

BREBNER -

Economic Effects

Summary

Timber management activities within the project area have the potential to impact the economic conditions of local communities and counties. A financial efficiency analysis showed that the proposed activities would result in a viable timber sale that would provide about ~~24~~ 24 million board feet of timber (~~XX~~ 43,246 CCF) with a present net value of about \$~~1.62~~ 1.62 million. The project would also provide ~~create or maintain~~ an estimated ~~77~~ 67 jobs per year during the life of the project.

Comment [YJA-1]: Seeing all sorts of values on this. Financial efficiency analysis shows 47,530 CCF, which translates to about 57 MMBF

Comment [RM-F2]: Needs to be updated based on Colins most recent revision after units dropped

Comment [SC-F3]: Updated based on most recent sale feasibility from Ben Timchak, 43,246 CCF, and applied conversion factor (0.565 MBF/CCF) to get 24.4 MMBF

Introduction

The management of the natural resources on the Idaho Panhandle National Forest has the potential to affect local economies. People and economies are an important part of the ecosystem. Use of resources and recreational visitation to the national forests generate employment and income in the surrounding communities and counties. They also generate revenues returned to the Federal treasury or used to fund additional on-the-ground activities to accomplish resource management objectives.

Table XX. Resource indicators and measures for assessing economic effects.

Resource Indicator	Measure
Project feasibility	Anticipated costs and revenues
Financial efficiency	Present net value
Economic impact	Potential job and labor income impacts

The Brebner Flat Project is located on the St. Joe Ranger District of the Idaho Panhandle National Forest. The combination of small towns and rural settings, along with people from a wide variety of backgrounds, provides a diverse social environment for the geographical region around the Idaho Panhandle National Forest, including the St. Joe Ranger District. Local residents pursue a wide variety of life-styles but many share a common theme—an orientation to the outdoors and natural resources. This is reflected in both vocational and recreational pursuits including employment in logging and milling operations, outfitter and guide businesses, hiking, hunting, fishing, camping, and many other recreational activities.

Timber, tourism, and agricultural industries are important to the economy of local areas. Despite the common concern for, and dependence on, natural resources within the local communities, social attitudes vary widely with respect to their management. Local residents hold a broad spectrum of perspectives and preferences ranging from complete preservation to maximum development and utilization of natural resources.

Timber management activities within the project area have the potential to impact the economic conditions of local communities and counties.

Land and Resource Management Plan

The project is needed to address the following social and economic goals and desired conditions of the 2015 IPNF Forest Plan:

- GOAL-SES-01: Contribute to the social and economic well-being of local communities by promoting sustainable use of renewable natural resources. Provide timber for commercial harvest, forage for livestock grazing, opportunities for gathering firewood and other special forest products, permitted recreation residences, and settings for recreation consistent with goals for watershed health, sustainable ecosystems, biodiversity, and scenic/recreation opportunities.
- FW-DC-SES-01: Outputs and values generated by the Forest contribute to sustaining social and economic systems.
- FW-DC-SES-02: The outputs and values provided by the Forest contribute to the local economy through the generation of jobs and income while creating products for use, both nationally and locally. Jobs and income generated by the activities and outputs from national forest management remain stable, contributing to the functional economy surrounding the IPNF.
- FW-DC-SES-03: The outputs and values provided by the Forest contribute to community stability or growth and the quality of lifestyles in the Plan area.

The development of timber sale programs and individual timber sales is guided by agency direction found in Forest Service Manual 2430 (2400-2014-2). Forest Service Handbook 2409.18 (2400-2009-2) guides the financial and, if applicable, economic efficiency analysis for timber sales.

Many of the costs and benefits associated with a project are not quantifiable in financial terms. For example, the benefit to wildlife from habitat improvement from a project is not quantifiable in financial terms. These costs and benefits are described qualitatively in the indicated specialist reports (available on the project website). Title 40, Code of Federal Regulations for National Environmental Policy Act (40 CFR 1502.23) indicates:

For the purposes of complying with the Act, the weighing of the merits and drawbacks of the various alternatives need not be displayed in a monetary cost-benefit analysis and should not be when there are qualitative considerations.

Economic Impacts

Economic impacts are used to evaluate potential direct, indirect, and cumulative effects on the economy. These impacts are estimated using input-output analysis. Input-output analysis is a means of examining relationships within an economy, both business to business and business to final consumer relationships.

The economic impact effects are measured by estimating the direct jobs and labor income generated from: 1) processing timber volume from the project; and, 2) Forest Service expenditures for contracted restoration activities included as part of the proposed treatments. The direct employment and labor income benefit employees and their families, and therefore, directly affect the local economy. Additional indirect and induced, or multiplier effects (ripple effects) are generated by the direct activities. Together, the direct and multiplier effects comprise the total economic impacts to the local economy. Indirect effects are felt by the producers of materials used by the directly affected industries. Induced effects occur when employees of the directly and indirectly affected industries spend the wages they receive.

Affected Environment

The majority of the land area encompassed by the three-county economic impact area is managed by various public agencies, while 27 percent of the 3.0 million acres is under private ownership. The Forest Service manages 1.9 million acres, or 63 percent of the land area within the Brebner Flat impact area. Mineral County has the largest share of Federal public lands (81 percent), followed by Shoshone County with 74 percent Federal public lands. The land ownership proportions are quite different in Benewah County, with just 9 percent public land ownership. By comparison, 28 percent of the land area of the United States is publicly owned. See [Error! Reference source not found.](#) [Error! Reference source not found.](#) in Economics Report.

In 2016, timber was the largest component of commodity sector employment in the impact area, accounting for 13.6 percent of total employment, followed by mining 12.6 percent and agriculture at 3.3 percent of total employment [Error! Reference source not found.](#) In comparison, agriculture accounted for 1.4 percent of the United States' jobs, timber accounted for 0.6 percent and mining accounted for 0.5 percent.

Environmental Consequences

Direct and Indirect Effects – All Alternatives

Project Feasibility

Project feasibility is used to determine if a project is feasible—that is, will it sell, given current market conditions. The determination of project feasibility relies on a residual value (stumpage = revenues - costs) feasibility analysis, which takes into account logging system, timber species and quality, volume removed per acre, lumber market trends, costs for slash treatment, and the cost of specified roads, temporary roads and road maintenance. The appraised stumpage rates are compared to the base rates (revenues considered essential to cover regeneration plus minimum return to the federal treasury). The project is considered to be feasible if the appraised stumpage rate exceeds the no action alternative. If the feasibility analysis indicates that the project is not feasible, the project may need to be modified. Infeasibility indicates an increased risk that the project may not attract bids and may not be implemented.

The appraised stumpage rate and base rates for the proposed action are displayed in [Table 1](#) [Table 8](#). For the proposed action, the appraised stumpage rate is greater than the no action alternative, indicating that it is feasible (highly likely to sell).

Table 18. Project Feasibility and Financial Efficiency Summary (2017 dollars).

Category	Measure	Proposed Action
Timber Harvest Information	Acres Harvested	1,879
Timber Harvest Information	Sawtimber Volume Harvested (CCF)	47,530
Timber Harvest Information	Base Rates (\$/CCF)	3.10
Timber Harvest Information	Appraised Stumpage Rate (\$/CCF)	60.48
Timber Harvest Information	Predicted High Bid (\$/CCF)	60.13

Comment [RM-F4]: Did Colin change the numbers in his section

Timber Harvest Information	Total Revenue (Thousands of \$)	3,413
Timber Harvest & Required Design Features	Present net value (Thousands of 2017\$)	1,702
Timber Harvest & All Other Planned Non-timber Activities	Present net value (Thousands of 2017\$)	1,618

Cumulative Effects – Proposed Action

The financial efficiency of the project would not be affected by the past, present, or reasonable foreseeable future actions in the project area. Other projects occurring in the economic impact area and the dynamic economy have the potential to contribute cumulatively to jobs and labor income provided by implementing this project.

