

2007 WMSP Economic Assessment

Conducted for

White Mountain Stewardship Contract Multi-party Monitoring Board

Conducted by

Lay James Gibson, Ph.D.*



* Dr. Gibson's research focuses on regional economic analysis, cluster studies, analyses of regional competitiveness, and strategic planning for economic development. He is a University Distinguished Outreach Professor at the University of Arizona, Tucson where he directs the Economic Development Research Program. Email: Ljgibson@ag.arizona.edu or 520-621-7899.

Introduction.

In early 2006 work was completed on the 2005 White Mountain Stewardship Project's Economic Assessment. The work program was initiated by the White Mountain Stewardship Contract Multi-party Monitoring Board to provide a data-based objective evaluation of the regional economic impacts of stewardship driven timber harvesting. The 2005 assessment was seen as being the first of an annual series of assessments.

This report deals with the assessment of the 2007 calendar year. Findings are "generally comparable" to those reported for the 2005 year but they are not always "specifically comparable." The reason is simple – the data collection instrument used for the 2005 data was "fine tuned" before the 2006 data were collected. In most cases the changes were small, e.g., Hawley Lake and Hon Dah/McNary were dropped as places of residence for workers and Heber/Overgaard and Alpine/Nutrioso were added. And the final question dealing with the significance of the Future Forest Company as a harvester of raw material was changed from "... purchased from the "Future Forest" company?" to "... purchased from/by the "Future Forest" Company. The 2007 data collection instrument is identical to the 2006 instrument.

Overview.

For decades Arizona's forests were managed using the modern conservationist's "multiple use" model. In the 1970's and 1980's, at least in some circles, the notion of "conservation" was replaced by the notion of "preservation" and the multiple use model was sometimes scaled back to become a "limited use" model. The harvesting of forest products was the most conspicuous casualty on the multiple use menu. In some cases harvesting policies were modified, in other cases they were simply suspended. Whereas disruption of harvests was intended to allow for the development and implementation of new procedures designed to strike a better balance between consumptive and non-consumptive management strategies there were unintended consequences. Perhaps

most significant was the build-up of forest density and debris which created an environment susceptible to destructive fires and poor forest health. Also significant was a reduction in commercial harvests and the entrepreneurial activity and employment associated with harvesting and manufacturing operations. In many parts of the West the economic dislocations were severe.

The so-called Healthy Forests Initiative and the oversight in the White Mountain Region by the White Mountain Stewardship Multi-party Monitoring Board marked a significant policy shift. Specifically, two notions were formally recognized. First, that thoughtful harvesting plans could improve forest health, reduce forest susceptibility to destructive and unmanageable fires, and assure a flow of harvested material that could meet the needs of processing industries. Secondly, that the goals of a cross-section of constituencies could be served by the creation of a heterogeneous “stewardship board.” This board was created to provide an advisory role when it came to strategically thinking about healthy forest management issues.

The study which is the subject of this report was commissioned by the stewardship board. The idea is to have a factual and critical baseline which quantitatively describes changes in firms that harvest and process forest products, which measures the economic impacts of forest industries on the White Mountain Regional Community, and which points to new ways that the White Mountain Region might capitalize on current and potential industry to get even more economic benefit from the forest cluster.

Scope and Nature of the Assignment.

The Stewardship Committee determined early-on that a focused study with real data would be more useful and more informative than a broader study that traded breadth for depth. They concluded that a study of this sort would be appropriate if it were to achieve three goals:

First. Identify the firms that are directly involved in harvesting and processing the forest products made available through the Future Forest, LLC contract.

Second. Better understand the nature and extent of these firms in general, and their stewardship-related work in particular and the implications for the White Mountain Region's Economic System.

Third. Determine ways that the impacts of the stewardship contract might be enhanced and identify the economic development strategies that will be needed to assure that the White Mountain Region sees even greater economic benefit in the longer term.

The Region and Procedures. This project is focused on Arizona's White Mountain Region. For purposes of this study the White Mountain Region is the contiguous area anchored on the east by Springerville-Eagar-Alpine, on the south by Whiteriver, on the west by Heber and Overgaard and on the northwest by Snowflake-Taylor.

The findings reported in this study come largely from a questionnaire (Appendix A) that was initially developed in the fall of 2005. It was subsequently revised in 2006 and administered in December 2006 and again in December 2007. The 2007 questionnaire was administered to 15 firms engaged in harvesting and processing forest materials in association with the contract with Future Forest, LLC. Most, but not all, of the significant players in the White Mountains forest economy are included. Questions were designed to provide full contact information for all firms included in the study, detailed employment data, economic base bifurcation data to support multiplier analysis, data on dependence on Future Forest, LLC for material inputs, data on geographic markets for outputs, and data on major expenditures for goods and services by specific type. All data are best estimates provided by a ranking company official.

It is anticipated that the questionnaire will be administered each December through 2014. Inasmuch as most questions will remain the same it will be possible to measure

change (growth or decline) in activity by firm as the stewardship harvest evolves. The one question that has changed in the short term is the question on expenditures by firm. The question asked in 2005 was intended to inform researchers about important expenditure types. In 2006 and 2007 this question was more focused; additional fine tuning may or may not be required in 2008 and in subsequent years. In any case, the answers to this question will help determine the need for more locally available goods and firms to service and supply the forest harvesting and processing industries.

Findings.

Existing Firms. We identified 15 firms that met our criteria – they were engaged in the harvesting or processing of forest products and they had purchased, or were positioned to purchase, material supplied by Future Forest, LLC. The firms were highly concentrated in just two communities – Springerville/Eagar and Snowflake/Taylor. The firms are listed in Table 1 along with the types of inputs received from Future Forest, LLC. A complete directory of firms is offered in Appendix B. Fourteen of the fifteen firms interviewed in 2006 were interviewed again in 2007. During the 2007 year Western Renewable Energy, an Eagar-based firm, ceased operation and a new firm “tentatively” came on the scene. APC Pallets of Phoenix started purchasing small amounts of saw timber for its Phoenix operation and is expected to become a more prominent player when it opens its White Mountain Plant during the 2008 year.

Table 1. Woody Biomass Products Delivered by Future Forest, LLC (2007)

Purchasing Firm	Woody Biomass Inputs/Outputs				
	Clean Chips	Dirty Chips	Roundwood	Saw Timber	Harvesting Woody Biomass
APC Pallets (Phoenix)			X	X	
Arizona Log & Timberworks (Eagar)			X	X	
Forest Energy Corp. (Show Low)	X	X	X		
Future Forest (Pinetop)					X
Moulding Accents (Snowflake)				X	
Mountain Top Wood Products (Snowflake)			X	X	
Nutrioso Logging (Nutrioso)					X
Reidhead Bros. Lumber (Nutrioso)			X	X	
Reidhead Bros. Re-manufacturing plant (Springerville)	N/A	N/A	N/A	N/A	
Renergy: Renewable Energy from Biomass (Snowflake)		X			
Round Valley Wholesale Lumber (Eagar)			X	X	
Snowflake Lumber Moulding (Snowflake)				X	
TriStar Logging, Inc. (Snowflake)			X		X
WB Contracting (Eagar)					X
Winner's Circle Soils, Inc. (Taylor)	X	X	X		

Source: Survey by Author, December 2007

Employment and Cross-Commuting. Employment data were initially collected by gender and by full-time, part-time, and seasonal status. These data were subsequently converted to a FTE or full-time equivalent value to facilitate comparisons between firms. In many studies the difference between headcount employment and FTE employment is substantial. But in this study the numbers are very close. Most employees are full-time, year-round employees. Only a handful are part-time. And whereas some 16% of all headcount employees are seasonal, most seasonal workers are employed the better part of the year, e.g., 10 months or so.

Headcount employment for 2007 was 246 - - down a bit from the 2006 total of 263. The 2005 total was conspicuously higher but that year's total of 464 was inflated by a Phoenix firm that ceased being a Future Forest customer.

2005	2006	2007
414 Full time employees	222 Full time employees	195 Full time employees
6 Part time employees	13 Part time employees	13 Part time employees
<u>44</u> Seasonal employees	<u>28</u> Seasonal employees	<u>39</u> Seasonal employees
464 Total	263 Total	246 Total employees
 FTE value = 449.90	 FTE Value = 245.52	 FTE Value = 228.04

The 15 firms included in our survey have employment structures that are male-dominated. Some 85% of the full- and part-time employees are males. Whereas we do not have gender data on seasonal employment we know that most are males.

One more comment on employment is called for before we move on to cross-commuting. Specifically, our definition of an employee includes owners, family members, managers, and of course hourly workers. Our definition covers most all "economically active individuals" who are associated with the firms covered by this

study. Most governmental definitions focus on hourly workers and perhaps a few others; our definition is much more comprehensive.

Data on cross-commuting are useful because they describe the extent to which employment and a firm's impacts are spread throughout a region – or even beyond a region (Table 2). For example, Snowflake and Taylor employs 107.92 FTE workers in firms that purchased forest products from Future Forest, LLC. but only 52.00 FTE actually live in Snowflake and Taylor. Heber and Overgaard, on the other hand have no Future Forest driven employers but they serve as a place of residence for 18.62 FTE. Snowflake and Taylor are exporters of jobs and the payrolls that come with them whereas Heber and Overgaard are importers.

The importance of this to local economic development efforts will be discussed later in this report. Are there winners and losers? Yes. Snowflake/Taylor are providing jobs for workers who will contribute very little to that community in economic terms. Heber/Overgaard, on the other hand, is getting economic benefit from workers who are employed elsewhere. From a regional standpoint it is a zero sum game. From the standpoint of individual communities there are clearly winners and losers.

Table 2. Cross Commuting. 2007 Estimated Number of FTE Employees by Place of Work and Place of Residence

Place of Residence → Place of Work ↓	Lakeside/ Pinetop	Show Low	Snowflake/ Taylor	Heber/ Overgaard	Springerville/ Eagar	Alpine/ Nutrioso	Whiteriver/ Fort Apache	Outside Region	Total (by place of work)
Lakeside/Pinetop		1.00	1.00		1.00				3.00
Show Low	17.00	14.00	1.00		1.00	1.00		3.00	37.00
Snowflake/Taylor	2.50	7.00	52.00	18.62	1.00		13.00	13.80	107.92
Heber/Overgaard									
Springerville/Eagar	1.00	1.66			47.22	1.00	0.83		51.71
Alpine/Nutrioso					10.63	0.69		2.09	13.41
Whiteriver/Fort Apache									
Outside Region (Phoenix)								15.00	15.00
Total (by place of residence)	20.50	23.66	54.00	18.62	60.85	2.69	13.83	33.89	228.04

Source: December 2007 Survey by Author.

Forestry as an “Export Engine.” Economic base theory tells us that employees who produce goods which are “exported,” i.e., shipped out of the local region are “basic” to the local economy inasmuch as they bring new money into the region. Without these basic jobs there would be no local-serving or non-basic jobs. The way that we express the relationship between total employment and basic employment is the “multiplier”. From a region-building perspective we might say... “any new job is good but basic jobs are especially good because workers support themselves and additional workers through the multiplier process.” (An expanded discussion is found in Appendix C.)

Based on previous research studies we can estimate the average multiplier in the White Mountain Region to be 1.591; this means that on average every export or non-basic employee will support another 0.591 non-basic local serving employees. Using bifurcation estimates reported in the December 2006 field survey we can estimate the full impact of the 15 firms covered by our study.

Table 3 tells an interesting story. White Mountain Region firms with a Future Forest connection have a total of 213.04 FTE employees. Of these, 72.15 are local serving (non-basic) and 140.89 are basic (export) employees with a multiplier impact. We estimated that these 140.89 basic FTE support another 83.27 non-basic FTE throughout the White Mountain Region. In others words the 14 White Mountain Region firms considered support a total of 296.31 FTE workers; the 2006 total was 302.75.

In the following discussion we will sort out the Future Forest related employment. Up to this point, our intention has been simply to show the general importance of the firms upon which we are focusing.

Table 3. 2007 Estimated Basic and Non-basic FTE Employees Living and Working in the White Mountain Region and Employed by Firms with a Future Forest Connection.

Place of Work ↓	Basic FTE Employment	Non-basic FTE Employment	Total FTE Employment
Lakeside/Pinetop	0.03	2.97	3.00
Show Low	34.78	2.22	37.00
Snowflake/Taylor	84.27	23.65	107.92
Springerville/Eagar	14.00	37.71	51.71
Alpine/Nutriosos	7.81	5.60	13.41
Grand Total	140.89 (66.13%)	72.15 (33.87%)	213.04 (100%)

Source: December 2007 Survey by Author.

The Specific Role of Future Forest, LLC. The discussion of forestry as an export engine shows that the 14 firms actually located in the White Mountains are major players but they do not tell us about “extra production” that has been made possible by the Stewardship Contract. Those estimates are shown in Table 4.

- Whereas the 14 firms described in Table 3 gave the White Mountain Region 213.04 FTE employees, only 127.52 FTE employees can be traced back to Future Forest, LLC (Table 4).
- Whereas the 14 firms gave the Region another 83.27 FTE employees through the multiplier process only 49.88 of them are tied to Future Forest, LLC. (Table 5.)

The estimate effect of Future Forest, LLC is summarized in Table 5.

The 14 “engine firms” which are based in the region directly and indirectly support 296.31 FTE employees who live in the White Mountain Region. Three - fifths of this total (117.40 FTE) have their jobs because of Future Forest, LLC. This number has the potential to grow as Future Forest, LLC increases its production in absolute terms.

Table 4. 2007 Estimated Basic and Non-Basic FTE Employees Living and Working in White Mountain Region who are Directly Supported by Material Harvested by Future Forest LLC.

Place of Work ↓	Basic FTE Employment	Non-basic FTE Employment	Total FTE Employment
Lakeside/Pinetop	0.03	2.97	3.0
Show Low	24.34	1.56	25.90
Snowflake/Taylor	42.60	10.17	52.77
Springerville/Eagar	13.53	24.36	37.89
Alpine/Nutrioso	3.90	4.06	7.96
Grand Total	84.40	43.12	127.52

Source: December 2007 by author.

Table 5. 2007 Estimated Employment Impact of Forest Industries on the White Mountain Region with Future Forest, LLC and without Future Forest, LLC.

	Total	Portion Attributable to Future Forest, LLC	Portion Independent of Future Forest, LLC
Total Direct Employment	213.04	127.52	85.52
Total Indirect Employment Through Multiplier	83.27	49.88	33.39
Total Direct and Indirect	296.31 (100%)	177.40	118.91

Source: Estimates Provided in Tables 3 and 4. Multiplier estimated by author.

Table 6. Estimated 2007 Expenditures. Estimated Total and Local (White Mountain Region) Expenditures for Selected Goods.

Expenditures for	\$ Expenditures 2007	Share of Total Spent in White Mountain Region
Raw Material	\$7,627,010	\$4,530,758
Hauling (outsourced)	\$2,929,699	2,241,163
Electricity	\$976,450	\$976,450
Mill Equipment and Plant	\$2,270,500	\$549,650
Mill Parts	\$486,200	\$86,900
Transport Equipment	\$331,035	\$138,810
Petroleum Products	\$2,895,689	\$1,398,372
Vehicle Parts, Tires	\$363,700	\$313,000
Heavy Equipment	\$1,134,100	\$180,300
Heavy Equipment Parts	\$1,011,400	\$640,060
Total	\$20,025,783	\$11,055,463 (55.21%)

Source: December 2007 survey by author.

Local Expenditures. Another important part of the impact equation is expenditures for goods and services. The employment generated has already been accounted for in the discussion of indirect multiplier impacts. But what about the dollar values and the types of goods and services? Table 6 does not provide definitive answers to these questions but it does represent a start. The 2007 economic assessment has built upon the information offered in Table 6 and provides information that can support pro-active economic development initiatives. Specifically, the goal is to internalize more of the expenditures for goods and services within the White Mountain Region. This would benefit the firms that harvest and process forest products by improving their access to critical supplies and it would benefit the region by reducing sales leakage.

It is important to remember when examining Table 6 that the data describe only major expenditures, not total expenditures for the 15 firms included in our study.

Easily the key expenditure item is raw material (clean and dirty chips, roundwood, and saw timber). Raw materials are harvested by a number of entities – including, but not limited to, Future Forest LLC. Next come outsourced hauling, petroleum products, mill equipment, heavy equipment, heavy equipment parts, and electricity. These are all “million dollar” categories. Less impressive but certainly substantial are expenditures for mill parts, vehicle parts and tires, and transportation equipment. The 10 categories which were used account for estimated expenditures of over \$20 million including over \$11million in local sales. In several major categories most all sales are made by local firms (raw material, electricity, petroleum products are three). Mill equipment, mill parts, heavy equipment, and heavy equipment parts, on the other hand often are purchased outside the region. The 2007 expenditure totals are down from the 2006 total but they are still impressive.

From an economic development standpoint it would be ideal to have all expenditures for goods and services made within the White Mountain Region. But this rarely happens in any region and does not appear to be something that could ever be achieved in the

White Mountains. Local businesses should continue to explore new ways of reaching the region's markets. In 2007 only 55% of expenditures in 10 categories (Table 6) were from White Mountain Region firms. In 2006 the figure was almost 71%. We know the region can do better than 55% - - and hopefully it will when local (White Mountain) expenditures for raw material and other goods are restored to 2006 levels.

Conclusions and Recommendations.

The forest harvesting and processing industries in the White Mountains of Arizona are impressive in a variety of ways – magnitude of employment, number of firms and variety of processes and products. Further, judging from data which describe the role of the White Mountain Stewardship Contract in increasing material supply for the processing industries the contract has already produced positive results. But conclusions after the third year of evaluation are still tentative and preliminary. The current study builds on the 2006 study but it is still a “work in progress.” The 2006 study was designed to be replicated annually in a way that assures comparability from year to year and the power to see changes in the industry over time; the same is true of this study.

Conclusions. Perhaps two general conclusions reached in the initial (2005) study and still true today are a) the Stewardship Contract has already contributed to “health and safety” and economic well-being in the White Mountain Region and b) the Multi-party Monitoring Board helps assure balance in the forest management process.

Additionally we can conclude that:

- Having an objective basis for measuring the impacts of the Stewardship Contract over time is essential for sound management;
- Having 15 firms involved, or on the verge of being involved with the Stewardship Contracts suggests substantial acceptance in the market-place;
- Innovative technologies are clearly in play to support demand for a variety of harvest outputs (clean chips, dirty chips, roundwood, and saw timber) including materials that historically had little or no value;
- Impacts are not always localized. Data on cross-commuting suggest that impacts (and community benefits) can be spread over the entire White Mountain Region;

Table 5. 2007 Estimated Employment Impact of Forest Industries on the White Mountain Region with Future Forest, LLC and without Future Forest, LLC.

	Total	Portion Attributable to Future Forest, LLC	Portion Independent of Future Forest, LLC
Total Direct Employment	213.04	127.52	85.52
Total Indirect Employment Through Multiplier (See Below)	83.27	49.88	33.39
Total Direct and Indirect	296.31 (100%)	177.40	118.91

Source: Estimates Provided in Tables 3 and 4. Multiplier estimated by author.

- The “forestry cluster” is a major employer - firms surveyed employ some 228 full time equivalent employees.
- The “forestry cluster,” as described in this study, is an important economic engine which indirectly supports an additional 83 FTE employees in the White Mountain Region through the multiplier process;
- Despite the fact that Future Forest, LLC is a new player it is already an important player. Of the 296.31 FTE who live and work in the White Mountain Region, over one-half are employed to harvest and process Future Forest, LLC material – 128 FTE directly and 50 FTE indirectly through the multiplier process;
- Local expenditures by the 15 firms surveyed are substantial; the grand total spent by these firms in the White Mountain Region is over \$11,000,000 annually.

Recommendations. At this point in the evaluation process some recommendations are made cautiously. But at least four are made boldly;

- Invest substantial effort in monitoring and evaluating supply, demand, price, and maximum sustainable yield information;
- Keep the White Mountain Stewardship Contract Multi-party Monitoring Board fully engaged in the Stewardship Contract process;
- Continue to conduct an annual economic assessment to assure the flow of objective data to describe the outcomes of the Stewardship Contracts;
- Disseminate findings of the economic assessment and other assessments widely to a variety of constituencies including the forest cluster industry itself, the White Mountain Region’s business community, and elected officials and public sector managers.

And finally, encourage local providers of goods and services to pay close attention to the needs of timber harvestors and processors. There may be unmet needs for goods and services that they can meet if they are alerted to the changing needs of existing customers.

Appendix A

December 2007

Community _____ Subarea _____
Date _____ Interviewer _____

White Mountain Area Employer Questionnaire

Hello! I'm _____ and I'm a researcher from the University of Arizona. We are working on a study here in the region that we hope will tell us something about the role of forestry in the area's economic structure. May I have a few minutes to ask you some questions?

A. GENERAL

1. What is the formal name of this establishment? _____

2. What is the street address? _____

3. PO Box _____ Community _____ Zip _____ Phone _____

4. Who is the principal local official and what is his/her title?

Name _____ Title _____

5. What is the principal function of this establishment (primary product or service)? _____

SIC Code _____ NAICS Code _____

B. WORK FORCE DESCRIPTION

6. Including yourself, members of your family, and those on salary, how many employees do you have? (Average for the past 12 months) _____

7. How many are:

a. Year-round full-time male employees? _____

b. Year-round full-time female employees? _____

c. Year-round part-time male employees? _____

d. Year-round part-time female employees? _____

8. On the average, how many hours per week do these part-time employees work? (Note if total or per employee) _____

9. How many of these year-round full-time employees live in the White Mountain Region communities listed below.

Lakeside/Pinetop	_____
Show Low	_____
Snowflake/Taylor	_____
Heber/Overgaard	_____
Springerville/Eagar	_____
Alpine/Nutrioso	_____
Whiteriver/Fort Apache	_____
Outside the Region	_____

10. How many of these year-round part-time employees live in the White Mountain Region communities listed below.

Lakeside/Pinetop	_____
Show Low	_____
Snowflake/Taylor	_____
Heber/Overgaard	_____
Springerville/Eagar	_____
Alpine/Nutrioso	_____
Whiteriver/Fort Apache	_____
Outside the Region	_____

11. How many seasonal employees did you hire during the last year? _____

12. How many weeks (annually) did you employ seasonal workers? _____

13. How many of your seasonal workers live in the White Mountain Region communities listed below.

Lakeside/Pinetop	_____
Show Low	_____
Snowflake/Taylor	_____
Heber/Overgaard	_____
Springerville/Eagar	_____
Alpine/Nutrioso	_____
Whiteriver/Fort Apache	_____
Outside the Region	_____

C. ECONOMIC BASE

14. Approximately what percent of your sales are made to individuals or firms in the White Mountain communities listed below.

Lakeside/Pinetop	_____
Show Low	_____
Snowflake/Taylor	_____
Heber/Overgaard	_____
Springerville/Eagar	_____
Alpine/Nutrioso	_____
Whiteriver/Fort Apache	_____
Elsewhere in Arizona	_____
Elsewhere in the U.S.	_____
Non-U.S.	_____

15. We have listed eight important expenditure categories below. What were your total expenditures for each category in 2007? What portion of each expenditure was made in White Mountain Region? Would you like to add to the list?

Major Expenditures	Total \$ Expenditure Amounts Calendar 2007	Percent Purchased in White Mountains
Raw Material	_____	_____
Hauling (Outsourced)	_____	_____
Electricity	_____	_____
Mill Equipment	_____	_____
Mill Parts	_____	_____
Transport Equipment	_____	_____
Petroleum Products	_____	_____
Vehicle Parts, Tires	_____	_____
Heavy Equipment	_____	_____
Heavy Equipment Parts	_____	_____

16. Finally, what portion of your total production is based on inputs purchased from/by the "Future Forest" company? _____%

Appendix B

Firms that had Purchased, or were Positioned to Purchase, Material Supplied by Future Forest, LLC in 2007

Contacts: (N=13)

Carlos Carranza, President
APC Pallets
3011 West Whitton
Phoenix, AZ 85017
Phone: 302-254-4821
Pallet Manufacture

Randy Nicoll, Secretary/Treasurer
Arizona Log and Timberworks
1990 W. Central Ave.
Eagar, AZ 85925
Phone: 928-333-2751
Fax: 928-333-2758
Remanufacture of roundwood.

Rob Davis, President
Jessica Covey, Business Manager
Forest Energy Corporation
1001 N. 40th St.
Show Low, AZ 85901
Phone: 800-246-3192
Phone: 928-537-1647
Fax: 928-537-1661
Email: jcovey@forestengery.com
Manufacture of densified wood products for fuel and animal bedding.

Dwayne Walker, Manager
Mary Kay Simpson, Administrator
Future Forest, LLC
1630 E. White Mountain Blvd., Suite C-3
Pinetop, AZ 85935
Phone: 928-367-0057
Fax: 928-367-0059
Cell: 928-521-4100
www.futureforest.info
dwalker@futureforest.info
mksimpson@futureforest.info
Management of forest stewardship contract.

Neil Brewer, Owner
Mountain Top Wood Products (plant north of Snowflake)
PO Box 423
Show Low, AZ 85902
Phone: 928-537-2884
Remanufacture of roundwood (posts, poles, log homes)

Jerold Reidhead, General Partner
Nutrioso Logging
County Road 18
PO Box 79
Nutrioso, AZ 85932
Phone: 928-339-1946
Timber thinning and harvesting

Terry Reidhead, Proprietor
Reidhead Brothers Lumber, Inc.
93 County Rd. 2180
PO Box 84
Nutrioso, AZ 85932
Phone: 928-339-4542
Rough lumber and timbers.

Kenyon Peters, Manager
Reidhead Brothers Re-Manufacturing Plant
804 Airport Rd.
Springerville, AZ 85938
Phone: 928-333-5347
Wood re-manufacture.

Ben Yarn, General Manager
Renegy: Renewable Energy from Biomass
PO Box 3026
Apache Railway Yard
Snowflake, AZ 85937
Phone: 928-536-5492
Fax: 928-536-5677
Cell: 928-521-0060
Electricity from biomass.

Terry Reidhead, Proprietor
Round Valley Wholesale Lumber
Transfer Site Rd.
PO Box 460
Eagar, AZ 85928
Phone: 928-521-2561
Manufacture of dimension lumber and planning mill.

Charlie Reidhead, General Manager
Snowflake Lumber Moulding
1720 W. Snowflake Highway
Snowflake, AZ
Phone: 928-536-2428
Millwork.

Steve Reidhead, President
Tri Star Logging, Inc.
140 S. Otto Dr.
Snowflake, AZ 85938
Phone: 928-536-7848
Fax: 928-536-7712
Cell: 602-270-4414
Email: sreidhead1@frontiernet.net
Logging.

Lea Walker, Office Manager
WB Contracting
41190 Highway 261
PO Box 411
Eagar, AZ 85925
Phone: 928-333-4491
Fax: 928-333-2866
Forest thinning and harvesting of forest materials. NAICS code: 115310.

Don Gonsalves, Owner
Moulding Accents
1033 W. Brown St.
PO Box 400
Snowflake, AZ 85937
Phone: 928-536-2131

Bill Baldwin, President
Winner's Circle Soils, Inc.
1820 N. Centennial Blvd.
Taylor, AZ 85939-0128

Phone: 928-536-7398

Fax: 928-536-2464

Email: wincircle@frontiernet.net

Wood waste is processed to make animal bedding, mulch, potting soil, landscape material.

APPENDIX C

SOME TECHNICAL ISSUES REGARDING ECONOMIC BASE THEORY AND REGIONAL ECONOMIC ANALYSIS

As noted in the text, basic or export jobs are those that bring money into the region by producing goods sold outside the region. It is important to note that jobs are rarely purely basic or non-basic--most workers are at least a little of each. How do we bifurcate the employment data for each firm? The answer is simple--we use sales data. We asked the manager of each of the 15 firms that we visited to estimate the portion of his/her annual sales made outside the region. If, for example, the answer was 62% we then assumed that 62% of his/her employees must be working to produce that 62% and conversely, that 38% of the employees must be working to supply local (non-basic) markets.

A second question that is sometimes raised in "why use an employment multiplier instead of a dollar multiplier?" An answer to this question is fairly straight-forward too--employment data are more willingly provided than sales data and perhaps, easier to understand also. Put another way, we can get employment data per firm whereas experience has shown us that most firms will not supply dollar data for sales. Additionally, the approach employed in this study is much richer in White Mountain-specific detail per research dollar spent than the detail provided by an "off the shelf" IO (input-output) model that would provide more generic estimates expressed in dollar terms. If this study were a regional economic analysis of the entire White Mountain economy an IO approach might have been called for. But this study focuses on just 15 firms; the attributes of these firms can be described in detail--so why estimate these attributes? Further, this study has the benefit of having access to a detailed White Mountain-specific multiplier analysis based on a survey of virtually 100%

of all firms in the region. Again, why estimate when you have answers from a region-specific 100% sample?

Third, we are sometimes asked if the multiplier is the same thing as "velocity" or "trade turnover." The answer is "no." The multiplier tells us how many local serving indirect and induced employees (or dollars) are supported by each export/direct employee (or dollar). The trade turnover measure tells us how many times a dollar, or some part of a dollar, is spent before it goes to zero. This might be interesting information if our purpose is to fully understand the detailed workings of the regional economy but it is of at most minor value to the task at hand--an impact analysis of the forest products industry on the regional economic system.