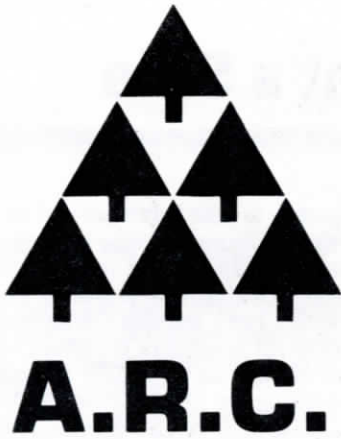


A.R.C.J **SPRING / SUMMER** **1985** **JOURNAL**

Associated Reforestation Contractors, Inc.





ARC is a non-profit association of reforestation contractors. Since 1974, ARC has served as an effective voice on a wide range of pertinent issues. Members of ARC are concerned about the rapid increases in industrial regulation, workers compensation insurance, safety, regional and seasonal volumes of reforestation activity, as well as other state and national issues of importance to our industry. This magazine is published quarterly to provide our readers with a source of current information about the business of reforestation.

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Jim Stauffer

Lead Line

It has been a while since our last magazine. The pressures of making a living sometimes get in the way of the things we'd like to be doing.

In light of our irregular publication schedule, you will note that the name of our magazine has changed. The title "ARC Journal" seems more fitting for a publication with as irregular a schedule as ours. Since we rely mostly on voluntary contributions for articles and pictures, it is almost impossible to publish on a regular schedule.

For those of you who are supporting the ARC Journal (Quarterly) by your subscription, never fear. You will receive four Journals, however they will be spread out over more than a year.

We are quite fortunate to have a new article from Bob Zybach in this issue. Besides being a past editor of ARCQ, Bob is currently Vice-president of the Lincoln County (Oregon) Small Woodlands Association. He is presently under contract with Timber Press of Portland, Oregon to write a book concerning North American timber regeneration management and planning.

Bob's article on the proposed federal land exchange between the BLM and Forest Service is the first in a two part series. In this issue Bob sets the stage by describing the history behind the various types of federal land ownership.

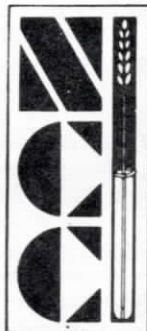
The President's Side

For this summer issue of the Quarterly we are pleased to have Bob Zybach's article on the Bureau of Land Management. His depth of knowledge on this subject is impressive. Given the proposed BLM-USFS land swap and the debate over BLM wilderness acreage, information on the Bureau's history is certainly very relevant. Bob's combination of a practical background in land management and historical perspective is unique. We are glad to have Bob back and hope that his information will be helpful in these debates. Any transfer of BLM and Forest Service land would certainly directly impact reforestation contracting. We would have only one federal agency as a principal customer in the Northwest. I am certain that all Quarterly readers will be paying close attention to this issue.

This should be my last appearance writing the Presidents column. By the time the next issue comes out my term will be complete. I've enjoyed working with the ARC. I am very aware of the organization's need for new energy and new faces at the controls. I feel that over the years the organization has accomplished a lot. It is, however, time for

new people to take it farther and in new directions. The contracting environment is changing rapidly. We face a market which is shrinking. Low prices for timber products are putting tremendous pressures on producers to reduce costs. We watch daily as the timber companies are working to reduce their in house costs and greatly reduce or eliminate the size of any expensive union operations. We are kidding ourselves if we think we're not going to feel further pressure to reduce costs. That is why it was so essential that the wage determination for tree planters not increase radically. We won that very important fight, yet the wage determination currently in effect is higher than Weyerhaeuser's current offer to workers in their plywood plant in Eugene. The companies are not going to want to see our planters make more than their mill workers. The proposed changes in federal tax law regarding the tax treatment of the cost of timber stand improvement could drastically reduce the amount of such work performed. Industry commitment to intensive management could substantially lessen. There are tremendous challenges and as in any period of change probably great opportunities. We need your involvement. If you have caught yourself

(continued on page 15)



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FEDERAL LAND EXCHANGE

Potential Impact on the Northwest Timber Industry (Part One)

By Bob Zybach

The following 2 part article concerns the proposed exchange of federal timber and grazing lands between the Forest Service and BLM and the potential effects such an exchange would have upon the timber-dependent businesses and communities of the Pacific Northwest. Part 1 provides a general background to the proposal, while part 2 will examine the potential economic consequences of such a trade, with particular attention being paid to the logging and reforestation industries.

Recent efforts on the part of the U.S. Forest Service and the Bureau of Land Management to exchange millions of acres of land in the West and, in particular, western Oregon, have caused serious concern among the politicians and informed citizens in those regions. Although the federal government claims a potential savings of millions of dollars in administrative costs through such an exchange, most concern is centered upon the impact such an action would have upon federal timber management policies, especially in those states that have been experiencing the worst depression in their timber-dependent communities since the 1930s.

To many observers it appears that the proposed exchange would exacerbate and prolong many of the problems that helped to create the depression in the first place. Others feel that local impacts would be slight when compared to the advantages to be gained by reducing administrative duplications. It is the purpose of this article to provide some basic background information to the readers of this magazine so that they might better understand the proposal and the controversy that it is generating.

In the reforestation industry it is often helpful to look forward in time to the point where the trees being established reach physical maturity. Usually the best way to do this is to examine the history of the preceding generations of trees upon the site being reforested. Such an examination inevitably reveals the importance of land ownership and the resulting impact upon timber management philosophies. Although all of the land in question (35 million acres) is currently owned by the federal government, there have been at last four types of management philosophy in effect in the past that have had a direct impact upon the present proposal. For the purposes of this article these various forms of management will be briefly examined under the following headings:

Public Domain, National Forests, O & C Lands, and the Taylor Grazing Act Lands.

Public Domain

The "public domain" lands are those owned by the federal government. To those that view the United States as a country of private enterprises and private properties, it often comes as a surprise to find out that over 25% of the total land mass is owned and controlled by the national government. A significant portion of the remainder is owned by state and other governments. Of the 5 states that are mostly (over 50%) owned by the federal government, Oregon is the one with the greatest amount of publicly owned timber. In fact, Oregon has more standing timber (over 410 billion board feet) than all 12 Southern Pine States combined. The greatest portion of this timber is located between the Pacific Ocean and the western timberlines of the Cascades Mountain Range, of which nearly ¾'s is federally owned and managed. This area is the largest and most fertile portion of one of earth's most valuable timbered regions (if not the most valuable); the Douglas Fir Region. Certainly the nation's most valuable and most extensive timber holdings are located within the area.

The public domain lands have been in existence even longer than the United States themselves. By the 1770's the mid-Atlantic seaboard of North America consisted of 13 somewhat quarrelsome colonies of Europeans and Africans joined together in a war of Independence from England; a country accused of excessive taxation and unfair trade practices. France controlled the land north and east of the colonies, Spain owned Florida, Spain and England were vying for control of the Pacific Northwest, Russia had occupied forts in Alaska and California, and Mexico owned California, Texas and what was to become the southwestern portion of the United States.

In 1777, Franklin's admonition concerning the signing of the Declaration of Independence ("Now we must hang together or we shall hang separately") had been ratified by Congress with a document called the "Articles of Confederation" which bound the colonies together in a "union" dedicated to common defense and welfare that was to be "perpetual". The major hurdle to their adoption was the land claims of seven of the colonies. The six land-locked colonies, led by Maryland, objected to

the fact that the other colonies had access to Indian trade and developable lands on their western boundaries that gave them a distinct economic advantage over the remaining colonies, such as Rhode Island, that were bounded on the west by existing settlements and land claims. Finally, on March 1, 1781, New York, with perhaps the most tenuous claim to lands west of the Appalachians (the supposed ancient hunting grounds of the Iroquois, a tribe with strong financial ties to Albany, agreed to give up its claims, without reservation, to the new government. On the same day Maryland signed the Articles, which immediately went into effect, and the "public domain" became a reality. Eight years later the Constitution of the United States was formally adopted.

Federal treatment of the public domain lands can be characterized by three basic, over-lapping, periods; "acquisition", "disposal", and "management".

In addition to the land ceded to the new government by the original thirteen States, other major acquisitions were the Louisiana purchase in 1803, the Treaty with Spain in 1819 (Florida and claims to the Northwest), the annexation of Texas in 1845, the Oregon Compromise with England in 1846 (Oregon, Washington, Idaho and western Montana), the Mexican War in 1848 (California and all of the land eastward to that claimed by Texas, with the exception of the land purchased in 1853 known as the "Gadsen Purchase"), and the purchase of Alaska from Russia in 1867. Although relatively minor acquisitions to the public domain are still being made to this day, the above list covers the principle methods by which the current boundaries of the U.S. were established. In all, one billion, eight hundred thirty-eight million acres have at one time been part of the public domain, of which nearly 700 million acres are in federal ownership today.

"Disposal" began immediately. At first this was accomplished through land speculators and developers (such as those involved with "Boonesville"; originally promoted as "Transylvania" by Daniel Boone and others interested in profitably settling areas of the Appalachians claimed by Indians). Once it became obvious that a more systematic method of disposing of such vast quantities of land would be necessary, a first step of initially surveying the land was established. Although many systems were tried (nine in Ohio alone), Thomas Jefferson's proposal of a cadastral survey comprised of square miles of 640 acres each was finally adopted. This is the system, still in use today and entirely

obvious from the air, by which all of the western United States has been divided and distributed.

Following initial surveys and continuing until 1934, the government began disposing of the land on a massive scale. Beginning with Ohio in 1802, the government ended up granting 328 million acres to the new States (no public domain lands existed within the original thirteen States until 1911). Homesteaders purchased or were granted 288 million acres (only about 3 million of which were obtained through the various "Homestead" acts). Veterans received 61 million acres and another 94 million acres were granted to private railroad corporations. In all, over one billion acres was disposed of by the government during its first century and a half of existence.

"Management" of the federal lands was first seriously considered following John Wesley Powell's reports to Congress in the 1870's. It started to become a reality following the creation of forest "reserves" in 1891. Although "intensive management" of federal lands and resources did not begin until some time after World War II, many experts agree that fundamental management procedures were first established during the presidency of Theodore Roosevelt, beginning in 1901.

***...the purpose of the forest reserves was to sustain
the resources of the country and the industries
which depend on them.***

National Forests

The seed by which the National Forest System was created can be traced to a paper delivered by Dr. Franklin Hough in 1873 concerning forest management. Three years later he was appointed Forest Agent in the Department of Agriculture. The Agency became a Division in 1886 and a full-fledged Bureau of Forestry in 1901. Although the first reserve of public domain land was made in 1872 with the creation of Yellowstone National Park, the first system of reservation began with the Forest Reserve Act of 1891.

This Act, which allowed the President to simply "reserve" designated forest areas from settlement, was the result of several curious circumstances and situations. It was added at the insistence of the Secretary of the Interior in violation of a "new material" rule as Section 24 of a bill for the general

revision of land laws during the very last days of the congressional session. Not only was this section never even considered by either the House or the Senate, but it wasn't even a complete sentence! Nevertheless, President Harrison created 13 million acres of reserves through this Act and President Cleveland created a great public controversy, especially in the West, with the inclusion of 22 million acres more. This controversy resulted in a forest management law being appended to an appropriations act in 1897. That law, the first of its kind in U.S. history, stood as the basis for Forest Service timber management until 1976.

During Roosevelt's first message to Congress (following the death of President McKinley) in 1901, he stated that the purpose of the forest reserves was to "sustain the resources of the country and the industries which depend upon them . . . their usefulness should be increased by a thoroughly businesslike management". This "usefulness" was later expanded upon by Roosevelt's first "Chief" of the new Bureau, Gifford Pinchot, in his famous 42-page "Use Book":

"On (the National Forests) may be built stores, hotels, residences, power plants, mills and many other things. All these are advantages to the national forests, because they help to get the fullest use out of the land and its resources. Railroads, wagon roads, trails, canals, flumes, reservoirs, and telephone and power lines may be constructed whenever and wherever they are needed, as long as they do no unnecessary damage to the forest. Improvements of this kind help to open up the country, and that is what is wanted."

A book concerning the abuse of public lands in Oregon, Steven A.D. Puter's "Looters of the Public Domain", helped to fuel the arguments of the "eastern establishment" for further additions to the national forests. A public controversy arose that culminated in Roosevelt's surreptitiously creating an additional 16 million acres of federal forests before bowing to Congressional pressures (led by Oregon Senator Charles Fulton) to alter the 1891 Act. This, in addition to his previous reservations, brought the net area of the National Forests to about 160 million acres, which, when combined with the 28 million acres acquired since, accounts for its present size.

The basis for the creation of the National Forest was to avoid a predicted "timber famine". This "famine" was projected on the basis of "uncontrolled lumbering", unsuppressed forest fires, and a predicted increased per capita need for timber combined with a rapidly

escalating national population. Although the famine never occurred (due to the predictions being based upon faulty statistics as well as the increased public use of electricity and petroleum products), the National Forests stand as a testimony to people's fears that it would.

O & C Lands

Most of the combined Oregon and California Railroad Revested Lands and Coos Bay Wagon Road Reconveyed Lands, commonly referred to as the O&C Lands, are currently managed by the BLM (Bureau of Land Management). Despite their name, they are entirely located in the western 1/3 of Oregon. They comprise the very richest timberlands managed by the Department of the Interior and would be given to the Forest Service to manage if the proposed trade is completed. Their management, and the subsequent division of income derived from that management, forms the crux of the concern expressed by many individuals when discussing the proposal.

Although the BLM obtains more in revenues from off-shore gas and oil drilling rights than it does from timber, it has always shown a profit. Except for a decade in the Fifties and early Sixties, the Forest Service has never shown a profit. The Forest Service generally returns 25% of its gross revenues to the counties, while the O&C returns 50%. The 2 million acres of O&C lands managed by the BLM gross more dollars per acre than the Forest Service does on the 1/2 million acres of O&C land that it manages. These differences in income translate into local property tax relief and jobs and are a principle reason for concern over the proposed exchange; timbered counties affected by the exchange are afraid that revenues and local economies will be adversely affected. On the surface, their concern seems justified.

As mentioned earlier, the federal government transferred ownership of about 94 million acres to private railroads. A good portion of that given to the states was also used to spur railroad construction. The thinking was that farmland with an access to markets (railroads, canals, wagon roads) was worth at least twice as much as the same land would be without access. Thus, in essence, it wasn't costing the states or the federal government anything to encourage the development of transportation systems by giving away land to the developers, just so long as at least 1/2 was retained to sell at twice the normal price (for land with no access). For the most part this proved to be an excellent policy. The government would usually give every other section of land for a

distance of 3, 5, or 10 miles on each side of the projected system to the developers once the system was complete. That land would then theoretically be sold to off-set construction costs.

With well over a hundred million acres being distributed over a few decades in this manner it is easy to see how the opportunity for a certain amount of graft and corruption might arise. Mr. Puter detailed enough corruption to send an Oregon Senator (John Mitchell) to jail and capture the personal attention of President Roosevelt. Public outrage centered on Oregon and local politicians were encouraged to side with "national interests". Within a few years most of western Oregon, including the O&C Lands, were under federal ownership.

The O&C Lands were initially granted to private interests in 1866 and 1869. A colorful history, too detailed to be summarized here, led to their being owned by the Southern Pacific Railway Company. In 1902 Southern Pacific decided to establish its own "timber reserve" and remove the nearly 3 million acres of remaining land from settlement; which violated the 1869 grant conditions. Potential settlers, medium-sized timber companies, and the State of Oregon (acting on behalf of the affected counties), petitioned Congress in 1907 to force Southern Pacific to comply with the 1869 conditions without jeopardizing titles to previous transactions that may have also violated the same conditions.

In 1916 Congress passed an act that vested the title of the remaining 2,900,000 acres of O&C Lands back to the United States. The plan was to reserve certain lands for water-power sites, log off any of the remainder as soon as possible to recover costs, expenses, lost taxes, etc., and put the remainder up for settlement for a charge of \$2.50 an acre. A few hundred thousand acres exchanged hands in this manner but, for the most part, the land was too steep for most agricultural purposes and it often turned up abandoned and tax-delinquent, particularly during the depression years.

In 1937 Congress passed a new act which placed the remaining O&C Lands into the hands of federal managers and removed them from settlement. The land was to be managed scientifically under the precepts of "sustained yield"; a concept employed by the Forest Service since 1905, but refined in definition by consulting forester David Mason to emphasize "the economic stability of local communities and industries" by "selective logging", "flexible marketing", and "artificial regeneration". This act has governed the management of the O&C Lands, including those man-

(continued on page 15)

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(Exchange continued)

aged by the Forest Service, until the present day.

Taylor Grazing Act Lands

The most remarkable thing about the 1934 Taylor Grazing Act, named for western Colorado Representative Edward Taylor, is that it effectively ended homesteading on the public domain lands as well as "the open range" of the West. Established to reduce the serious damage that was being done to the public ranges by cattle ranchers and "tramp sheepmen" by overgrazing, the act initially removed about 1/2 the remaining unappropriated public domain lands; about 80 million acres. In 1936 this was increased to 142 million acres and the era of homesteading in the United States and its territories had been ended.

Since 1812 the General Land Office had handled unappropriated public domain lands. It had been in charge of the forest reserves until 1901, maintained charge of the O&C Lands, and had overseen the grants to states, veterans, railroads, and homesteaders in the 1800s. However, with the passage of the Taylor Grazing Act, a new Division of Grazing was created and the GLO's days became numbered. In 1946 the General Land Office merged with the re-named Grazing Service to form the Bureau of Land Management.

The present proposal is that the BLM

exchange its timberlands, especially the O&C Lands, to the Forest Service for grazing lands presently under Forest Service control. This would have the effect of re-creating the Grazing Service as well as putting all non-park federal timberlands under the control of the Department of Agriculture, as initially envisioned by Pinchot. The principle objective cited by proponents of the proposal is to reduce bureaucratic duplication: two separate agencies managing separate portions of the same rangeland or forest. Opponents claim that competition between agencies has been generally a good thing and that timber revenues, which greatly exceed grazing revenues, would likely be reduced under Forest Service management.

Although we have not examined recent management approaches by the BLM or the Forest Service and the economic or biological effects of those practices, it has been the intent of this article to briefly acquaint the reader with the general management philosophies leading up to the proposal. The General Land Office was designated to liquidate the public domain lands as quickly, equitably and profitably as possible. Long term economic development was probably as much a guiding light in the development of this approach as any other. The Forest Service was given the mission of averting a national timber famine through "conservation"; a term every bit as much in dispute in 1885 as it

is today. The O&C Lands were recovered from greedy capitalists by the federal government to distribute to settlers for the benefit of local and state governments. When that failed, they were kept by the government to manage for the maximum return possible to local communities. The Taylor Grazing Act Lands were withdrawn to prevent destruction of a public resource and, in the process, removed the remainder of the public domain from private settlement.

Each of these management approaches had profound influences upon the public lands as they exist today. How they will affect federal land policies in the future, including the proposal currently under congressional review, remains to be seen. ▲

(President's Side continued)

in recent years beginning any sentence with the phrase "The ARC ought to. . ." please get in touch with the ARC office and let us know of your interest and willingness to get involved. We need new officers, board members, and help on the Quarterly. It won't happen without you. No one has more time or better ideas than you do.

It's been fun and a great challenge to work with the Association. I wish you all a good season. See you around. ▲

(Letters continued)

But after watching ARC non-policy on the illegal alien issue, ARC's DOL position — atop the moral high ground — has caught me by surprise, thus I hesitate to point out the money part of this deal lest acrophobia set in again.

Dean Pihlstrom

WENATCHEE LOTTERY

Over the last several years various state lotteries have been becoming popular. Less known is that several national forests have been holding lot-

teries with the procurement of tree planting contracts long before state lotteries were legal.

A case in point was the Wenatchee National Forest Lottery held last February. This lottery thinly disguised as a tree planting solicitation contained no less than 29 bid items on six ranger districts up to 200 miles apart. The estimated starting dates for these projects varied from the middle of April to the first of June. Time for these projects varied from one to 16 calendar days with all time to run concurrently.

Bidders could qualify their bids by number of items, total amount of acres or dollars. Unfortunately, with a sealed bid system such as that, winning bidders

many times end up with a combination of items needing to be done simultaneously rather than in a staggered method.

Contracting officers argue that the greater the number of solicitations needing to be advertised, the greater the cost. Actual total costs should be where they need to look. The true costs are what it costs all parties involved because of performance problems that could have been prevented by doing away with the lottery system. The procurement system needs to be such that quality contractors can make prudent bids. The forests may just find that they will be saving money in the long run.

Pastor Baja