general laborers. They did odd jobs that needed to be done.

Some of their bosses and co-workers would see Tim working on one side of the mill, then see Tony on the other.

"They didn't know there were two of us," Tony said.

"Our Friday boss, he didn't know there were two of us, he thought we were a pretty good worker."

The brothers laugh with big smiles.

Though they commonly have mixups like that – especially at the grocery store – the twins said they don't get teased. That could have something to do with their towering stature.

After 17 years working at Kinzua, most everyone knows Tony from Tim. It helps that their names are on their hardhats. It also helps they both have very different jobs.

Tim is a saw filer. And he relieves the head rig operator. That means his job will change every once in a while, something he enjoys.

Tony is the saw mill supervisor. He likes getting to work with the big equipment. He likes finding the way to get the best dollar out of each log.

"There's satisfaction in just forcing machines to do what you want them to do," he said.

He also likes his co-workers. "I enjoy the people, the crew," Tony said. "It's its own little community in itself."



E.J. HARRIS — East Oregonian Publishing Group
Identical twin brothers Tony and Tim Nolan have always done things together, including working at the Kinzua Lumber mill together in Pilot Rock.



E.J. HARRIS — East Oregonian Publishing Group
Dried lumber sits in a stack waiting to be planed at the Kinzua Lumber mill in Pilot Rock.

Umatilla National Forest, had the same numbers for board feet on the forest this year, and the 86 percent figure.

Similarly, in 2009, she said the Umatilla harvested 30 million board feet, with one third of that usable in timber mills.

Klein said this reflects the changing view of how the Umatilla National Forest is managed. On the east side of Oregon, she said, the standard is not to cut anything with a diameter greater than 21 inches. The goal is to protect old growth and restore the forest, she said.

In many forests – in Eastern Oregon and across the West – forests are choked with lots of little trees from a century of fire suppression. Historically, Eastern Oregon forests had few large trees and not much in between. Today, many forests are made of dense stands of smaller, younger trees.

Managing that means taking out more small timber, which means less board feet usable in timber mills like Kinzua.

"Over time, it is contributing to the downward trend in saw timber volume," Klein said.

Whether those smaller trees are what the timber companies want is debatable. Klein said the Umatilla National Forest is still able to sell much of that wood to biomass energy producers or pulp mills.

"There's a demand," she said. "It's just a different part of the forest products industry."

Forest health

The longer term problem of timber availability is even greater than the current eco-

nomical downturn and the downturn in the housing market, Insko said.

And that isn't because the forests aren't producing. It is because court challenges and other paperwork keeps companies like Boise Cascade from getting in and getting the lumber it wants, he said.

He said 50 percent of what is growing on the forest is dying. If the national forests overall grow 780 million board feet, 390 million are dying because the forests are in such poor health, Insko said.

Insko believes if more lumber were coming off public land, less would come from private land. That 85-15 percent split may even out. But as it is, the market follows the rule of supply and demand. With less supply from public land, more is demanded from private land.

"As the supply of logs decreased the remaining mills have obviously competed aggressively for that resource that is available," Insko said. "That's kept log prices relatively high and enticed private timber owners to harvest and make a profit off their logs."

In essence, Klein reflected similar numbers in growth and death of trees on the Blue Mountains. The annual growth for the Umatilla, Wallowa-Whitman and Malheur forests is about 800 million board feet. The mortality rate is 500 million board feet. That leaves a net growth of about 300 million board feet each year, Klein said.

Whether that's good or bad depends on your point of view.

"It's a natural thing," Klein said. "Trees grow and trees die. So that's normal."

The only cases where it is not normal is in those forests choked by smaller trees, she said. That's where forest health is at risk to insects and diseases.

"Our focus right now is to try to reduce those stand densities so that they're more in line with where they should be ecologically, where they were historically," Klein said. "That's what we're focused on."

Diversification:

Boise Cascade hopes to weather the current storm of tough times – from the restricted access to federal lands to the extreme downturn in the housing market – with a seemingly simple tactic: diversification.

"Our objective is to put any given log into the mill where we can generate the highest return," Insko said. "We've positioned ourselves and been thoughtful of where we saw log supply going over time. As we've been downsizing across Idaho and Northeast Oregon, we've really tried to develop an inte-



E.J. HARRIS — East Oregonian Publishing Group
A John Deere shovel lifts a log while sorting and staking logs in the yard at the Kinzua Lumber mill in Pilot Rock.

grated model that increases value at multiple points in the system."

Taking chips from the Kinzua mill to La Grande for particle board is a perfect example.

"We've focused on getting our cost structure and lumber mills to a level where we can compete on a broad basis," Insko said.

With multiple products, any one might get hit by an economic downturn, but it is less likely all will get hit at the same time.

McKague has seen other changes in the lumber industry over the past 50 years. One thing that has changed since his father was a forester, said McKague, is cooperation between mills. It has changed from the dog-eat-dog world it once was. In addition to working Kinzua into the Boise Cascade machine, McKague said he has seen more cooperation between mills of different companies in recent years.

The Kinzua mill processes pine logs. But if it bought an order that included some fir, and another mill had pine, the two might swap.

"In the past, that didn't happen," McKague said. "You were on your own."

That isn't the case any more.

"If we're going to survive, we've got to work together, not against each other," he said.

The future

With the support of Boise Cascade, McKague is confident about Kinzua's future.

"I see no reason why this mill won't survive many more years," he said. "It's efficient, we've got a great crew, we have ownership backing us. If there's going to be a pine mill to survive, this is certainly going to be it."

That said, he agreed with Insko's belief. While diversification is key to Boise Cascade's survival now, Insko believes the key to the future may be better access to the national forests.

"At some point we're going to have to see more activity on our national forests," he said. "And one of the primary reasons is because those forests need to be restored. They're in awful shape. They're crowded. There's high mortality rates. There's a growing risk of catastrophic fire."

"It's a two-way street," McKague agreed. "Not everyone may agree, but in my opinion, the national forest needs timber harvest. ... And mills need the forest to have a product."

To prepare for the future, Boise Cascade is trying to work with political leaders to free up some of those board feet in the forests.

In looking at the future, Insko said, the mills that stick around will be dependent on what lumber they can get from the national forests. The industry is in the hands of that supply.

"It's going to have to be. Otherwise more mills will go away and there are not many more of us left," he said. "The risk is industry going away if something doesn't happen in terms of the national forest getting more active."



E.J. HARRIS — East Oregonian Publishing Group
John Anstogui operates the big debarker before logs enter the saw mill at Kinzua Lumber in Pilot Rock. The debarker cuts logs to length and strips off the bark before the logs enter the mill.

Mikel: Fifty years after his career began, timber still rolls into the mill he calls home

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He started on the night shift – back in 1960 there was a night shift – as a chain puller. He pulled finished planks off the line for packaging.

Over the years, Mikel worked many different jobs. But he settled on tally person, which he liked the most. He counts the boards and board feet in each load going out.

He and Jackie married in 1961. They

bought a house in Pilot Rock in 1969. They raised a family with three kids.

The only time Mikel didn't work at the mill was between 1983 and 1985, when the workers went on strike against Louisiana Pacific.

"The union said it would be a two-week strike," he said. "That broke the union."

During those two years, he worked as a mechanic at a car dealership in Pendleton. After the two years, the mill started up

again, this time without the union. Some of it wasn't easy. Everyone started out with a clean slate, Mikel said. His 23 years of seniority didn't count for anything. On the other hand, he got health insurance, something he didn't have when he worked at the dealership.

So why stay at a job for so long?

For starters, Mikel said, "It's five minutes from home."

Being a hometown guy, Mikel also has watched a lot of things shrink – the

mill and the town.

When he was young, he remembers a drug store, several restaurants and taverns, a grocery store, a post office, a movie house and an appliance store. That was all before Highway 395 connected Pilot Rock to Pendleton.

Once the highway came in, everyone preferred to go to the larger town. Today, Pilot Rock still has a grocery store, hardware store, one restaurant, a gas station and a coffee stand.

At the mill, Mikel has seen smaller lumber come in. There once were two packers, but that overloaded things on the packaging end. Now there is just one.

Even so, he is confident in his work. Mostly because he has been doing it for so long.

"If I had to do it again, I don't think I'd change it," Mikel said.

Fifty years later, timber still rolls into the mill. The town continues to survive. And Mikel still comes to work.

Pacific County regroups as Weyerhaeuser shrinks holdings

Small operators seek creative ways to keep businesses running, traditions alive

By CATE GABLE
East Oregonian Publishing Group

SOUTH BEND, Wash. — After a year and a half looking for a buyer, once-dominant logging giant Weyerhaeuser in February sold 82,000 acres of hemlock forestland in Pacific County and in neighboring Grays Harbor County for \$200 million to a Boston insurance company's timber subsidiary.

The move was the latest in a long process for Weyco, which is transitioning into being a Real Estate Investment Trust (REIT), redefining itself as more than a U.S.-focused forestry company. In Pacific County at the far southwestern tip of Washington state, the firm now owns about 139 fewer square miles of forest than it did a century ago in 1911.

It's still a significant player in the region and operates two small interconnected sawmills that employ about 110 in the economically imperiled timber town of Raymond — 45 miles and a world away from the tourist and retirement haven of the county's southern beach communities. But the days when it signed a large fraction of all the paychecks in the county are over forever.

Although the massive old-growth trees are mostly long-gone, this remains one of the world's best places to grow trees. In fact, foresters note that the rich volcanic soils, hospitable climate and ample rainfall of Southwest Washington and Northwest Oregon are uniquely suited to growing the highest-quality fine-grained Douglas fir, fine-grained red cedar and hardwoods such as maple and alder.

Just as some of these species await the fall of a giant tree to open up a space for their own growth, a profusion of small companies and landowners are looking for new opportunities now that Weyerhaeuser doesn't cast such a long shadow.

What comes next?

So what changes are afoot in Southwest Washington as the timber behemoth of Weyerhaeuser dwindles? What opportunities does

this market restructuring provide?

Maple, juniper, alder, hickory and myrtle, often made into firewood or pulp in the past, are now finding a use in high-end products like veneers, flooring, cabinets and furniture. Many are arriving from timberlands certified by the Forest Stewardship Council (FSC), either privately or commercially owned.

FSC-certified wood is not big business yet and may never be, but it provides another market for wood products that did not exist a decade ago.

Another FSC success story involves Dennis Wilson and his wife Jill Merrill, who live on 15 acres bordering Clearwater Creek in Naselle, Wash., property that Merrill bought 33 years ago.

"We couldn't afford it now," said Wilson. "But we really love it here and we've worked with Northwest Natural Resource Group (NNRG) to create a sustainable management plan to add value to the land. About four years ago, the Army Corps of Engineers were getting rock from the quarry behind us to repair the North Jetty and we started really looking at our property."

"We did our homework and began working with NNRG and Allen Lebovitz (a Naselle-area sustainable forestry expert) on land use and ecological practices. Allen came over and did some selective logging. We took out 14 truckloads of wood, which won't sound like much to a logger."

"We worked with Nick Somero, from National Resources Conservation Services, on soil conservation. We did some restoration and we got enough money from the sale of our wood to cover our costs and make the work worthwhile. It was never our intention to make money on the property. We're doing what we're doing to improve the habitat for wildlife, for our own enjoyment and for the future of the property," said Wilson.

Getting on the bandwagon

Kirk Hanson, director of Northwest Cer-



DAMIAN MULINIX — East Oregonian Publishing Group

Arne Wirkkala, of Naselle, Wash., supervises a logging operation on land in Southwest Washington following a blow-down

in December 2007.

tified Forestry for NNRG, explains the new types of forestry taking root in North Coast soil.

Hanson is a new breed of forester. He is a landowner with a 30-acre tree farm near Oakville, Wash., where he is developing experimental agroforestry systems and sustainable management practices that he feels may lead the way for a new timber industry in the Pacific Northwest.

The Northwest Certified Forestry for NNRG is one of the relatively new forces in the industry, assisting timberland owners in becoming certified with the Forest Stewardship Council. FSC is an independent nonprofit established to promote sustainable management of the world's forests. Individuals or organizations can register with the organization and, if certified, can sell FSC-certified wood to certified mills, which make products that ultimately make their way to consumers, builders and contractors.

Private and commercial landowners can participate in the program (in fact, some of Weyerhaeuser's international holdings are FSC-certified, a standard they have fought in the U.S.). This third-party verified system produces timber that can be traced back to its source and provides a product stream that ensures sustainable management and environmentally friendly practices have been used in its growth and harvest.

Building and construction professionals vying for LEED, or green building, certification can gain points by using FSC-certified lumber. In some cases, consumers are demanding sustainably grown lumber for their building and home-improvement projects. Artisans are seeking out sustainably grown local woods for furniture and other uses.

All the small local mills in Southwest Washington have become FSC-certified to take advantage of this product stream.

New products, new processes

Donna Robbins, second-generation owner/manager with husband Bill of Alexander Mill outside of Chehalis, Wash., talks about how they have managed to stay in business as one of the longest running mill operations in the Northwest.

"Well, I can't say it's been easy," she said. "It's definitely been a struggle. My father, Dale Robbins, bought the property in 1948, the mill was on it, and the guy that sold it to him just said, 'You should keep this mill going.'"

"My dad had been a Boeing employee, so he didn't know anything about the industry — he didn't plan on getting into the lumber business. At the start, we didn't realize what was really going on in the industry, and things started going downhill really fast."

"But we've made a go of it by working hard and being adaptable. I got dragged into it and then I dragged my husband into it," she laughed. "But I like wood, so that helps — it's renewable, it's reusable."

Alexander Mill has adapted to economic hard times by specializing in custom mill work; and, because they are a small mill, they have an FSC-certified lumber stream that they can cut and track in a way that would be difficult for a larger mill.

"We are working on a project right now with some maple that will be built into tables by Green Tree Mill for the Gates Foundation — it's kind of neat. They were just on the television with this project," she said.

The potential for FSC-certified wood is growing. Jake Robinson, Southwest Oregon regional director for NNRG in its Coos

Bay office, said, "Home Depot has created a market for FSC-certified stud-wood that is being provided by Roseburg Forest Products and Lumber Company in Dillard, Oregon."

Roseburg, with 4,000 employees and 700,000 acres of sustainably managed timberland is beating the odds. They are turning toward sustainable harvest practices. With Home Depot stepping into the FSC-certified marketplace, this could indicate a trend for the future of the industry.

It appears that a revitalized timber industry may require several business streams to be developed in combination with one another: sustainably grown and harvested (and therefore higher quality) raw materials; custom manufacturing processes for those materials; and increased market demand.

'It's definitely been a struggle.'

— Donna Robbins
second generation mill owner/manager

Implementing sustainable forestry management on municipal or government land, using an FSC model, could increase the high-end material stream. Subsidies

and small business loans to establish the training and equipment needed for small manufacturing sites could provide another piece of the puzzle.

In line with this thinking, Franklin speculated that there are two ways the U.S. could compete in the new global marketplace for timber. "We can develop and sustain local markets; and we've got to develop global markets for products that can't be produced in fiber farms."

He continued, "They can't grow high-quality fine-grained Douglas fir of great strength in Asia, or fine-grained red cedar, or hardwoods. These are things you can't grow in fiber farms in the southern hemisphere."



DAMIAN MULINIX — East Oregonian Publishing Group

A small crew harvests a forest that was damaged by a windstorm during winter 2007 in Pacific County, Wash. With Weyerhaeuser selling part of its Pacific and Grays Harbor County lands, the dynamic is changing in the region.

Tuchmann: More opportunities in the pipeline for conservation groups with funds

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Q. The ownership change here in Clatsop County — of Weyerhaeuser's sale to the Campbell Group — seems to typify a shift that is almost nationwide: away from the vertically integrated industrial forestry company to TIMOs (timber investment management organizations).

What do you think will be the next transition in forestland ownership patterns?

A. A common attribute among many forest asset managers is that they plan to exit their investment. That exit could take place in 5, 10 or 20 years, but there is a good likelihood that they will sell their forest. With 84 percent of the nation's industrial timberland having been sold over the last 15 years, there is a strong likelihood that we will see another round of timberland sales in the future. We

believe this next wave of timberland sales will be different than that last 15 years. Whereas integrated companies sold their properties in hundreds of thousands to million-acre chunks, for example International Paper sold 4 million acres in one auction, the next wave is likely to see a greater number of sales in smaller parcels of tens to hundreds of thousands of acres.

From my perspective, this fragmentation of our industrial forests is to the 21st century what forest practices were to the 20th century. Unlike the battles of the 20th century that pitted timber industry against environmentalists, the next wave of land dispositions is beginning to bring these folks together. The key will be to develop financing and governance structures that allow folks to work together and manage for the array of forest benefits.

Q. Will the sale of these smaller parcels present opportunities for conservation groups?

A. Conservation and community buyers with the financial resources to acquire portions of properties for sale will increasingly have opportunities over the next 10 years. Many of the ideological opposition on either side of the forestry debate is starting to melt away in the context of bigger issues.

One area where we have worked on behalf of our clients is developing new financing tools that help them raise money to buy large ownerships. One tool — Community Forestry Bonds — requires a clarification to the federal tax code and would allow community groups to borrow funds from tax-exempt bond sales to buy forestland. The property would then be conserved as working forest and sustainable timber harvest would be used to pay back the lenders. The bill has strong support from 80 different groups ranging from the Sierra Club to the National Association of Forest Landowners.

Q. If the economy and tax law are driving the transition away from the vertically integrated forest management, environmental anxieties are another force. We hear a lot about carbon credits and the importance of the North American temperate rain forest — such as we have in Clatsop County — in dealing with global warming. How big a player do you think land conservancies and forest management funds such as Ecotrust's will become?

A. This is a complex question and here is a three-part answer. First, North American temperate forests are really important in terms of carbon sequestration. Second, carbon sequestration is but one benefit we receive from our forests ... there are many others. It seems to me that job number one is keeping large ownerships working so that the carbon, biodiversity, water quality and fiber produc-

tion engine is protected. Environmental markets — like carbon — that provide incentives to landowners to continue to manage forests can play an important part in financing working forests, but prices will have to increase significantly to be used at scale. Third, providing a stable regulatory and tax environment will do much to maintain large working forests and yes, for those properties that are not core to an industrial owner and/or have environmental attributes that "devalue" the property from an investment standpoint, conservation and community groups can have a larger role to play in acquisition and management. We believe this is a good thing as it will provide increased stability both environmentally and economically and it will bring folks together on forest management issues.

— Steve Forrester,
The Daily Astorian

Coming next week



Cannon Beach leads the way



How to deal with forest waste



Helping ... one tree at a time

The series concludes April 8



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