

Threatened and Endangered Species

The federal ESA was implemented in 1973. The Oregon ESA was enacted in 1987 and amended in 1995. The criteria for listing species are similar in both systems with a focus on the biological needs of the species.

36 animal (invertebrates, birds, fish, mammals, reptiles, and amphibians) and 61 plant species are listed through the Oregon ESA.

34 of these animal species are also listed through the federal ESA, which has three additional listings not listed by Oregon. Of the 61 plant species on the Oregon list, eleven are also listed on the federal ESA. Most of the remaining 50 species are in the federal system as "species of concern" or candidates for listing.

Two-thirds of animal listings took place the year the ESA came into being-1987; the last listing, the marbled murrelet, was in 1995.

Fourteen animal and six plant species listed through the Federal Endangered Species Act (ESA, see text box) are found within the region. Species listed on the federal ESA can affect development on federal, State, and private lands. Listing on the Oregon ESA affects only actions of State agencies on State lands (less than 3% of Oregon's land base).

The regional economy has been dramatically impacted by two ESA listings:

- ♦ The listing of the Spotted Owl (and later, the Marbled Murrelet) and the need to protect its' habitat brought about a reduction in logging in old growth forests. This has had an ongoing impact on timber harvests and logging in Oregon and Washington.
- ♦ The listing of four species of salmon and consideration of other listings, especially coastal Coho, brought into effect the Oregon Coastal Salmon Recovery Plan. This effort is funded through the Oregon Watershed Enhancement Board (OWEB), whose budget (July 2003-September 2004) was \$56.4 million, split primarily between Federal funds (55%) and Oregon Lottery funds (43%). Local watershed boards were also initiated as the focus for habitation protection and restoration project development.

Compliance with the Section 4D Rule of the ESA does not appear to have required the infrastructure and land use policy restructuring efforts initially forecast. However, communities in the region continue to watch closely to see if/how development practices and infrastructure systems may be impacted.



SECTION 5

Our Community Resources

Local Funding

Local governments have historically relied on property taxes as their primary income source. The passage of several property tax-related ballot measures in the 1990s altered this tax structure. Local governments no longer collect property taxes on the full value of property within their jurisdictions and there is growing taxation disparity between similar properties.

Revenue limitations and ever-rising operational costs strain the ability of local governments in the region to meet the needs and expectations expressed by their citizens.

Because of property tax limitations, communities today increasingly use fee-based revenue generation to provide public services and to maintain and improve their community facilities and infrastructure. Further, many cities are at, or are nearing, the ten-dollar rate cap on local governments. Many communities are feeling financial strain, as they must balance budgets that have to address a recent Public Employee Retirement System charge and ever-rising employee insurance costs with limited ability to raise new revenue.

Land Use Framework

Oregon's statewide land use planning program, initiated in 1973, is based on nineteen statewide planning goals (see text box). Oregon's land use program requires all local jurisdictions to develop and adopt Comprehensive Plans and implementation ordinances for land use and development to ensure that each has an adequate supply of land and related infrastructure to accommodate a twenty-year growth projection. While Oregon's basic land use framework remains essentially intact, in recent year's court decisions, voter-initiated statutory changes, and other actions have affected how the "Oregon System" functions.

Annexations

Due to successful local voter-initiatives, many communities must now take annexation requests and recommendations to their voters for consideration. While highly contentious elections have been few, addressing this additional development step, timing land use reviews with election schedules, and providing voters with adequate information to make this level of planning decision can impact development requests.

Oregon's land use system is based on

- Goal 1: Citizen Involvement*
- Goal 2: Land Use Planning*
- Goal 3: Agricultural Lands*
- Goal 4: Forest Lands*
- Goal 5: Open Spaces, Scenic and Historic Areas, and Natural Resources*
- Goal 6: Air, Water and Land Resources Quality*
- Goal 7: Areas Subject to Natural Disasters and Hazards*
- Goal 8: Recreational Needs*
- Goal 9: Economic Development*
- Goal 10: Housing*
- Goal 11: Public Facilities and Services*
- Goal 12: Transportation*
- Goal 13: Energy Conservation*
- Goal 14: Urbanization*
- Goal 15: Willamette River Greenway*
- Goal 16: Estuarine Resources*
- Goal 17: Coastal Shorelands*
- Goal 18: Beaches and Dunes*
- Goal 19: Ocean Resources*

A 20-year supply of buildable land has been challenging for many communities, especially smaller ones, to quantify. Oregon's typically cyclic growth trends make accurate forecasting difficult.

M37 was declared unconstitutional in September 2005. Appeal of this decision is expected.

20-Year Supply

Clarified by a 2003 State Supreme Court ruling, each city must evaluate whether land within their urban growth boundary is adequate to provide a twenty-year supply of buildable land for projected industrial, commercial and residential development. Under this ruling, cities are not permitted to adopt no-growth or slow-growth policies.

Measure 37

Oregon voters approved Measure 37 in 2004, allowing property owners to be compensated when their property value has been reduced by local government land use regulation. In lieu of payment, land use regulations beyond those in place when the current owner purchased the property may be waived. Cities have largely been unaffected by M37, but county governments have been asked to consider multiple claims. In place for only a few months, the impact of M37 claims on the agricultural and forest lands and linked economic sectors of the region is yet unclear.

Natural Resource Planning

Local governments are working to balance natural resource goals (open space, view shed, riparian, wildlife, wetland, etc.) with private property development rights and development-related goals. The City of Corvallis, for example, recently completed a natural features inventory. Community resource values can enhance the quality and value of private development, but not all developers are willing or economically able to seek solutions that accommodate community resource values.

Transportation Planning

Development of transportation system plans, required of most jurisdictions by the State, has been challenging to many of the communities in the region. Transportation system plans must blend transportation needs within the land use framework. In larger jurisdictions, these plans must also address how the community will reduce vehicle miles traveled (VMTs).

Most cities in the region rely heavily on State highway infrastructure as a key component of their road network. Land use changes (e.g., zoning amendment) that impact the State's transportation system must address State transportation goals. Limited State resources to address safety and capacity issues mean that, to proceed, development must typically carry the burden of making any necessary highway improvements. Improvements, such as new on-ramps and under-crossings, are outside the financial scope of most development proposals.

Shovel-Ready Industrial Lands

Many communities are interested in providing an inventory of ready to develop industrial sites. The State's site certification process is intended to identify and assist in removing barriers that typically stand in the way of making a site shovel-ready (such wetlands; water, sewer, and storm drainage availability and

capacity; transportation access; Brownfields; owner interest and established sale price) so that the site can be marketed to prospective industry. The complexity of resolving these development issues challenges the abilities of cities, especially smaller ones, to move vacant industrial lands toward development.

Downtown Redevelopment

Public and private sectors are working together in many communities to improve their downtown's streetscape and historic building facades, in hosting community events, and in attracting an improved business mix.

The shift of commercial development to malls, strip developments, and big boxes has led to the decline of many traditional downtown commercial centers. Many communities are working to take better advantage of the existing public infrastructure and private business investments by restructuring their downtown business base, revitalizing public spaces, and addressing connectivity issues. Limited economic development assistance and funding remain challenges to turning these areas around.

Water Systems

Water availability and quality are major factors supporting or preventing economic expansion. In areas where water supply is a problem, the capacity to develop is limited. Where water is available, the growth of competing uses must be managed to avoid overuse of the resource.

Water Quality Violations

Drinking water rules, funding, systems in violation, and related information is available on the State Drinking Water Program website at: <http://www.oregon.gov/DHS/ph/dwp/index.shtml>

The State of Oregon reported that 33 water systems in the region had drinking water standard violations in 2004. Four of those systems failed to adequately treat drinking water to meet the requirements of the Surface Water Treatment Rule, sixteen systems violated fecal/total coliform limits at least once during the year, ten systems had violations of lead or copper levels, and four systems did not meet filtration requirements or exceeded the allowed level of other chemicals.

System Improvements

The availability and cost of water is expected to become an ever-increasing consideration in where new development happens.

The cost of providing safe water may shape the development that occurs in an area. Where systems do not comply with the standards set by the Safe Drinking Water Act of 1986 water suppliers must make often-expensive improvements to their water source and treatment systems. The ability of the public and private sectors to pay those costs will influence the final outcome of development ability as development shifts toward areas that meet requirements and with lower water costs.

Security of water supplies from acts of terrorism or sabotage is now an issue that all water providers must address. The State Drinking Water Program adopted rules that require all public water systems to have a written emergency response plan based on a security vulnerability assessment. Making physical improvements, such as monitoring systems or fencing will result in additional expenses to communities.

Water Supply on the Coast

Several coastal water systems are working on how to provide water service during periods of low flow.

Due to the geology of the coastal area, most communities rely on surface water sources. Water shortages during periods of low flow are a major concern for the coastal cities. In Lincoln County, nine entities have formed the Central Coast Water Council to plan and develop a regional water source to serve their needs through 2050. Also, three cities and two water districts in southern Lincoln County recently completed a study that considered the feasibility of connecting their systems to meet emergency situations.

Waste Water Systems

Issues related to sewage collection and treatment are important to economic development in the region. Systems are impacted by a variety of factors, which many jurisdictions are currently working to address or have addressed in the past decade.

Cities who have been unable to meet Federal standards are increasingly using the tool of a Mutual Agreement Order to work with the State DEQ.

Many cities with systems that were not able to meet the Federal Clean Water Act standards entered Mutual Agreements and Orders (MAOs) with the Oregon Department of Environmental Quality. The MAOs established milestones and timelines that the cities must follow to bring their systems into compliance. There are currently several city sewer system improvement projects underway as a result of MAOs.

Wastewater issues have a similar impact on development as issues related to water supply. The costs of improving, expanding and maintaining wastewater treatment systems may be factors that shape development in the region. Communities with treatment systems that are in compliance and have excess treatment capacity will have a competitive advantage for attracting economic development. Major issues that affect sewage treatment and collection in the region are outlined below.

Geography

Much of the region, particularly the Willamette Valley, has a high water table. This affects communities that lack community treatment systems. The smaller septic systems are ineffective when flooded. In addition, many unsewered areas also have small lot sizes that make it impossible to install adequate septic drain fields.

Land Use Regulations

Oregon land use laws limit the provision of community sewer service in areas that are not zoned for development activities, such as agricultural lands. There are some pockets of residential development that are in need of services, but which cannot be economically serviced with a community system due to their location in a restricted area.

Limited Federal and State assistance requires cities to take on additional debt, which is especially difficult for smaller cities to take on.

Economic Factors

Sewage facilities are expensive to install, maintain, and expand. It is especially difficult for some of the small communities to finance a new system or improve an existing system. Some communities have deferred needed maintenance, resulting in facilities that are not capable of meeting required standards. Additionally, there is not enough capacity in many existing systems to accommodate economic expansion and growth. Grant funds for wastewater projects have diminished significantly in the past decade, so communities have to finance more project costs with loans or bonds. At the same time, the property tax-limitations in Oregon make it difficult for communities to get approval of general obligation bonds.

Infiltration and Inflow (I&I)

Many sanitary sewer systems in the region experience high rates of storm water infiltration and inflow (I&I) during the winter season when rainfall is high. I&I problems occur due to aging collection systems that have deteriorated, improper connections that allow storm drainage into the system, and, in some cases, outdated designs that actually encourage infiltration to flush out the systems. High levels of I&I force some communities in the region to bypass raw or partially treated sewage into receiving streams during periods of heavy rain. I&I is expensive and difficult to fully correct. It can seriously limit the potential for economic development in a community by eliminating excess sewage treatment capacity.

Conflicting Environmental Uses/Values

Community sanitary sewer systems necessarily require land for facilities and places to release effluent and/or dispose of sludge. These land requirements often conflict with other uses or environmental values. For instance, siting of sewage lagoons may be difficult due to restrictions on the use of wetlands or the location of a sensitive species.

Storm Water Treatment

Storm water runoff is a potential source of pollution that is regulated as a result of the Clean Water Act. Cities within Census designated "urbanized areas" must obtain permits for storm water discharges. Also, the Act specifies that businesses within certain industries must obtain permits.

TMDLs

The DEQ is completing an effort to establish the Willamette River's Total Maximum Daily Loads (TMDLs) for mercury, bacteria and temperature. This effort will result in limits on the amount of each pollutant that each wastewater system can discharge into the Willamette River or its tributaries. Some municipal wastewater systems in the region may need to be upgraded to meet the new standards.

*Additional information about wastewater issues related to the Willamette Valley can be found at:
<http://www.deq.state.or.us/wq/wqfac t/WillProtectionFS.pdf>*

Solid Waste

There are currently two landfills for municipal solid waste in the CWEDD region: Short Mountain Landfill in Lane County, and Coffin Butte Landfill located in northern Benton County. Solid waste from Lincoln County is transported to Coffin Butte. Operators are recovering methane gas from both landfills to generate power. Short Mountain has resolved recent leachate issues with the installation of a capturing system, while excess leachate from Coffin Butte is trucked to municipal treatment facilities for disposal.

Recycling

Recycling of materials from the waste stream in the region in 2003 (the most recent data available) met or exceeded 2005 State targets. In 2003, the percentage of waste recycled was 45% in Benton County, 52% in Lane County, 30% in Lincoln County, and 40% in Linn County. The percent of waste recycled in the region was up substantially from ten years ago (Benton up 9%, Lane up 13%, Lincoln up 9%, and Linn up 11%). Curbside recycling at residences and businesses throughout the region contribute to recycling increases.

A significant share of recycled materials in Lane County is moved into energy recovery (13% of total recycling) and composting (9% of total recycling). A small amount of recycled waste (1%-7% of total recycling) is moved into these streams in the other three counties of the region.

Reprocessing of materials, especially from the manufacturing and building industries, has been identified as a potential economic growth area.

Industries within the region use recycled fiber. A recent study identified potential for growth in the reprocessing industry, particularly for manufacture of building materials.

Hazardous Waste

Sanitation service operators sponsor drop off dates and locations for disposal of hazardous household materials. All hazardous waste in the region is transported outside of the region to the Arlington landfill, the only site in the Northwest capable of accepting hazardous waste.

Energy

As hydropower generation is challenged by environmental requirements, the region may experience reduced output, higher energy prices, and an increased demand for alternative sources.

Historically, the region has enjoyed an abundant supply of relatively low-cost electrical energy due to hydropower's large contribution to the regional power base. Increased economic activity has cut into the regional energy surplus. In addition, environmental requirements that protect salmon runs by requiring early release of water can impact stability of energy supplies.

Proximity to the Pacific Ocean may allow the region to take advantage of alternative wind or tidal energy sources. Oregon State University, federal and State agencies, and communities

along the coast are evaluating the opportunity to turn Oregon into a focal point for wave energy development.

Communications

The lack of broadband services in areas of the region is considered a barrier to economic development efforts.

Broadband telecommunication services have become one of the basic required infrastructure elements of the four-county region, as it has for the rest of the nation. Employers of all types expect broadband services, whether they are retail operations using broadband for inventory control and sales transactions, or are manufacturers using broadband to reduce shipping costs and improve communications with clients. Broadband services are also becoming increasingly important in meeting the quality of life desired by residents.

The region participated in planning and directing the incumbent local exchange provider's (Qwest's) development of a redundant telecommunications ring connecting all four counties in the region. This has resulted in a fairly extensive network of broadband capacity, including basic broadband services for many of the rural areas of the region.

Some of the local governments in Lane and Lincoln Counties have created organizations (CoastNet and Fiber South Consortium) to hold some telecommunications assets and to bring additional competitive broadband service to the area. Wireless broadband has also come to the larger urban areas of the region.

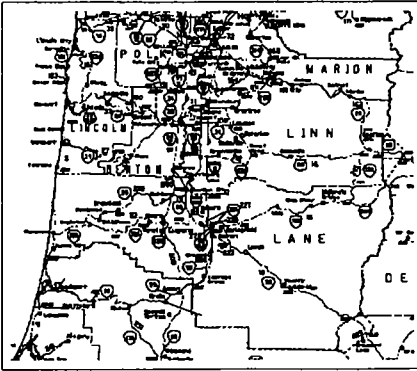
There are, however, still portions of the region that lack broadband services. Broadband deficiency is an increasingly major barrier to economic development.

Demand for increased bandwidth at decreased prices continues to exceed supply. The region has succeeded in attracting several large employers that are dependent on the availability of broadband services, and the general availability of broadband continues to help nearly all the region's employers increase the range of services offered and the efficiency of their operations. If the region can continue to improve the range of broadband telecommunications services, the region should be able to remain competitive for maintaining and expanding its employment base.

Transportation Systems

Communities in the region recognize the importance of a quality transportation infrastructure to the region's economic vitality and livability. However, despite consistent efforts to improve mobility within the region, communities face the ongoing issues of increasing traffic congestion, deteriorating roadways, limited alternatives to automobile travel, and funding that does not keep pace with the needs of the system.

Roadway Network



The regional roadway network consists of several State highways that are the primary linkages between communities within the region; Interstate 5, the principle north-south statewide corridor in the State; county roads that serve the rural areas of the region and serve as secondary connections between cities; and the city street systems.

Vehicle Miles Traveled (VMT) continue to increase due to population growth and the regional pattern of employment concentration in the larger urban centers and continued housing growth in both larger and smaller communities. As a result, a growing number of workers are commuting out of their cities of residence to their work sites.

Population growth and the concentration of employment opportunities are the major factors influencing continuing increases in VMT.

Funding of roadway improvements has lagged behind these increasing capacity needs as well as ongoing maintenance requirements.

The Eugene-Springfield Metro Area Transportation Plan is available at: <http://www.lcoq.org/transplan/default.htm>

Despite some modest efforts at the State level to add new revenue and bonding of future revenues to address some immediate issues, funding for the roadway network has not kept pace with either maintenance needs or needs to increase capacity where traffic has increased most significantly. The major capacity constraints are:

- ♦ Along the I-5 corridor from north of Albany through Eugene
- ♦ Along Highway 101 through Lincoln City
- ♦ Along the Highway 20/34 corridor between Philomath and Corvallis
- ♦ East from Corvallis across the Willamette River
- ♦ The Eugene-Springfield Metropolitan Planning Organization provides identification and prioritization of projects in the Lane County area of the region. (See text box for web address.)

Several cities have enacted or are contemplating enactment of local street utility fees in order to address local street improvement needs.

Public Transit

There are four transit systems in the District:

- ♦ Albany Transit
- ♦ Corvallis Transit
- ♦ Lane Transit serving the Eugene/Springfield area and most of the communities in Lane County
- ♦ Lincoln County Transit connecting all of the cities in the county

Linkages between these transit systems are provided by the:

- ♦ Philomath Connection – links Philomath into the Corvallis Transit system
- ♦ Linn-Benton Loop and the Linn County Shuttle - regional transportation network between cities in Linn and Benton Counties
- ♦ Valley Retriever - provides a link between Lincoln County coastal communities and Benton, Linn, and Deschutes Counties

Because of schedule limitations, commuting by transit from most of the smaller communities in the region to the major employment

Commuting via transit from the smaller cities in the region is minimal because of scheduling limitations.

centers is minimal. Those who utilize intercity bus services are mostly students, seniors, and persons with disabilities.

Door-to-door demand-responsive service is available to seniors and persons with disabilities. Efforts to improve the capacity of this network of numerous independent public and private operations are underway in both the Benton-Linn-Lincoln and the Eugene/Springfield areas of the region.

Carpooling and Vanpool Services

Commuters in the region have the option of utilizing carpool and vanpool coordination services offered through Lane Transit and Oregon Cascades West Council of Governments programs (OCWCOG). Lane Transit and the OCWCOG program also link with the Salem Transit District to the north to offer a region-wide Valley Vanpool Service that assists in the formation of vanpools and subsidies that reduce the cost of commuting for vanpool users.

Rail Service

Two Class 1 railroads serve the Willamette Valley: Union Pacific and Burlington Northern Santa Fe. Major rail yards are located in Eugene and Albany.

Two short line railroads connect with the main lines in the Albany area and provide freight service west to Toledo (Pacific and Western Railroad) and east to Sweet Home and Mill City (Albany and Eastern Railroad). The Central Oregon and Pacific Railroad provides rail service from Coos Bay to Eugene.

A recently completed study examined the role that rail transportation plays in current economic activity in Linn, Benton, and Lincoln Counties and its future potential. This study identified improvements needed in the short lines and in the interface of the short lines with the Class 1 railroads. While improvement of the rail infrastructure could contribute to economic growth in the region, the greater benefit of making priority improvements is the retention of over 2,500 jobs in industries currently dependent upon rail freight.

Over 2,500 existing jobs in the region are linked to the continued availability of rail freight service.

Amtrak provides daily passenger rail service, with several trains and buses linking Eugene and Albany with Salem and points north and south. Ridership on the Cascadia Corridor service has grown steadily, particularly with better connections between Portland and Seattle.

Air Service

Currently, the Eugene Airport, located between Eugene and Junction City, is the only airport in the region with regularly scheduled commercial air service.

The smaller general aviation airports in Corvallis and Newport have struggled to retain commercial service linking the mid-Willamette Valley and the central Oregon Coast, respectively, to the larger air service network. While neither airport currently has

commercial air service, corporate air traffic has increased at both over the last ten years.

Marine Transportation

The region has four Port Districts along its coastal border:

- ◆ Port of Siuslaw (Florence)
- ◆ Port of Alsea (Waldport)
- ◆ Port of Toledo
- ◆ Port of Newport

The Port of Newport, a deep draft port, is the largest in the region. Enterprises of the four regional ports include: waterborne cargo transportation, ship repair, fisheries, recreation, and tourism, as well as provision of public facilities that support state economic interests beyond their immediate boundaries. Land development is also a major activity through land leases of industrial and commercial sites that have been developed or are still available for development.

Funding and activities through the U.S. Army Corps of Engineers is critical to the maintenance of port facilities in the region.

Maintenance of Port Districts' waterways and harbor projects, such as dredging, jetties, and breakwaters, is dependent, wholly or in part, upon federal funding of U.S. Army Corps of Engineers (COE) activities. Justification of this federal funding is based on the amount of commercial use of these navigation systems, primarily waterborne commerce. Reduction of federal budgets increases the likelihood of the COE further abandoning ports of lower waterborne commerce usage.

Recreational, Leisure, and Historic Resources

Recreational and Leisure Amenities

The quality of life amenities provided by the recreational and cultural amenities of the region are important to the attraction and retention of business and industry.

Amenities not only provide residents with recreational opportunities, they also provide a strong positive internal and external image of the quality of life in the region. Access to recreational and cultural amenities that provide a high quality of life are important factors in retaining and attracting business and industry. Further, visitors are drawn to enjoy the many unique amenities of the area, creating a tourism industry that is especially strong in coastal communities.

Residents of the region have access to a variety of active and passive recreational resources. Most of the population centers in the region are within a one-hour drive of national wilderness areas and forests, Oregon's public ocean beaches, dunes, reservoirs, lakes, and rivers. The abundance of natural resource-based recreation amenities in the region is expanded with ski resorts, urban trail systems, golf courses and links, neighborhood and regional parks, libraries, unique shopping experiences, water parks and pools, museums, and sports complexes. Sports and special events at the University of Oregon and Oregon State University complement activities at Eugene's Hult Center and multiple community performance venues.

As population grows the demand for access to public parks and open space increases. Many communities are planning and implementing projects that improve recreation spaces to meet increasing demands of their growing populations.

Historic Districts and Sites

Historic resources affect economic health, diversification, and growth opportunities. Community history, as relayed through local historic resources, is a key component of the identity of most communities in the region. Business recruitment promotions showcase historic resources as an indication of community pride. Multiple tourism promotions and events are staged around historic resources (covered bridge cycling tours, day trip routes, harvest festivals, homes tours). Many communities in the region are working to redevelop their historic commercial “downtown” areas as part of their economic development efforts.

There are seventeen National Register Historic Districts in the region. Six of these are residential neighborhoods, three are commercial areas and the remainder includes one mixed-use area, two wood product mills, an airport, three farms, and a fish hatchery.

Sites outside of historic districts include such diverse resources as unique industrial sites, burial grounds, farm buildings, covered bridges, and Native American encampments. Sites outside of historic districts can be listed individually on the National Register, while city and county historic resource inventories identify additional sites of historic significance. While protection of many archeological sites requires that they not be publicly identified (e.g., tribal burial mounds), the State Historic Preservation Office inventory of established and potential sites of archeological significance in the region is substantial.

Public Higher Education

Universities

Oregon State University and the University of Oregon received \$300 million in outside funding for research in 2004-05.

Oregon State University in Corvallis and the University of Oregon in Eugene are significant economic factors within the region. Not only are they among the area’s largest employers, their combined current enrollment of just under 40,000 students has a large economic and cultural impact on the region.

Oregon State University and the University of Oregon also add significantly to the region through the advanced research and development carried on at their facilities and by their faculty. In 2004-05 the two universities received approximately \$300 million for externally funded research. This research has led to improving the academic prestige of the universities and made the universities one of the most important “traded sectors” of the region. It has also resulted in spin-off companies, several of which

have become major employers in sectors diversifying the economic base of the region.

Community Colleges

The three community colleges in the region serve as life-long learning centers and house key economic development programs.

Lane, Linn-Benton, and the Oregon Coast Community Colleges serve as life-long learning centers and house key economic development programs. They provide a variety of course offerings for those requiring workforce training, pursuing associate degrees, preparing for higher degrees, and for those wanting to pursue special professional or other personal interests.

Responsiveness to regional workforce needs has lead to the creation of specialized training at the community colleges in nursing, welding, refrigeration and a host of other high-demand disciplines. An ongoing challenge has been keeping equipment used to train for these specialized fields, as well as in general education (e.g., sciences), up to date.

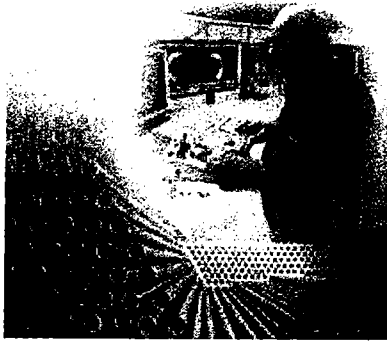
Health Care Facilities

Consolidation of health care facilities has resulted in new investment in technology and medical infrastructure in the region. Several major new facilities or expansions are contemplated or underway. Peace Health is expanding into Springfield. McKenzie-Willamette is expanding into Eugene. Samaritan Health has facility improvements at their Lebanon, Albany, Corvallis, Sweet Home, Lincoln City and Newport facilities. In addition, access to health care in the smaller communities of the region is being addressed by new partnerships with the larger medical facilities and medical training programs. However, this restructuring of the major medical facilities in the region has limited immediate care access in more rural communities.

Health care facilities are among the largest employers in the region. The overall health care field increasingly plays a significant role in economic health and vitality. Health care professions are among the fastest growing occupations in the region.

Public Safety

The perception of a safe, secure, environment is critical to retaining a high quality of life. 98% of the businesses surveyed in the Lane CONTACT effort identified that public safety concerns, predominately centered on methamphetamine abuse, were challenging the quality of life of the area. Rising identity theft, vandalism, and commercial and personal property losses are attributed to drug abuse. About 80% of all crime is attributed to drug abuse. Communities and businesses are also concerned about the less quantifiable feeling of insecurity experienced by citizens. Partnerships to tackle these public safety issues are emerging, but resources remain relatively limited in relation to the magnitude of the many facets of public safety issues.



SECTION 6

Our Economy

Economic Profile

The regional economy was traditionally structured around the abundant natural resources of the region. Natural resource extraction and processing from the ocean, agricultural lands, and forest lands were the major economic force until the 1980's, when those industries began contracting as they faced structural changes.

Concurrently, emerging traded industrial sectors, such as high technology, software, and environmental services began to diversify the regional economy. The availability of university research and graduates, a good quality of life, business development support, and training programs helped attract and grow these types of industries. The establishment of these new traded sectors injected additional dollars into the regional economy to support the growth and diversification of local service and trade sectors.

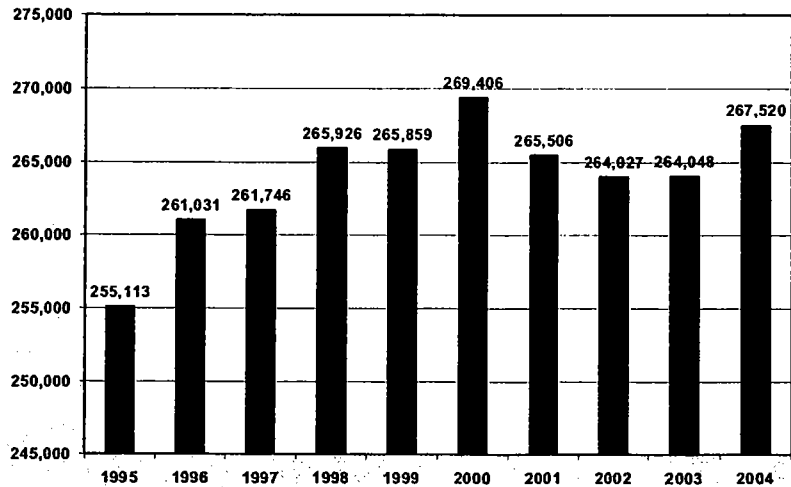
The four counties in the region have very different industrial structures and occupational mixes. The economic focus varies by county and even by sub-county area. In general, rural areas have relied on the wood products industry and agriculture, while the urban centers have established a more diverse economy that included wood products. The benefits of economic growth and diversification have been primarily focused on the four largest cities of the region (Albany, Corvallis, Springfield, Eugene). Rural communities have faced a more difficult time in strengthening their economies due to their relative isolation, capacity limitations, and smaller employment bases.

Employment and Unemployment

While the number of covered workers in the region rose slightly in 2004 from the prior year to 267,520, the region still has 2,000 less jobs than it did in 2000. The gain of 740 manufacturing jobs in 2004 has had limited impact given the loss of 5,960 manufacturing jobs from 2000 through 2003. (See following tables for more a more detailed picture of trends).

Covered Employment includes all employed persons (including part-time and temporary workers) covered under the Unemployment Insurance Act. CEOs, proprietors, military, self employed, and other non-insured workers are not included. If a worker holds more than one job, each job is reported separately.

Annual Average Covered Employment, BL3

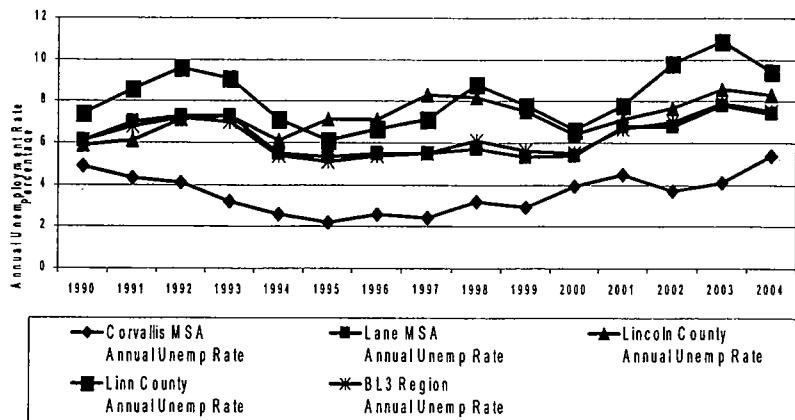


Unemployment Rates, BL3

	June 2005	May 2005	June 2004
US	5.0%	5.1%	5.6%
Oregon	6.5%	6.4%	7.5%
Benton	5.3%	4.5%	5.6%
Lane	6.6%	6.2%	7.6%
Lincoln	6.9%	6.6%	8.4%
Linn	8.1%	7.5%	9.6%

High unemployment levels continue, with the annual average unemployment in the region hovering around 7%-8% for the past several years. 19,671 people in the region were identified as unemployed in June 2005. Those that have given up looking for work or who have accepted underemployment are not reflected in these unemployment statistics.

Annual Unemployment, BL3: 1990-2004



Traditional Sectors of the Economy

Most data presented are for jobs covered by the Oregon Employment Department unemployment insurance tax. Agriculture, fisheries and government are industries in the region with significant noncovered employment. State economists use estimates of covered and noncovered employment for agriculture and government. There are no official published estimates of noncovered employment in fisheries. Wage data are for covered employment only.

NAICS: Measuring employment has changed in recent years as a result of the new North American Industry Classification System (NAICS), replacing the U.S. Standard Industry Classification (SIC) system.

The following "Traditional Sectors of the Economy" data and descriptions were prepared by the State of Oregon Employment Division for this strategy. Tables 1 and 2, immediately below, provide regional traded sector data for employment, wages and growth projections. Information in these tables is reviewed in more detail under the following narrative descriptions for each of the eight NAICS industry sectors (see text box).

Table 1
Regional Traditional Sector Employment

	2001	2002	2003	2004	2014	2004-2014 Number	2004-2014 Percent
Forest Products	9,867	9,603	9,147	9,193	8,720	-473	-5.1%
Fisheries 1/	104	100	91	87	63	-24	-27.6%
Agriculture 2/	5,150	5,000	5,080	5,480	N/A	N/A	4.5%
High Tech	7,588	7,082	6,933	6,944	6,794	-150	-2.2%
Software	1,562	1,415	1,217	1,321	1,581	260	19.7%
Tourism	23,056	22,899	23,253	23,744	27,410	3,666	15.4%
Metals	3,577	3,088	3,117	3,304	3,210	-94	-2.8%
Government 3/	48,750	48,440	42,940	48,390	52,344	3,954	8.2%

1/ Includes only covered employment

2/ Oregon Employment Department estimate that includes both covered and noncovered employment for 2001-204. Employment growth percent for 2004-2014 is based on covered employment only and is not directly comparable to earlier years.

3/ Government includes tribal employment

Table 2
Regional Traditional Sector Annual Average Wages

	2001	2002	2003	2004	Statewide 2004
Forest Products	\$35,965	\$37,017	\$38,456	\$40,425	\$39,293
Fisheries 1/	\$30,349	\$30,342	\$35,581	\$43,463	\$36,527
Agriculture /2	\$22,256	\$23,190	\$23,104	\$23,855	\$20,083
High Tech	\$58,523	\$59,616	\$65,008	\$64,200	\$69,274
Software	\$57,828	\$58,107	\$64,263	\$63,992	\$87,937
Tourism	\$11,679	\$12,052	\$12,312	\$12,537	\$14,535
Metals	\$44,156	\$44,387	\$44,032	\$45,774	\$43,231
Government 3/	\$45,309	\$47,307	\$49,584	\$52,149	\$38,864

1/ Includes only covered employment

2/ Estimate is covered and noncovered employment
Projection is covered employment only

3/ Government includes tribal employment

Forest Products

The forest products industry remains vital to the region. This sector fueled the economy through much of the 19th Century and well into the 20th. More recently, it's been battered by economic recession and timber supply reduction. In response, the industry has become more efficient with larger mills that can process a wider range of raw material. The industry has also become more diverse, with a shift toward secondary wood products. Today, it is able to better handle the cyclic slumps and price swings that plague most of manufacturing.

The four counties of the region each have at least some employment in the forest products sector. Between 2001 and 2004, forest products employment dropped from 9,867 to 9,193. Employment stabilized between 2003 and 2004, when strong demand for housing and resulting high prices in wood products markets supported the industry. Industry wages tend to be high, with a regional average of \$40,425, compared with the all-industry annual average of \$31,837.

Employment in the forest products sector is expected to decline slightly between 2004 and 2014 – by 5.1% or 473 jobs. Continued technological advances will likely make the industry less labor intensive. Foreign competition, particularly from Canada, will contribute to the decline. The industry is protected somewhat by tariffs on Canadian lumber imports.

Fisheries

Fisheries employment in the region is primarily in coastal Lincoln County – especially in Newport, with a few additional jobs in Lane County. Aside from a small number of jobs in aquaculture – primarily oysters – fisheries employment is in commercial fishing for wild finfish and shellfish.

Employment seems to be slowly decreasing, but accurate counts are difficult to make. 1999 legislation excused most fishermen from unemployment insurance coverage – the primary source of employment data. The number covered by unemployment insurance dropped from 126 in 2001 to 111 in 2004. The total number of commercial fishermen in the region is probably several times higher. The recorded decrease could be from fewer fishermen working or choosing to maintain unemployment insurance coverage – or a combination of the two. A decreasing number of licenses and a federal fleet-reduction program for groundfishing suggest some of the apparent decrease is real.

Fishing employment in the short run is tied to harvests and 2004 brought a record crab crop and larger tuna, whiting and sardine harvests. License and income data suggest employment increased slightly in 2004, but a good year or two is unlikely to offset the long-term trend. Fishermen face consolidation in the fish-processing industry, which reduces the number of viable ports; price competition from the aquaculture industry, which encourages the substitution of capital for labor to increase productivity; and increasing regulation on harvests. The Pacific Fishery Management Council declared several species of groundfish over fished and restricted harvests to rebuild their stocks. These restrictions will probably continue. Crab harvests have been excellent recently.

Fishing will continue to be an important source of income in the region. The landed value of fish in Lincoln and Lane Counties was about \$30.4 million in 2004. That is about one-third of Oregon's total. Average wages in the industry are about \$40,000 per year and have risen sharply in the past few years. It is estimated that total employment, however, will slowly decline from 2004 to 2014.

Agriculture

Agriculture has long been a dominant and visible sector of the Willamette Valley economy. The agricultural production of the region includes a variety of field crops as well as livestock and poultry production.

Linn County, also known as, “the grass seed capitol of the world,” is not so subtle about the county’s largest crop. It produces more grass seed than any other county in Oregon. In fact, Linn County produced nearly one-third of the state’s perennial ryegrass in 2004. Nearly half of Linn County’s gross farm sales in 2004 were from grass and legume seed. Linn County had total gross farm sales of \$230 million in 2004, and the most agricultural employment of the four counties in the region. In 2004, its annual agriculture employment was 2,190.

Lane County is the second-largest agricultural producer in the region; its gross farm sales were just over half (\$119 million) of Linn County’s. Lane County’s agriculture industry is a bit more diverse than Linn’s, with only 14% of the county’s gross farm sales from grass and legume seed. Lane County’s top commodities in 2004 were farm forest products, cattle, nursery crops, and Christmas trees. In 2004, Lane County’s annual agriculture employment was 1,820.

Benton County’s 2004 gross farm sales were slightly less than Lane County’s. Benton County had \$106 million in gross farm sales. Benton County produces a number of commodities. In 2004, its largest commodities were farm forest products, perennial ryegrass, dairy products, and tall fescue. Benton County’s annual agriculture employment was 1,260.

Lincoln County has the smallest agriculture sector of the four counties in the region, with 2004 employment of 210. The county’s gross farm sales were \$11 million in 2004. Its largest commodities last year were farm forest products and cattle.

In 2004, the regional average annual wage for crop production was \$23,646, above the statewide average of \$19,575. For animal production, the average wage in the region was \$25,305, just above the statewide average of \$24,697.

Using only covered employment data, agricultural employment is expected to grow by 4.5% from 2004 to 2014.

The U.S. Department of Agriculture designated Benton, Lincoln and Linn Counties as primary agricultural disaster areas in September 2005. Severe weather-related conditions hit 2005 grass seed crops, with some farmers facing a 50% loss. Designation offers some farmers and ranchers low-interest emergency loans.

High Tech (less software)

The high-tech sector is made up of computer and electronics manufacturing and computer systems design and related services. All four counties have at least some employment in the

sector, with Benton County leading the way – due mostly to the presence of Hewlett-Packard. Another major employer in the region is Hynix semiconductor in Lane County. Hewlett-Packard has had several publicized rounds of layoffs in recent years; Hynix has slowly added employment and made capital improvements totaling hundreds of millions of dollars.

After growing rapidly in the 1990s, high tech declined in the region when the recession started in 2001. It lost 644 jobs between 2001 and 2004. Much of the loss can be attributed to Hewlett-Packard in Corvallis, Sony in Springfield, and Rosen Products in Eugene. After losing jobs in 2001 and 2002, the sector stabilized at around 7,000 jobs. Jobs in this sector are generally high paying, with annual average wages at \$64,200 in 2004, compared with an average annual wage for all industries of \$31,837.

The high-tech sector is expected to decline slightly in the region over the next 10 years – losing 150 jobs or around 2.2% of current employment levels. Continued improvements in production efficiency and competition from domestic and international companies are expected to limit growth in this sector in the region over the next ten years.

Software

Software in the region is characterized by several, mostly small software publishers. There were 59 locations employing 1,321 in 2004. Two of the larger software publishers are Symantec in Springfield and Tripod Data Systems in Corvallis.

Software in the region declined during the last recession, which was largely due to a downward correction in computer-related industries. From 2001 to 2003, employment in the sector dropped from 1,562 to 1,217, for a loss of 345 or 22%. The sector regained some of the loss in 2004, with a gain of 104 jobs. Wages in software are generally high. Average annual wages in 2004 were \$63,992, compared with an average annual wage for all industries of \$31,837.

Software is expected to add 250 jobs for a growth rate of about 20% over the next 10 years. Symantec will expand its facility and other smaller firms – including Lunar Logic and Traffic Leader in Lane County - have recently seen employment gains.

Tourism

Tourism is important in all four counties of the region. Dean Runyan Associates estimated the region received about \$1 billion in travel spending in 2003 and that travel provided about 14,000 jobs. Estimating tourism-related employment is difficult because tourism is not an industry proper, but a source of customers. Two industries in the region strongly affected by tourism are arts, entertainment and recreation, and accommodation and food services, referred to here as the leisure and hospitality industry.

Employment in leisure and hospitality dipped slightly in 2002 during the recession. It grew in 2003, surpassing its earlier level,

and again in 2004. The industry provided 23,744 jobs in 2004 – about 10% of total covered employment in the region. Leisure and hospitality is relatively more important in Lincoln County, where it provides about 25% of the covered jobs. The average covered wage was about \$12,500 per year in 2004. This was much lower than the regional average of about \$31,800. The low covered wage reflects the prevalence of part-time and seasonal work, use of tip income to augment covered wages, low skill and low training requirements, and the apparent increasing use of recent immigrants, who may lack the education, language skills or work history to command higher wages.

Employment in leisure and hospitality is expected to grow faster than the average in the region – about 15.4% over the next ten years. Growth will be fueled by the continuing expansion of demand for services in the U.S. economy, increasing travel as the baby-boom generation enters retirement, casino expansions, and Oregon’s tourism marketing. In 2003, the Oregon Legislature passed a 1% lodging tax to promote tourism. This dramatically increased spending on marketing in some counties – more than a 10-fold increase in Lincoln County – and has led to more collaborative marketing between the state’s regions and industries.

Metals

The metal manufacturing sector is concentrated in Linn and Lane Counties. Linn County is responsible for nearly all of the primary metals employment in the region and Lane County comprises the majority of fabricated metals employment in the region.

Linn County hosts nearly all of the primary metal manufacturing in the region, employing over 1,700 in 2004. In fact, Linn County accounted for 22% of primary metal manufacturing employment statewide in 2004. Lane County makes up the small remainder of the primary metal manufacturing in the region, employing less than 100 in 2004. Benton and Lincoln Counties had no primary metal manufacturing employment in 2004. Wages in primary metal manufacturing are significantly higher than the average wage across all industries in the region. The average annual wage in primary metal manufacturing was \$55,441 in 2004, 74% higher than the average wage in the region of \$31,837.

Fabricated metal manufacturing is a slightly smaller industry than primary metals, employing 1,540 in the region during 2004. Lane County made up 75% of the regional employment in the industry. Linn County comprised 21% of the regional employment and Benton and Lincoln Counties made up the small remainder. The average annual wage in fabricated metals was \$34,702 in 2004, higher than the \$31,837 average paid across all industries, but not nearly as high as regional average wages in the primary metals industry.

Overall, metals manufacturing is projected to decline by 2.8% in the region from 2004 to 2014, but it is a tale of two industries. Primary metal manufacturing is projected to decline by 11% over the ten-year period, while fabricated metals is projected to grow by 7%. The projections place metals manufacturing among one of

the slower-growing industries in the region (across all industries the employment of the region is projected to grow by 13.7% between 2004 and 2014).

Government

Public-sector employment is a very significant sector in the region. Statewide, public-sector employment makes up about 17% of total nonfarm employment. In the region, it accounts for 20% of the total nonfarm employment. Federal government employment (1.4%) in the region is actually slightly lower than the statewide average of 1.9%. Local government in the region accounts for 11% of nonfarm employment, matching the statewide percentage.

The region differs significantly from the statewide pattern in State government employment. State government makes up 8% of regional employment, twice the statewide percentage of 4%. The biggest reason for this is that the two largest universities in Oregon are located in the region. Oregon State University and the University of Oregon are the largest employers in their respective counties of Benton and Lane.

Average annual covered wages for government workers in the region were \$36,449 in 2004, lower than the statewide average of \$38,864. The regional average wages were lower than statewide for federal, state, and local government.

The government sector is projected to grow by 8% from 2004 to 2014 in the region. Statewide, employment growth in the public sector is projected to grow at a similar pace of 9% over the ten-year period.

Editor's Notes:

The economic force of the two universities in the region is not visible in the above compilation of government employment data. In addition to direct university employment, the universities spin-off research, generate service and trade sector businesses to meet the needs of their substantial student populations, and act as a visitor draw.

Tribal activities are also a significant economic force in the region that is not visible in the above Government Sector data. Casino and related tourism employment generated by the tribes has become a key element of the coastal economy. As these ventures continue to expand, tribal employment growth is expected to generate a relatively high rate of new jobs in the Government Sector.

Emerging Clusters

The following narratives on emerging traded sector industry clusters were prepared for this regional strategy document by the State of Oregon Employment Department.

Motor Coach – Bicycle Manufacturing

Motor coach and bicycle manufacturing are centered in Lane County, where, in 2004, motor coach manufacturing employed 3,663 and bicycle manufacturing, 169. Motor coach manufacturing is cyclical and has had two recent large employment increases – once in the late 1990s and again from 2004 to 2005. Monaco Coach and Country Coach are two of several companies that use bus chassis as bases and add amenities to produce high-end coaches. Burley Design is a large bicycle manufacturer in Lane County that has often been included in Oregon Business magazine’s list of best places to work.

Motor home and bicycle manufacturing are expected to grow over the next ten years. With the baby-boom generation entering its retirement years, national demand for motor coaches is expected to remain strong. Bicycles are a popular form of transportation in college towns like Eugene and Corvallis. Very high gasoline prices may also increase demand somewhat for bicycles.

Viniculture

Viniculture has expanded in the region for several years. There were 80 vineyards in the region in 2004 with 1,208 planted acres – up from 65 vineyards with 1,044 planted acres in 2000.

Most of Oregon’s wineries are relatively small and often have difficulty finding major market distributors to carry their brands. In May 2005, the Supreme Court ruled that bans on interstate, direct-to-consumer wine shipments were unconstitutional. That may help open markets to the smaller wineries of the region. Since then, New York has lifted its ban on direct sales, opening the nation’s second-largest market to small wineries.

Specialty Foods

The temperate climate of the region allows for a wide variety of agricultural products that can be used to produce specialty foods. Specialty foods are defined by the National Association for the Specialty Food Trade as “limited supply, high quality.” Fruits, nuts, berries, vegetables, and animal products are all used to create the value-added niche foods described as specialty foods. Oregon State University’s College of Agriculture and the Oregon Department of Agriculture (ODA) support specialty foods production through research and funding. Some examples of projects in the region that have been funded through ODA-administered specialty crop grants include: Wild Harvest Honey of Eugene (\$25,000) for a breeding program utilizing mite-resistant honeybees; Local Ocean Seafoods Inc. of Newport (\$90,000) for developing tuna and crab products for export; Green & Green Inc.

of Corvallis (\$53,000) for development of uniquely packaged processed fruit products.

Some specialty food companies in the region include Emerald Valley organic salsa, Oregon Lox, and Harry and David, which runs a call center during the holiday season in Eugene.

Direct Market Foods

Farmers and other food producers can increase their revenue by selling directly to customers instead of to wholesalers. This is done through farmer's or fishermen's markets, you-pick operations, community-supported agriculture (CSA), farm stands, mail order and Internet sales, and sales to restaurants and stores. There are farmer's markets in Albany, Corvallis, Eugene, Florence, Kings Valley, Lincoln City, Newport and Yachats. There are CSA farms in Albany, Corvallis, Philomath, Junction City, Eugene, Springfield, Coburg, Blachly, Cottage Grove, Pleasant Hill, Creswell, and Noti.

Lincoln City opened its second farmer's market this year. The Port of Newport is developing plans for a fishermen's market in conjunction with the Greater Newport Chamber of Commerce, the Coastal Oregon Marine Experiment Station, and the Newport Fishermen's Wives Association.

Nurseries

Greenhouse and nursery employment has generally been significant and stable in the region. Most employment is in Lane and Benton County, with a few establishments in Linn County. Between 2001 and 2004, the industry added one job to reach employment of 786 at 35 business locations. Greenhouse and nursery crops are a high value crop for the region, producing about \$22 million in sales in 2004.

Greenhouse and nursery employment is expected to add about 130 jobs in the region over the next ten years for a 16.7% increase.

Nano-Technology, Micro-Technology, University Spinoffs and Tech Transfer

The presence in the region of Oregon State University and the University of Oregon has been a factor in attracting high-tech companies and creating spinoffs such as consulting firms and software companies. Nano- and micro-technology is a recent promising development that these universities are facilitating.

The 2003 Oregon Legislature established the Oregon Nanoscience and Microtechnologies Institute (ONAMI) with a \$21 million investment, of which \$20 million was for capital construction. The group includes departments at Oregon State University, the University of Oregon, Portland State University and the Northwest National Laboratory (Richland, WA); the State of Oregon; and Oregon Health Sciences University. In addition, private companies in the region, including Hewlett-Packard and Hynix,

participate in the effort. Operating funds for ONAMI were approved for the 2005 biennium.

As part of the ONAMI effort, a University of Oregon chemistry professor has won a patent that could lead to a new class of nanoscale electronics and optics assembled from nanoparticles – including ultrascale transistors that operate efficiently at room temperature.

Editor's Note: The Lane Economic Committee, with the assent of the Regional Investment Board, identified the significance of the health care industry in the future economy of the region. The following information is taken from the State Employment Department's website.

Health Care

Health care remains the fastest-growing occupational group in Oregon, adding nearly 25% in ten years. But health care occupations do not dominate the fastest-growing occupations list in terms of percent growth, as they did in 2002-2012 projections. In that cycle, the top 25 occupations with more than 500 employees in 2002 were in health care. That percentage dropped to 13% with the updated 2004-2014 projections. This indicates that health care occupations will remain prominent among the fastest growing occupations, but that other occupations are now expected to grow more quickly in the next ten years.



SECTION 7

Challenges and Opportunities

Identifying Strengths, Weaknesses, Opportunities, and Threats

Members of the Benton-Lane-Lincoln-Linn Regional Investment Board (BL3 RIB) and the Cascades West Economic Development District (CWEDD) discussed the state of the region during a strategic planning forum in July 2005. Information presented for consideration and discussion was gathered from:

- ♦ 2004 CONTACT survey of ninety Lane County businesses
- ♦ Discussions with twenty Benton, Lincoln, and Linn County businesses in April-May 2005 by Cascades West COG with assistance of the Albany-Millersburg Economic Development Corporation, Economic Development Alliance of Lincoln County, and Corvallis-Benton Economic Development Partnership
- ♦ Interviews with the city manager/administrator/recorder of each city in the region
- ♦ Interviews with Port managers of Alsea, Toledo, and Newport
- ♦ Discussions with community and economic development partners including the Oregon Employment Division, Linn-Benton Community College, Oregon Coast Community College, Linn Benton Housing Authority, and the Community Services Consortium
- ♦ Employment, population, and income data and projections from various State and federal sources

The information presented at the forum, additional information and perspectives provided by forum participants, and prior regional planning work (2003-05 Regional Investment Strategy) was used to prepare the following summary of regional strengths, weaknesses, opportunities, and threats. Committees of the BL3 RIB and CWEDD met separately to further evaluate this outline of challenges and opportunities in the late summer of 2005. Personal perspectives shared at the forum and during committee discussions are highlighted in boxed italicized text.

While there is some crossover, these challenges and opportunities are organized under the four topic areas of:

- ♦ Health of Our Economy
- ♦ Health of Individuals and Families
- ♦ Health of Our Communities
- ♦ Health of Our Natural Systems

Health of Our Economy

Employment and Economic Diversification

Comments from Forum participants:

- ♦ *Jobs and growth are basic to quality of life as their taxes support desired public services.*
- ♦ *Balancing efforts between short- and long-term job creation is needed to solve problems needing a longer-term approach.*

- ♦ In 2004, the region had an increase in the number of jobs for the first time in five years. However, the region still had almost 2,000 less jobs than in 2000.
- ♦ Monthly and annual average unemployment rates in all BL3 counties remain above national unemployment rates and at or above State rates.
- ♦ Although high, unemployment rates remain fairly stable, especially when compared to the peak-trough cycles of past decades.
- ♦ Almost 20,000 individuals were unemployed in June 2005. This does not include those who have given up looking for work or who have accepted under-employment.
- ♦ The economy is diversifying toward non-manufacturing.
- ♦ There has been minor job growth in manufacturing compared with much stronger growth in service and trade.
- ♦ The Oregon Employment Department projects that these trends will continue for the next decade.
- ♦ Hewlett Packard is in the process of a major reorganization that is reducing the workforce at their Corvallis facility. The implications of the restructuring and reductions are not yet fully known, however, there are likely to be ramifications in the local economy as some workers leave the area and as other former HP employees start business ventures of their own.

Overall Business Perspectives

Comments from Forum participants:

- ♦ *The agriculture and fisheries sectors are important to the regional economy.*
- ♦ *Economic growth could be encouraged by studying and developing emerging clusters.*
- ♦ *There is an opportunity to develop/support energy-related businesses and to encourage energy efficiency within businesses we assist.*
- ♦ *Using technology transfer from our universities we can attract, create, and expand businesses.*

RIB Planning Committee comments:

- ♦ *Uncertainty of funding and poor national perception of Oregon education system can affect recruitment efforts.*
- ♦ *Education system needs to be viewed as K-20.*

- ♦ Most of the businesses contacted said that the best thing about doing business here is the area's high quality of life. Several explained their business remains here despite market, labor cost, and other locational factors because they enjoy the lifestyle of the region. Several also noted that a high quality of life was important to attract and retain quality employees.
- ♦ Lane County businesses most frequently cited the economy as the top issue impacting their operation. Several noted that they plan to expand operations if the economy improves.
- ♦ The top issues most frequently identified as impacting the businesses contacted in the region were societal in nature, with many noting:
 - Entry workers seem to have poorer work ethics (absenteeism, improper attire, tardiness, unwillingness to work as a team member) than in the past and need basic soft skills training prior to entering the workforce, and
 - Instability in the K-12 funding hampers attracting/retaining technical and highly skilled professional workers.
- ♦ Benton, Lincoln and Linn resource-dependent businesses contacted noted that shifting public policies (Measure 37, harvest decisions) impact their investment and expansion decisions. All expressed that a better public understanding of the connection between a stable healthy environment and a stable healthy economy is needed.

Workforce and Globalization

Comments from Forum participants:

- ◆ *Soft skills issues and poor work ethics are also an issue for Lane County businesses.*
- ◆ *The gap in soft skills being reported across the U.S. is said to be linked to the generation entering the workforce.*
- ◆ *Health costs are rising faster in Oregon than other states.*
- ◆ *Work ethics were addressed in high school professional-technical classes, which are the first classes eliminated.*
- ◆ *Physical education classes that prepared students for more strenuous, physically demanding jobs are being cut back.*
- ◆ *Professional and technical training classes are important to economic development.*
- ◆ *The median employment age on the Coast is higher than elsewhere (average age in Lincoln County is currently fifty years) and is already making it difficult to refill positions.*
- ◆ *We are increasingly encountering issues that are part of globalization and the bigger world picture.*

Businesses contacted noted several workforce concerns:

- ◆ Uncompetitive costs (related to globalization).
- ◆ Need for soft skills/work ethic training.
- ◆ Continued inability of many workers to meet basic math and/or reading requirements.
- ◆ Need for technical training.
- ◆ Unprepared entry workers.
- ◆ Higher-skilled and professional workers are unavailable and sometimes unwilling to relocate.

Globalization issues were reported widely, impacting workforce issues and related matters:

- ◆ Almost all manufacturers contacted highlighted how increased global competition impacted their businesses.
- ◆ Several manufacturers noted that they were preparing to outsource part/all of a labor-intensive production line to China where trained laborers are \$.25-.28/hour.
- ◆ The region is a major exporter of goods in the Oregon economy, nearly all of which must travel outside the region before actual shipment overseas.
- ◆ Movement of goods, especially to and from global markets is made more difficult by the limitations on rail use and the lack of an inter-modal transit site.

Physical Environment

Comments from Forum participants:

- ◆ *Water, sewer, etc. infrastructure limitations are also a significant concern of manufacturing businesses.*
- ◆ *Physical space for business development (e.g., business incubators) is important to grow jobs.*
- ◆ *Industrial sites that meet the needs of new and expanding manufacturers are not available.*

RIB Planning Committee comment:

- ◆ *Highway 20 improvements will have an effect on Coast/Valley relationships and coastal tourism.*

Transportation issues noted by businesses contacted included:

- ◆ Moving workers and goods along the I-5 corridor is becoming increasingly difficult due to congestion.
- ◆ Rail use is challenged by limited availability of rail cars and deferred line maintenance.
- ◆ Trains blocking major roadways (e.g., Albany's Queen Avenue) impact business operations.
- ◆ Air connections are needed by Lincoln County businesses.

Health of Individuals and Families

Income and Poverty

Comment from Forum participant:

- ♦ *The region is losing ground on personal income levels compared to U.S. levels.*

RIB Planning Committee comment:

- ♦ *Employment Department is providing classes for seniors re-entering the workforce, because of concerns that retirement income will not cover cost of living.*

- ♦ While the average payrolls of BL3 counties have increased (1997-2002 after inflation), they remain at/below the average payroll in Oregon.
- ♦ There is growing economic disparity between the haves and have nots influenced in part by industrial sector dominance. In example, the average annual wage in Oregon's Leisure and Hospitality sector is \$14,000 compared to \$50,000 in the Information sector.
- ♦ This have-have not divide is apparent among the BL3 counties where the average 2004 household income in Lincoln County was \$24,150 compared with \$33,700 in Benton County.
- ♦ Improving poverty rates between 1990 and 2000 indicate that overall the region seems to be doing better financially. However, population growth masks a 9% growth in the number of people in poverty during the same time period.
- ♦ There are 73,790 people in poverty in the BL3 region, of which almost 30% (19,975) are children.

Regulation and Taxation

Comment from Forum participant:

- ♦ *Government regulations impact businesses, especially natural resource businesses, more than noted in the business interviews.*

- ♦ Many of the businesses interviewed in Lane County expressed concern that a vocal minority negatively impacts regulatory policy.
- ♦ While many Lane County businesses noted that government regulations were a hindrance, few businesses contacted in the Benton-Lincoln-Linn survey expressed regulatory concerns.
- ♦ Many of the businesses contacted in Benton-Lincoln-Linn (especially in Lincoln) expressed concern that the quality of life that they valued was threatened negatively by the State tax structure, especially as it impacted the quality of education.

Those in Need

While public funding for many assistance programs has been reduced, needs remain high:

Comment from Forum participant:

- ♦ *The number of those in need is increasing, but it is difficult to capture the actual number in need because social service providers are turning away potentially eligible recipients due to funding constraints.*

- ♦ 6% of Oregonians have a serious mental health disorder. The State has moved most previously institutionalized individuals into communities.
- ♦ Overnight shelters in the region housed 1,695 people on the State's 2005 one-night count.
- ♦ The Oregon Food Bank reports that the number of food basket requests met in the region increases dramatically each year.
- ♦ Both Lincoln and Linn-Benton Housing Authorities relay their waiting list for HUD Section 8 housing subsidies remain well above the number of available vouchers.
- ♦ 50% of students in Lincoln County qualify for free/reduced fee lunches compared with 43% in Linn, 37% in Lane, and 24% in Benton.
- ♦ In Oregon 23% of the population receives DHS services compared with 43% in Lincoln, 27% in Linn, 25% in Lane, and 16% in Benton. (2003 data).

RIB Planning Committee Comment:

- ◆ *There is a growing need for individuals to take responsibility for basic preventative health care.*

Lane Economic Committee Comment:

- ◆ *Health care needs more recognition as a growing sector of the economy and as a significant economic force.*

Comments from Forum participants:

- ◆ *By comparing ourselves to ourselves academically we don't get a true picture of whether the region is moving forward.*
- ◆ *While numbers may not be readily available, college-entry students who need remedial classes or assistance and the placement of college graduates may be better indicators of educational success.*
- ◆ *The difference between education measures and perceptions could be that those tested have not yet reached the workforce.*
- ◆ *Educational perceptions are based on interaction with students and graduates, not on how those individuals tested scholastically. One perception is that even high achievers do not communicate or carry themselves as well as their counterparts did ten years ago. An alternative view is that business people anticipate a certain quality that when not met under a limited encounter shapes their reality.*
- ◆ *Average income of the families of college students is increasing, perhaps due to increases in tuition.*
- ◆ *High school dropout rate does not take into account students who choose to receive a GED so that they are able to move more quickly onto an academic or career track. The GED-track is challenging and shouldn't be discounted.*
- ◆ *Financial difference for obtaining a college education is widening. College graduates are projected to earn \$1 million more in their life than those with only a high school diploma.*

RIB Planning Committee comment:

- ◆ *Classes are being cut for jobs that can't be exported (plumbers, electricians, mechanics).*

Health Care

- ◆ Health care businesses relate that the increased cost of health care coverage is especially impacting the least fortunate, as reflected by a three-fold increase in the number of charity requests.
- ◆ An increase in the severity of cases received at the hospital level indicates that individuals are increasingly deferring physician visits until a health crisis arises.
- ◆ Charity requests are lowest in Linn County, perhaps because insurance remains more stable due to union contracts.

Education

- ◆ Businesses, especially those in Lincoln County, were concerned about a threat to education quality and most city contacts noted concern about school instability.
- ◆ Measures typically show educational performance in the region's K-12 school between 1997-2003 has improved and that the region exceeds State norms:
 - 3rd Grade reading & math scores, except reading scores in Lincoln County, have improved and exceed State scores;
 - 8th Grade reading & math scores, except Benton's reading score which is lower than their 1997 score (one of the highest in the State) and Lincoln County's scores are lower than the State average.
 - Latest scores in Lincoln County have dropped.
- ◆ High School dropout rates have improved over time, but the dropout rates in Lincoln and Linn Counties remain above statewide dropout rate.

Health of Our Communities

Growth

Comments from Forum participants:

- ◆ *"Management" of growth may be less of a priority today.*
- ◆ *State tax policies do not reward communities for economic development.*
- ◆ *Costs of infrastructure expansions and service increases needed by new development are often borne by the existing community. Springfield will not recuperate infrastructure funding from an industrial development project for six years.*
- ◆ *The cost of housing and limited affordable units impact the ability of middle-income earners to accept jobs in smaller communities: Nurses are unable to afford Coastal housing. Lowell lacks entry-level homes for teachers.*
- ◆ *Lincoln City feels geographically constrained as the ocean and hills limiting their ability to meet growth pressures.*

- ◆ The population of the region grew at a slower pace (3.1%) than Oregon (4.7%) from 2000 to 2004.
- ◆ The region is increasingly more urbanized, with 70% of the population living in incorporated cities in 2000 versus 64% in 1990.
- ◆ The population of the region is becoming increasingly more concentrated.
- ◆ The four largest cities of Albany, Corvallis, Eugene and Springfield drove the region's growth in 2000-2004 with a combined growth rate of 5.6% versus .6% for the remainder of the region.

Economic Development

Comments from Forum participants:

- ◆ *There is a lack of industrial lands in all communities, making the task of matching expanding/new businesses with an appropriate site very difficult.*
- ◆ *Programs have been making investments (e.g., Community College Centers) in smaller communities to better connect with community needs.*
- ◆ *As the State Needs and Issues process changes it will be the responsibility of communities to update the database themselves.*
- ◆ *Small cities need to have access to collective/cooperative approaches to addressing infrastructure, school, labor skills, etc. needs because they are not able to adequately address these by themselves.*

- ◆ Several cities noted that they gained significant ground building a common community vision by involving the various stakeholders of their community.
- ◆ Community priorities appear to have broadened:
 - Smaller cities spoke less about replacing manufacturing jobs than in the past.
 - Larger cities spoke of working on common economic development agendas with other economic development players.
 - Several communities noted that they were working on strategies to create destination developments and build tourism.
- ◆ Cities discussed their concern about having an insufficient supply of buildable industrial sites, many noting that they were working to move sites to a shovel-ready state.
- ◆ Downtown revitalization and redevelopment was a priority noted by all cities.

Infrastructure

Comment from Forum participant:

- ◆ *The infrastructure challenges of ports and special districts are affected by financial shifts from tax base supported to fee supported, and from grants to loans offered by the state. However, as fee supported, they lack debt capacity to carry a loan.*

RIB Planning Committee comment:

- ◆ *Cost of transportation will begin to bear on commuting and where people and jobs locate.*

- ◆ Cities noted that transportation issues challenge their ability to accomplish their economic development priorities.
- ◆ Cities report that they are making progress in addressing infrastructure problems, although they forecast ongoing infrastructure challenges:
 - Maintenance and improvement needs are continuous;
 - Solutions are often complex and/or costly;
 - Repair and expansion funding is inadequate; and
 - Limited local resources strain the ability of cities, especially smaller ones, to balance multiple needs.

Education and Schools

Comments from Forum participants:

- ◆ *When public school closures in Lincoln County (Eddyville, Siletz) threatened these key parts of community identity, community members stepped forward to establish a charter school. Toledo is now having the same discussion.*
- ◆ *The delay of school budget data from the State impacts the ability of local schools to plan.*

- ◆ Some cities noted recent efforts to retain a sense of community given closures of local schools that had been primary community gathering spaces and provided a common sense of identity.
- ◆ There was widespread concern among cities about school funding; especially how it will impact education quality and workforce preparedness. Those interviewed relayed that school funding needs to be stabilized for economic growth.
- ◆ Overall comments from the cities about the Oregon's community and economic development programs were positive, although there was widespread concern about the future availability of State and federal funding for community priorities.

Public Safety

Comments from Forum participants:

- ◆ *Public safety challenges are heavily tied to methamphetamine use.*
- ◆ *Methamphetamine use has broad social impacts on children, on social service demands, etc.*
- ◆ *There are significant public safety issues in Lane County, where violent crimes have resulted in decreased attention to property crimes.*
- ◆ *Safety and the perception of safety impact quality of life especially heavily in rural/smaller communities.*

Comments from Lane Economic Committee:

- ◆ *Public safety issues threaten the quality of life of the region.*
- ◆ *98% of the businesses in the Lane CONTACT survey identified public safety as a concern to their business.*

Public safety was not a major topic raised in the community interviews. The impact of methamphetamine use on community resources was mentioned by several businesses interviewed. It is perceived as the most significant public safety problem and is directly related to most other public safety problems. Forum participants felt that it was a significant issue (see comments, right).

Health of Our Natural Systems

Resource-Based Businesses

Comments from Forum participants:

- ♦ *Our oceans present a unique research opportunity.*
- ♦ *The fisheries industry is in competition with other ocean uses (aquaculture, wind/wave power generation, mining, oil production) all of which need to be balanced.*

- ♦ Natural resource-based businesses expressed that continued shifts in public policy related to harvesting and land use make business investment and expansion decisions difficult.
- ♦ Resource-based firms contacted all put a high priority on the public understanding connectivity between environment and economy.

Water Quality and Quantity

Comments from Forum participants:

- ♦ *Monitoring or local enforcement of groundwater limits will be required of communities, especially the more urban ones, in the near future.*
- ♦ *Springfield imposed groundwater protection to reduce/alleviate the need to invest in the future.*
- ♦ *Balancing water needs is becoming increasingly complex because uses often compete for flow versus retention at the dams (fish, recreation, drinking water, economic development, irrigation).*
- ♦ *The question of water rights will increasingly come into play as growth consumes existing rights.*
- ♦ *Water discharge temperatures have been a big issue at the legislative level this year and are expected to be an increasing concern of industrial and municipal dischargers.*

Water quality and quantity issues, outside of concern over infrastructure capacity, were not major issues raised in the business or community interviews or the Lane business survey. Forum participants were asked about their perceptions of water quality and quantity issues.

Comment from Forum participants:

- ♦ *Wetlands identification and remediation is a big, often overlooked, issue to moving industrial sites into use.*
- ♦ *Tsunami preparedness assistance and funding will be a high priority need for the Coast over the next several years.*
- ♦ *There are additional recycle and pre-cycle opportunities associated with our landfills.*

Natural Hazards and Land Conditions

Risk of natural hazard and land conditions were not major topics of the business or community interviews or the Lane business survey. Forum participants were asked about their perception of issues associated with:

- Slides
- Flooding
- Earthquakes
- Tsunamis
- Wetlands
- Brownfields and Superfund sites
- Landfills