Windfall from the Wind Farm

Economic Development in Sherman County

Rural counties and landowners in the Pacific Northwest are harvesting a new crop. Large, utility-scale wind energy projects can add to a county’s tax base and support essential services such as schools and fire departments. These projects also can generate revenue for individual farmers as well as local and regional businesses. Wind turbines are compatible with farming, occupy little land and can pay farmers many times what they earn per acre harvesting crops.

Sherman County is a prime example of a rural community that is harnessing its wind resource and reaping the benefits. A report from the Renewable Northwest Project titled “Windfall from the Wind Farm; Sherman County, Oregon” details the economic development benefits to the county and to Oregon businesses resulting from the first phase of the Klondike Wind Farm. Revenue from the wind farm is helping to diversify this historically single-engine economy that is under increased stress from low wheat prices and decreasing harvests.

PPM Energy, an energy company based in Portland, Oregon owns the Klondike Wind Farm. The first phase of the project, which came on line in 2001, consists of sixteen wind turbines that can generate up to 24 megawatts (MW) of electricity. A second phase, consisting of an additional 50 turbines, was completed in 2005. The total capacity of both phases totals 99 MW; enough to power approximately 25,160 homes in the Pacific Northwest.

The project is located on land cultivated for wheat farming and removes less than 25 acres of land from production. While the physical footprint of the wind farm is small, the economic benefit is substantial.

Property Tax Benefits
During its first year of operation, Phase I of the Klondike Wind Farm Phase I generated $321,205 in property tax revenue for Sherman County. In 2005, the wind farm generated $362,442 in property tax revenue. This amount represents just over 10 percent of the county’s total property tax base. The figure below illustrates how the county is using this new revenue to support a variety of essential services. According to the county tax assessor, the first phase of the project is expected to generate approximately $250,000 in property taxes each year over its 20 to 30 year lifetime. “Wind power helps to diversify the economy. It’s another crop we can harvest and it helps fill gaps in the county budget,” says County Judge Mike McArthur.

Landowner Benefits
Farmers in Sherman County who lease their land to wind developers receive annual royalty payments of between $2,000 and $4,000 per year for each turbine sited on their property. For comparison, each turbine sits on only a half an acre of land, enough to earn less than $100 per year if used to cultivate winter wheat. According to Lee Kaseberg, a local wheat and wind farmer, the turbines are compatible with farming operations. “Put them...
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up, we can farm around them easily," declares Kaseberg. Four workers periodically maintain the turbines and access them via new roads that were built as part of the project. A neighboring farmer, John Hilderbrand, adds, "The new roads allow easier access to my fields. Plus, the turbines make money in the winter when I can't work my land."

Other Local Benefits
A variety of local and regional businesses took part in the planning, development and construction of the wind farm including many Oregon businesses from Canby, Hood River, Portland and Wasco.
Approximately 80 to 100 workers were involved in the construction of Phase I alone and local establishments experienced a boom as these workers patronized local motels, restaurants and grocery stores. Occupancy rates skyrocketed at the Tall Winds Motel in Moro, at motels in the towns of The Dalles and Biggs Junction, and at the RV park in Wasco. Workers also bought gasoline from the local Hardware Co-op. The owners of the Lean-to Café, one of the few restaurants near the project, added on to their building with profits from increased business associated with the wind farm construction. The restaurant owners also plan to build a new motel and buy a mobile kitchen to serve the needs of working crews as the project expands. Due to the quality wind resource and supportive local community, PPM Energy recently quadrupled the size of the Klondike Wind Farm with a second phase and Portland General Electric is buying all additional 75 megawatts from Phase II.

Environmental Assessment
The environmental assessment for this project revealed minimal impacts to habitat and wildlife. The project does not disturb any natural habitat since it is built completely on tilled farmland. Due to a lack of trees and water sources, the local environment is not well suited to host many native or migratory birds. A one-year, post construction study found minimal impact on birds and the turbines have had no effect on local deer and antelope populations.

Conclusion
Although Phase I of the Klondike Wind Farm is small relative to other utility-scale wind projects, it is providing a valuable economic development opportunity for Sherman County. The planning and construction phases stimulated local and regional businesses. In its operational phase, the project is generating tax revenue for the county and royalty payments for individual landowners. Large wind power projects are a viable way for rural counties with strong wind resources to diversify their economies and for local farmers to preserve their cherished way of life.

The 24 Megawatt Klondike Wind Farm – Phase I

These 16 turbines from the first phase of the Klondike Wind Farm project support the local economy by paying county property taxes and royalties to landowners.