

# Changing Faces

by Joel Preston Smith

Industry, agencies and activists join forces to manage Southern Oregon's crowded forests

## FEATURE

"Like bodybuilders, the environmentalists were thought of as kind of weird fanatics also. You know the kind of serious tree huggers. Environmentalists were no fun. They were like prohibitionists at the fraternity party."

—California Gov. Arnold Schwarzenegger, delivering the keynote address at a global warming conference, Georgetown University, Washington, D.C., April 2007

In the Pacific Northwest, no one epitomizes the idea of "fanatical tree hugger" more than the bearded, balding druid form of Andy Kerr—arch enemy of the logging community, timber teetotaler, self-described "political activist, inside/outside agitator, schmoozer and raconteur." Or as the *Lake County Examiner* once described him, "Oregon's version of the antichrist."

Kerr is best known, from the timber industry's perspective, as the front man for the people who brought you the northern spotted owl, timber-sale injunctions and epic courtroom battles.

It is somewhat ironic, then, to find Kerr and other venerable veterans of the Pacific Northwest's timber wars now prodding the Forest Service with a stick, asking the monster to reawaken and once again allow the industry to heft its ax and proceed forth into the forest. Kerr, Tim Lillebo of Oregon Wild, Mike Anderson of the Wilderness Society and Rick Brown of Defenders of Wildlife—all of them *serious* tree huggers—are leading a contingent of environmental groups who want to put timber workers back in the Pacific Northwest's woods.

What happened? What could unite not *only* environmental groups but timber industry officials, the Forest Service and a growing army of nonprofits and government agencies? Not surprisingly, they've rallied around a mutual hatred—not of each other, this time, but of catastrophic forest fires. After nearly 100 years of fire suppression and more than a decade of dwindling timber harvests, many state and national forests have become national thickets. The buildup of ladder fuels—debris, saplings and low-hanging limbs that allow fire to climb into the forest canopy, resulting in a charred moonscape in which little if anything survives—borders on a blowup, threatening the destruction of entire forests, including the remaining 5 percent of historical old growth, throughout the Pacific Northwest.

### Trees into power

Jim Walls has a less than agreeable history with "outsider" environmentalists, but he knows forests, the timber industry and how to sell a novel idea. A former backcountry ranger for the National Park Service, Walls directs the Lake County Resources

Initiative, a conservation group focused on sustainable forestry in southeastern Oregon, where the average population density is 2.1 people per square mile, and where four of the county's five sawmills have closed since 1986.

In the spring of 2006, Walls says he was working "full bore" in his Lakeview office on "proving that sustainable forestry would work" in the ponderosa pine-dominated forests of Lake County when he was struck by the idea of harvesting small-diameter trees and turning them *not* into lawsuits but rather into *electricity*. In the surrounding Fremont-Winema National Forests, stands that in their historical prime averaged 12 to 40 trees an acre were now crowded with 800 to 1,200 trees, most of them no thicker than a man's leg.

**Sucking up water. Drying up the soil and choking out older trees. A box of matches, standing on end.**

It didn't seem like it would be difficult to convince environmentalists that burning brush to generate electricity was wiser, in essence, than clear-cutting with a flame-thrower, and Walls had history on his side. On a single day, July 12, 2002, an estimated 16,000 lightning strikes hit the Fremont-Winema, burning more than 121,000 acres in 65 separate fires.

The problem was that Lakeview doesn't have a power plant. As one resident describes it, "We're 90 miles from the nearest traffic light, and we like it like that."

Tillie Flynn, general manager of the *Lake County Examiner*, characterizes the 2,500 residents of Lakeview as "very Mayberry." But it's also the kind of town, says city manager Ray Simms, where environmentalists are still labeled by some as "ecoterrorists," where timber-sale injunctions brought on a "virtual shutdown of the woods," followed by widespread unemployment, alcoholism, domestic abuse, the collapse of families and an exodus of nearly 2,000 residents from the county. The idea of walking hand-in-hand through the forest on a harvesting project with "Andy Kerr and his groupies," as Flynn calls them, wouldn't be an easy pitch.

*continued on next page*



Back in the day  
in the  
Fremont-Winema Forest  
one tree  
HAD APPROXIMATELY  
**1,089**  
Square Feet  
to grow & prosper.

**Today**  
upto 30 trees  
struggle to grow

TO FULLSIZE IN THAT  
same amount of  
**SPACE**

With the help of Lakeview County Commissioner Jane O’Keeffe and the environmental group Sustainable Northwest, Walls proposed building a regional cogeneration plant—a power plant that produces both steam and electricity—fed by small-diameter trees and ladder fuels. Based on construction costs of \$30 million, a “cogen” plant would provide 148 full-time jobs and generate more than \$10 million in labor income, according to Betty Riley, executive director of the South Central Oregon Economic Development District.

Marubeni Sustainable Energy, a subsidiary of the Japanese trade conglomerate Marubeni Corporation with annual revenues topping \$27 billion in 2006, was one of the first developers to bite.

Walls proposed siting the plant at Lakeview’s Fremont Sawmill, owned by The Collins Companies, a timber corporation which owns and manages just over 305,000 acres of private forests in Washington, Oregon, Pennsylvania and West Virginia. Collins, which quotes Mahatma Gandhi in its corporate literature and has earned the praise of the World Wildlife Fund and other groups, was the first private timber company in the United States to be certified green for ecologically sound forest practices by the Forest Stewardship Council.

What is now known as the “Lakeview Biomass Project” was underwritten by Oregon Gov. Ted Kulongoski as a means to help the state meet its renewable energy goals, improve forest health and cut greenhouse gasses released in high-severity forest fires.

Nearly everyone, including the Forest Service, including the tree huggers, including Andy Kerr, wanted in.

### Better together

“It’s ironic to be in this situation,” Kerr admits, “but we need the timber industry to restore these forests for the next 20 to 30 years. If they don’t, fires are going to destroy the old growth.”

Now Kerr, other environmentalists and logging advocates suddenly find themselves on the same side of the fence. Tim Lillebo of Oregon Wild supports construction of the biomass plant, for which Marubeni has now invested \$700,000 in feasibility studies, permitting and planning. Lillebo, worrying old scars, remembers testifying at a public meeting in Bend, Oregon, around 1994, over lawsuits Oregon Wild filed against local timber harvests. “A logger stood up and said he was going to kill me. I reached for my 9 mm and found I didn’t own one.”

He compares the present-day spirit of cooperation, and working with his former enemies, to “doing a prescribed burn, whereas before we were working in a wildfire. We used to say, ‘They’re cutting down all the old growth! They’re damming the streams! We have to litigate!’ But now we see we’ve altered the forests on the east side; they’re no longer what they should be, and we have an opportunity to fix that.”

Kerr, who now runs The Larch Company, a consulting firm focused on natural resource issues, says, “What made the plan more attractive is that Collins is arguably the most environmentally responsible timber company in the world.”

Collins, with the only functional timber mill in the county, was in a unique position to attract cogen investors to Lakeview. In order to generate 15 megawatts of electricity (the proposed size of the plant, enough

to power about 15,000 homes), Marubeni would need 125,000 tons of biomass each year. Collins’ Fremont Mill generates about one-third of that in hog fuel—the timber industry’s term for bark, wood chips and sawdust—from timber from its 82,000-acre privately owned forest in Lake County.

Privately owned, Collins’ forests aren’t subject to federal timber-sale injunctions or the policy whims of changing political administrations. The company’s timber harvests also are immune to the U.S. government’s 1994 ban—called the Eastside Screens—on logging live trees larger than 21 inches in diameter on federal forests east of the Cascade Mountains in Oregon and Washington. Therefore, Collins can guarantee Marubeni a consistent supply of biomass. It’s the missing 83,000 tons of hog fuel, crucial to sparking the Lakeview project, that have Marubeni and the project’s developers concerned.

“Banks want a 20-year guarantee on everything—on fuel, on water, even on air—before they’re willing to lend startup money for a biomass plant,” says Patrick King, Northwest regional development director for Marubeni Sustainable Energy. “That takes us through five political administrations. It’s not that the supply isn’t there. We’ve looked in a 70-mile radius [of Lakeview] and it’s there in the Fremont-Winema. The problem is getting it out.”

### Can’t see the forest for the fuel

Karen Shimamoto would *love* to provide Marubeni with biomass for the proposed electrical plant. As supervisor for the Fremont-Winema National Forests, Shimamoto is responsible for managing fire preparedness, protection and suppression programs on the 2.3 million acres that comprise the two forests. In addition to overseeing tinder-dry forests overstocked with ladder fuels, she is facing the demise of a 200,000-acre tract of timber, infested with western pine beetles.

“We’d like to restore the forest’s resilience to fire, but no one will ever buy biomass from us. It’s just not economical. They’d lose money.”

Shimamoto says the cost of thinning out overstocked timber ranges from \$300 to \$3,000 an acre, depending on whether tracts are thinned mechanically or by hand. At the lowest cost per acre, assuming only half the Fremont-Winema needs thinning, the bill would be \$345 million. Her annual budget is \$25 million. Paul Harlan, vice president of resources for Collins, compares hauling slash out of the forest to “trucking air.”

Each year,  
125,000 tons of  
**BIOMASS**  
could be harvested from forests  
and burned  
to generate 15  
**MEGAWATTS**  
of electricity.

That's enough  
to power 15,000 homes.

## Coming around

Walls and an ever-expanding list of project developers, in the process of trying to dream up incentives for a biomass plant, realized that preventing catastrophic forest fires also meant reducing greenhouse gases. People—governments, nonprofits—amazingly, will pay you for this. Nonprofits such as the Climate Trust provide funding for organizations and private individuals who invest in cleaner technologies to offset their carbon footprint.

“Pardon the pun,” says Sylvia Hayes, “but the environmentalists really warmed up to it when they found out we’d found a way to also fight global warming.” Hayes, founder of the sustainable-development company 3E Strategies, in Bend, Oregon, adds: “That’s when Tim Lillebo and Andy Kerr flipped. They saw it was a cost-effective method of doing forest restoration. It was going to be good for the local economy and the forest, and it made a lot more sense to see those fuels burned in a biomass plant than to see it go up as greenhouse gases.”

**There are no guarantees. Not of financing, or carbon-sequestration credits, or grant monies, or a steady supply of biomass.**

The federal tax credit for renewable energy production from biomass is expected to expire Dec. 31. There is “a memorandum of understanding” among the developers and the environmentalists. There is a “statement of cooperation.” And the State of Oregon has pre-approved a \$10 million tax credit for Marubeni, but that won’t kick in until the plant is up and running. Assuming the plant is constructed.

“It’s a complete leap of faith for us,” King says, “to put in a plant that doesn’t have a guaranteed source of biomass.”

Nevertheless, based on the efforts of the Lakeview community and the spirit and determination of the people who’ve worked to build a sustainable industry in the town, Marubeni cut the ribbon for the anticipated and much-hoped-for biomass plant last November, at the Fremont Sawmill. They’re plugged in, but they haven’t turned on. King says Marubeni has hired a California firm to help find a long-term supply of biomass—one that won’t be girdled by litigation, political upheavals or mutations in Eastside forest-management plans.

Some of the material could potentially come from the Lakeview Stewardship Unit, a 500,000-acre tract of the Fremont-Winema on which the Forest Service is allowed to sell timber and keep the proceeds, in order to fund forest-restoration projects.



Even with a steady supply of fuel, King adds, biomass plants are a high-capital risk. The “rule of thumb” is \$600 to \$700 per kilowatt hour in construction costs for a natural gas plant. For a biomass plant, it’s \$2,000 to \$2,500, he says. “There’s a reason why not many biomass plants are being built.”

King says that there’s a reasonable chance that, should financiers balk at the risks inherent in the project, Marubeni may self-fund the plant. If the company does move forward, the Lakeview Biomass Project would be Oregon’s 17th cogen facility. Not all have been successful. The town of Klamath Falls in southern Oregon owned and operated a 484-megawatt cogen plant before—deeply in debt and having lost two contracts for electric sales—selling it to PPM Energy last December.

If Marubeni moves forward, it would lease land from Collins to site the cogen plant, sell steam to Collins in order to operate the company’s lumber kilns, and sell power over the national grid. The objective, says King, is to break ground in October.

Not everyone in the environmental community is convinced that the biomass plant,

or the plan to thin forests in order to fuel it, is ecologically sound. “For the short term, it seems to have some feasibility,” says Asante Riverwind, Eastern Oregon forest organizer for the Sierra Club, “but are we creating another mechanical mouth to feed? Another issue is that some of these thinning projects are ecologically dubious. When those are done, we’ll still have this plant that needs fuels.”

Riverwind argues that many of the thinning projects could be completed in as little as five years.

Most environmentalists believe that restoring natural fire to the forest—once thinning projects have been completed and the threat of catastrophic fires has diminished—is more ecologically sound than what amounts to invasive surgery. Stephen Fitzgerald, a silviculture and wildland fire education specialist for Oregon State University, notes that historically ground fires burned in Eastside forests every seven to 12 years, reducing stress on the old growth. “Ponderosa pine will live for 600 years,” Fitzgerald says, “but we’re seeing them die at 250 because of competition for water.”

“I don’t view biomass from the national forests as a sustainable source of energy,” Kerr adds, “but they do need to be thinned. I would prefer that fire then be used to sustain the forests. It’s better to have them thinned by fire than by chain saws.”

Environmentalists and the timber industry still disagree over salvage logging of already burnt forests, and are battling the Bureau of Land Management over the agency’s current push, called the Western Oregon Plan Revisions, to cut timber and old growth on 2.2 million acres of federal lands from Portland south to California.

Regardless of whether Marubeni throws the switch, the timber community and environmentalists in the region have broken ground on building a better relationship. Kerr is well known from his timber war days as warning fellow activists, “Collaborate and die,” which of late has become, *Collaborate or die*.

Lillebo observes, “This is the first time people are looking at me as though I’m not the devil incarnate.”

Flynn sums it up this way: “Andy Kerr and his groupies came in guns blazing as to how he was going to save the world, and treated us like idiots. How we didn’t understand how a forest works. How they were going to *explain* it to us. A lot has changed. We learned how to collaborate. Everyone has grown up. We learned how to listen to each other.” ■