



THE CUTTING

Timber Tax Cuts Cost Oregon Towns Billions. Then Polluted Water Drove Up the Price.

Rural communities in Oregon paid millions of dollars for clean, safe drinking water because the state didn't protect their watersheds from logging-related contamination.

by Tony Schick, Oregon Public Broadcasting, and Rob Davis, The Oregonian/OregonLive, Dec. 31, 2020, 8 p.m. EST

<https://www.propublica.org/article/timber-water-oregon>

Above: The 400 residents of Wheeler, Oregon, where muddy logging runoff filled the town's reservoirs.
(Brooke Herbert/The Oregonian)

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On a damp night in November 2019, dozens of residents packed into the local firehouse in Corbett, Oregon, a town about 30 miles outside of Portland. Water manager Jeff Busto told the crowd that logging had devastated a creek that provided part of the town's drinking water supply.

A timber company had clear-cut thousands of trees along the creek, leaving only a thin strip standing between the town's drinking water and recently flattened land strewn with debris. A single row of trees was left on either side to protect it from mud, herbicides and summer sun. After many of those trees were bowled over by wind, the creek flow dropped so low that the town could no longer get water.

As a result, Corbett now had only one creek supplying drinking water for more than 3,000 residents. If a wildfire or more logging compromised the remaining creek, the town's taps could run dry in as little as three days, Busto said.

"I'm really seriously concerned about the future of this community," Busto told the crowd. "There are places all over the world that lose their water source and they lose their town. If you guys don't have water coming out of your tap, you're not going to be able to live here."



An aerial view of clear-cuts near the south fork of Gordon Creek, one of two water sources for Corbett, Oregon. (Google Earth)

In rainy Oregon, communities tap a network of streams and creeks to supply millions of residents with cold, clean water. The problem is that the land surrounding drinking water streams is, in many cases, owned not by the towns or the residents who drink the water, but by private timber companies that are now logging more intensively than ever, cutting trees on a more rapid cycle and spraying herbicides to kill other plants that compete with replanted seedlings for sunlight.

In the past two decades, Oregon environmental regulators identified industrial logging as a risk to more than 170 public water systems, listing clear-cutting, road building and pesticide spraying as potential sources of contamination.

Timber companies have successfully fought to keep Oregon's laws more lenient than neighboring states, lobbying lawmakers and the public through opinion campaigns to burnish the industry's reputation. Oregon legislators have failed to change logging laws that state regulators, scientists and the federal government say are insufficient to protect clean water, leaving small towns with millions of dollars in additional costs, an investigation by Oregon Public Broadcasting, The Oregonian/OregonLive and ProPublica found.

Many of those communities are in Oregon counties already bearing the brunt of timber tax cuts, which cost the state nearly \$3 billion in revenue that would have been largely used to fund schools and local governments.

Lawmakers and forestry officials have joined timber executives in defending current environmental laws, saying they protect communities without unnecessarily burdening one of Oregon's most important

industries. But they have ignored the costs to communities that say they are powerless to protect their most critical resource: water.

More than two dozen communities have had at least 40% of the forests around drinking water sources cut down in the past 20 years, according to an analysis by the news organizations.

In Corbett, the town has started excavation work to find a new water supply. Residents will have to help pay the \$2.2 million cost. In Wheeler, the investment in a new water system happened 16 years ago, but residents of the former mill town on the coast are still paying off the \$1.1 million debt.

“It is absolutely ridiculous that we have to fight for our right to clear water in the face of giant corporations coming in and basically having no accountability,” said Stevie Burden, former mayor of Wheeler. “And the responsibility for it ends up in these really tiny little municipalities and water districts that can’t afford to shoulder the cost.”



Stevie Burden, the former mayor of Wheeler. (Brooke Herbert/The Oregonian)

A spokeswoman for the Oregon Forest & Industries Council, a lobbying organization, said the state has robust and effective rules.

“Oregonians should feel confident forest practices strongly protect their drinking water,” Sara Duncan, the spokeswoman, said in an email.

Duncan pointed to pollution monitoring data from the Oregon Department of Environmental Quality that found public and private forests provide the cleanest water in the state. The government agency says the data is not an appropriate metric because it is too imprecise to measure the effectiveness of Oregon’s logging rules.

Recent research funded by the industry also challenges the council's claim. This year, Oregon State University released two studies which found logging can cause long-lasting water shortages and pollute drinking water with herbicides and dirt. A March study examining timber practices over a 60-year period found that water levels in streams surrounded by industrial timber plantations dropped by more than 50% compared with older forests.

A research report released in June concluded that logging increases sediment runoff into streams, which can lead to higher costs for water treatment plants and create cancer-causing byproducts when towns use chemicals to disinfect dirtier water. A survey included in the research showed logging was the top concern for water managers.

"The community gets strapped with a very large debt when they have to build these treatment plants," said Sheree Stewart, who retired in 2019 after 28 years in drinking water protection with the state agency.

More than 30 communities have contacted the Department of Environmental Quality with concerns about logging near their drinking water sources in the past 20 years. Emails obtained by the news organizations show that in 2002 Stewart flagged to her agency's leadership a pattern of logging practices that were damaging water supplies.

She said little has changed.

"If we could have done a better job of protecting some of these smaller watersheds, perhaps we could have saved these communities a lot of money," Stewart said. "I'd like to think that we could have saved some money for future generations."

"Boils Down to Influence"

Oregon, the nation's biggest lumber producer, has for decades allowed timber companies to leave fewer trees than neighboring states to protect streams and rivers from pollution.

Every tree left behind is lost money.

Each West Coast state varies stream protection rules based on the size of the stream, its geography and whether it provides drinking water or a habitat for fish.

In Washington, the smallest buffer allowed on a stream that provides drinking water is 50 feet from either bank, and the state requires that additional trees be left behind up to 200 feet from the water. California forbids cutting within 30 feet. The state also requires at least half the tree canopy to remain after logging within 100 feet of stream banks.

In Oregon, the minimum no-cut buffer is 20 feet. The state's stream buffers for drinking water are smaller than for fish.

After Corbett was clear-cut in 2017, Busto raised concerns with the Department of Environmental Quality about the thin layer of trees required by the state, saying the 20 feet that was left along portions of the creek simply was not enough to protect his town's water supply.

Regulators there said he had no recourse. Since the companies were following state law, the town had only two choices: seek voluntary concessions from timber companies the next time or get the law changed.

Jim Frank, owner of Frank Lumber, which logged the area, said his company has a good relationship with the Corbett Water District and would take its concerns into consideration when planning future cuts along its water source.

"Do we go beyond what the rules are? Probably not," he said. "I guess if the watershed wanted us to put bigger buffers in they could pay us the value for that stuff, and we could let it sit there."

Frank said his company, which employs 150 people in rural Lyons, couldn't afford to leave additional trees behind, especially now after losing millions of dollars worth of timber in Oregon's Labor Day wildfires.

"We try to be good neighbors. Sometimes it works," Frank said. "We do put our faith in what the regulations are. We didn't write them. We just follow them."

In 1991, the year Oregon lawmakers began cutting taxes for the timber industry and created a public agency that has lobbied for industrial logging, the Legislature also passed laws shielding timber owners from being found in violation of regulations that govern water quality, so long as logging is done in "good faith" according to the state's best practices.

Current and former regulators say rather than acting to prevent problems, the Legislature has set an unreasonably high scientific threshold that first requires proof a hazard exists.

"In environmental protection, we often approach things with a precautionary principle, acting in a way that protects public health, that protects the environment," said Richard Whitman, head of the Department of Environmental Quality. "We've lost that."



Clear-cut forests in western Oregon. (Brooke Herbert/The Oregonian)

Unlike Washington’s Department of Ecology, the Oregon Department of Environmental Quality does not have the statutory authority to set rules to limit pollution caused by logging.

The Oregon Legislature reserved that power for state forestry officials, who are also charged with promoting the industry. The state forester, Peter Daugherty, has denied any direct connection exists between clear-cutting and polluted drinking water.

Daugherty said while recent research from Oregon State University found a connection between logging and increases in muddy water, it did not provide direct evidence that logging causes problems for drinking water.

Water managers around the state say they’ve seen striking increases in muddy water, after logging operations. In Yachats, on Oregon’s central coast, water treatment plant operator Rick McClung said so much mud washed downhill after logging there that he had to stop using one of his two water sources for two years. He said the problem wasn’t helped when the landowner didn’t replant, which is required by state law. “He just logged and left,” McClung said.

The state Forestry Department found the company in violation of Oregon’s replanting requirement in 2015. Five years later, the state still hasn’t collected a \$14,000 fine, less than it would’ve cost to replant. The agency said it had been slowed down by staff turnover and busy wildfire seasons. The company could not be reached for comment.

Scientists and regulators have long faulted Oregon’s failure to protect water quality from the effects of logging.

During 20 years with the U.S. Environmental Protection Agency, leading a team overseeing forestry pollution in Oregon, Teresa Kubo noticed a familiar pattern: Scientists would determine Oregon’s rules weren’t protecting water quality. Recommendations would be made, then watered

down to the most incremental of changes by the time the state adopted them.

Since 2016, the National Oceanic and Atmospheric Administration and the EPA have denied Oregon \$1.2 million in annual funding after determining that state logging rules don't do enough to control pollution from logging roads and high-risk landslides or protect small streams with fish.

But after becoming the only state to lose out on nearly \$5 million in funding, lawmakers and forestry officials have not addressed the shortcomings federal regulators identified in Oregon law.

"The timber industry is extremely influential in Oregon," Kubo said. "It just boils down to influence, the politics and economics."



Logging near Wheeler. (Brooke Herbert/The Oregonian)

In June, the Oregon Legislature passed a law that imposed restrictions on timber companies spraying pesticides from helicopters within 300 feet of homes, schools and drinking water. The measure, which had the blessing of the timber industry, came after timber companies and environmental groups agreed to negotiate in 2021 what could be the biggest changes to Oregon's logging laws in decades.

The effort focuses not on drinking water but habitat conservation for salmon and other protected species. The two sides have pledged to have an agreement in place by the end of 2021. It remains unclear whether they will find common ground.

Even if those rules are strengthened, risks will continue for towns trying to protect their drinking water unless they are able to purchase the watershed or find some other way to slow the rate of logging, said Whitman, the state's top environmental regulator.

If timber companies log entire watersheds as they have on the Oregon Coast, simply leaving a few more trees along creeksides won't be enough, he said.

"It's not going to avoid some of the effects that these drinking water providers are seeing," he said. "You're going to see some landslides. You're going to see more sedimentation. And most importantly, you're going to see streams dry up in the late summer and early fall because you don't have that tree cover."

In Debt for Clean Water

The tap water in Arch Cape, on Oregon's rocky north coast, violated federal drinking water standards again and again while the forests around its supply were logged, forcing the town to spend \$1 million in 2010 on a new treatment plant.

The town sits in Clatsop County, which has lost an estimated \$170 million in revenue to timber tax cuts since 1991. Phil Chick, the district water manager, said the treatment plant upgrade raised annual bills by \$40. But it was merely a reaction to the problem, he said, not a long-term solution.

The water district plans a 2021 tax levy that will cost roughly \$2,300 per home for its 300 customers, part of a \$5.5 million effort to buy the forests around its drinking water source.

Arch Cape still plans to log the forest, Chick said, but under far more rigorous standards than Oregon requires, with no use of herbicides.

If the effort to purchase the land fails, Chick said he worries about the future of the forest, "because we're not sure who could come in and buy it. We don't know who our neighbor is going to be."

Other towns haven't been able to afford what Arch Cape is attempting. In Corbett, Busto said purchasing private timberlands was far too expensive.

In Wheeler, where private timber companies owned 98% of the land around the water supply, Burden said she would've loved to have bought and protected part of the forest. But the town of 428 residents struggles just to keep a handful of city staff members employed.

"You looked at the budget; there's so little in it that we barely get by," said Burden, who served five terms as mayor of Wheeler before retiring this year.



The town of Wheeler overlooks the Nehalem Bay. (Brooke Herbert/The Oregonian)

When federal rules required Wheeler to filter its drinking water, the city decided it would be cheaper and more reliable to drill wells than to treat the creek water off industrial timberlands. Then in 2001, debris from logging on a nearby ridge rapidly filled the town's reservoirs with silt and gravel, sending the town scrambling to get a new water system.

Wheeler has been paying off a \$1.1 million debt from its water project for nearly 20 years.

Burden said the debt handcuffed the town budget. Wheeler has no money to replace its aging stormwater pipes and drainages to handle wind and rain storms on the Oregon Coast, which scientists predict will become more frequent and severe because of climate change.

In 2015, the city flooded so badly the post office closed for seven months. City officials said the flooding was exacerbated not just by their aging stormwater system, but by runoff from logging above the town.

Since Burden's first stint as mayor in the 1990s, nearly 90% of the forests surrounding Wheeler have been logged.

Residents continue to complain of drift from aerial spraying and heavy sediment pollution into Nehalem Bay, home to clams, Dungeness crab and runs of chinook and coho salmon.

Burden said she used to attend Oregon Board of Forestry meetings to advocate for issues that included conserving forestland to help Wheeler's tourism and recreation economy. She eventually gave up, tired of the little progress she'd made with the seven-member panel.

“I knew there was just nothing to be gained for a little town like mine,” she said.

For One Company, a Small Town Caused a Big Stir



Clear-cutting in December near Rockaway Beach's Jetty Creek, where 90% of the watershed has been logged in the last 20 years. Portland-based Stimson Lumber is now clearing some of the remaining older trees. (Courtesy of Trygve Steen)

In Rockaway Beach, one of three towns in Oregon where industrial timber companies own all the land around its water supply, almost every tree has been cut in the last 20 years, except for a few dozen acres.

In December, Portland-based Stimson Lumber sent loggers for many of the remaining trees, despite protests from residents who have fought to protect their drinking water from industrial logging.

“I am dismayed that they intend to take another 55 acres, even after all the public attention,” said Nancy Webster, a retired social worker who lives in the area.

Few Oregon communities have drawn statewide attention to logging like Rockaway Beach, a town of about 1,300 on the North Coast.

In 2010, Webster and other residents there began receiving warnings about carcinogenic byproducts in their tap water, created when the city used chlorine to disinfect muddy water. They pointed to the barren hillsides above town, saying runoff from clear-cuts had polluted the creek where they get their water. Stimson, one of two companies that owns the majority of the watershed, has said the town's water issues were unrelated to logging.

As Stimson began logging in another coastal watershed, which supplies drinking water to the nearby town of Oceanside, the company tried to mitigate the public relations damage from a citizen group that Webster

formed. Several Oceanside residents joined Webster's group. They questioned whether the cut there could be done safely.

Statewide environmental groups had seized on the Rockaway Beach complaints and were threatening to turn to the ballot to stop Stimson and other timber companies from using helicopters to spray herbicides statewide, which would remove a critical tool used to prime large stretches of clear-cut land for replanting.

One group, Oregon Wild, early in 2018 wrapped Portland buses and a MAX light-rail train in full-sized advertisements showing recently logged lands on the Oregon Coast, including one clear-cut near Arch Cape, where Stimson had logged. "Welcome to Oregon Home of the Clear-Cut," the advertisements said.

The timber industry knew the idea of banning herbicides had traction. A year earlier, environmental advocates narrowly passed an initiative to ban aerial spraying in coastal Lincoln County. An internal 2018 poll, obtained by OPB, The Oregonian/OregonLive and ProPublica, found a majority of coastal voters supported a ban, including those with family members employed in the industry.

Stimson, which supplies two-by-fours to Home Depots across the country, in February 2018 hired a public relations company, Quinn Thomas. The firm had proposed a \$12,000 monthly retainer to improve Stimson's image and win back public trust in Tillamook County, where Stimson has one of its six mills and almost a fifth of its 600,000 acres of timberland.

Documents obtained by the news organizations show the firm said the campaign would help counter activist narratives in Tillamook County, home to Rockaway Beach.

The public relations company's strategic plan set a goal to build Stimson's brand and "thwart negative claims against Stimson's forestry practices, such as efforts to ban aerial spray and clear cutting," the documents show. The public relations company did not respond to an emailed request for comment.

Andrew Miller, Stimson's CEO, said his company wanted to share details about its forestry and sawmill operations with the community.

"Our opponents communicate their views aggressively, usually based on presumptions with a transparent anti-forestry objective," Miller said in an email.

In internal documents, Quinn Thomas urged Stimson to get noticed for doing good things to help repair the damage to its reputation that came after its cutting in Rockaway Beach.

“Unfortunately, the critical role of Stimson has been suppressed by activists and community groups scrutinizing minute phases of the 45-year lifecycle of your forests,” the company’s communications plan said.

Quinn Thomas suggested that Stimson target coastal water managers with “influencer engagement” efforts after focus groups showed they were more trusted than timber companies.

The firm called for Stimson to increase awareness of its philanthropic giving to Habitat for Humanity, a Tillamook County domestic violence shelter and local sports teams, including a planned donation of wrestling mats. The consultant said the donations would help create trust with parents, women and new retirees and recommended targeting the community through Stimson’s Facebook page.

Three months later, Tillamook High School’s wrestling team, the Cheesemakers, opened its season with a win in a tournament sponsored by Stimson Lumber, wrestling on mats the company helped buy. Stimson shared photos from the event on its Facebook page, congratulating the team for winning.

Efforts to ban aerial spray and limit clear-cutting have not reached voters statewide. Environmental groups withdrew a set of ballot initiatives, including one that would have effectively banned aerial spraying, as part of a deal with timber companies to negotiate new logging rules.



A log truck near Tillamook, Oregon, where Stimson Lumber has a mill and thousands of acres of timberland. (Brooke Herbert/The Oregonian)

Meanwhile, Stimson has continued logging and spraying around Oceanside and Rockaway Beach.

Residents of those highly scrutinized towns have secured some additional voluntary protections from Stimson, including bigger no-cut buffers around creeks and advanced notice of spraying so they can take samples and pull from stored water instead of the creeks.

A state water quality regulator who visited the Oceanside site praised the Stimson field work, according to a 2019 memo.

But, he said, even if the added protections helped reduce the impacts from a single clear-cut, more logging within a short time frame would probably damage the watershed.

“Corbett Got Forgotten”

In early December, two weeks into his job as Corbett’s new water manager, Tom Edwards drove to the creek that had been logged. He said he was so startled by what he saw that he realized Corbett would need more than its \$2 million well project to be assured of its long-term drinking water security.

Edwards emailed the Oregon Department of Environmental Quality. He wanted to know whether the state could help the town buy the land around Corbett’s water sources.

A few miles away, Portland’s Bull Run Watershed is surrounded by untouched forests, which are off-limits to the public to protect water quality. Edwards said he didn’t understand how Corbett’s water supply could be so unprotected.

“It’s like Corbett got forgotten,” Edwards said.

The department said the town could apply for two state grant programs that have distributed hundreds of millions in federal dollars. It gave no assurances.

One program doesn’t fund drinking water projects unless the community can prove it also reduces other pollution. The second program has funded just two land purchases, which have helped keep drinking water clean for a total of 120 people.

Edwards worries about the district’s lack of control over its watershed. Its well is two years away from being ready, if the town finds enough water underground. The tree-strewed creek still isn’t being used. In the meantime, Corbett is getting water off a single creek.

“It’s scary,” he said. “That’s the source of water for the whole town.”

Lylla Younes contributed reporting.