



SECTION 1

Introduction and Executive Summary

Document Context

This community and economic development strategy provides a framework for long-term planning efforts in the four-county area of Benton, Lane, Lincoln, and Linn Counties, Oregon. The information and strategy outlined in this document combines and integrates the:

- ♦ **Comprehensive Economic Development Strategy (CEDS)** of the Cascades West Economic Development District (CWEDD) required by the U.S. Department of Commerce Economic Development Administration, and the
- ♦ **Regional Investment Plan (RIP)**, including the Rural Action Plan, required of the BL3 Regional Investment Board by the Oregon Economic and Community Development Department (ORS 285B.242 and 285B.257).

This publication is made possible through:

- ♦ U.S. Department of Commerce Economic Development Administration grant funding.
- ♦ Oregon State Lottery – Regional Investment and Rural Investment Funds administered by the Oregon Economic and Community Development Department.

Multiple information sources were used to develop the information presented in this document:

- ♦ 2004 CONTACT survey of ninety Lane County businesses
- ♦ Discussions with twenty Benton, Lincoln, and Linn County businesses
- ♦ Interviews with the city manager/administrator/recorder of each city in the region and 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

Based on the information gathered, **strategy development was steered by:**

- ◆ Cascades West Economic Development District (CWEDD) – A partnership between Oregon Cascades West Council of Governments and Lane Council of Governments. The CWEDD receives federal funding through the Economic Development Administration to work on economic development priorities. The Oregon Cascades West Community and Economic Development Committee and Lane Economic Committee played lead roles in defining regional community and economic development issues, opportunities, vision, goals, and work programs.
- ◆ Benton-Lane-Lincoln-Linn (BL3) Regional Investment Board (RIB) - Members appointed jointly by the commissioners of the four counties are charged with the development and implementation of the State’s lottery-funded Regional and Rural Investment Programs in the four-county region. The BL3 RIB Planning Committee provided review and recommendations on the refinement of regional issues, opportunities, vision, goals, and two-year implementation strategy.

Key Findings

-- A brief summary will be inserted here following RIB and economic committee discussions on the draft document. --

Summary of Contents

The profile of the region (Sections 2-6), regional challenges and opportunities (Section 7), and the regional vision and goals (Section 8) presented in this document are applicable to both CWEDD and BL3 RIB. Work program descriptions for the CWEDD and BL3 RIB are included separately (Sections 9 and 10). Text boxes alongside the following summary of sections delineate the requirements of the Regional Investment Program (ORS 285B.230-.269).

Section 1: Executive Summary, a requirement of the Regional Investment Program, provides an introduction to the strategy and summary of key findings. **Section 2: Putting the Region on the Map** provides basic background on the region, including geography, climate, and jurisdictions.

Sections 3 through 6 fulfill ORS 285B.239(2) requirements to present an "analysis of the unique or significant resources that provide the foundation for the regional investment strategy," and supplies, in part, the background necessary for ORS 285B.239(1) "identification of short-term and long-term priorities."

The next four sections delineate the social, environmental, cultural, intellectual, and political "capital" of the region:

- ♦ **Section 3: Our People** presents information on demographics, population, poverty, educational attainment, and labor force.
- ♦ **Section 4: Our Natural Systems and Resources** includes background on the resource lands; water, air, and land quality; natural hazards; wetlands; and threatened and endangered species in the region.
- ♦ **Section 5: Our Community Resources** reviews the status of local funding, land use, infrastructure, transportation, education, health, and other systems and resources in the region.
- ♦ **Section 6: Our Economy** completes the review of the region's existing assets and conditions. It presents an analysis of employment, unemployment, traditional industrial sectors, and emerging clusters.

Section 7 fulfills ORS 285B.239(3) requirements to define an "analysis of barriers to implementation and an identification of the means to overcome those barriers." More on the "means to overcome those barriers," is found in the Two-year Implementation Plan in Section 10.

Section 7: Challenges and Opportunities defines the region's strengths, weaknesses, opportunities, and threats (SWOT), obtained from interviews with a wide variety of jurisdictions, agencies, and businesses. This analysis goes beyond a normal SWOT by focusing the analysis on the "health" of communities, individuals, the economy, and natural systems.

Section 8 fulfills, in part, ORS 285B.239(1) requirements for "identification of short-term and long-term regional priorities" and delineates economic partners and defines their input, in fulfillment of ORS 285B.239(4).

Section 8: Regional Vision and Goals provides the overall vision and goals for the region, establishing the framework for identification of short-term and long-term regional priorities. This section also identifies our economic partners.

Section 9: Cascades West Economic Development District Work Program presents the work plans to be undertaken by the two Councils of Governments and is primarily pertinent primarily to the CEDS, although the work plan of the CWEDD does overlap and support the efforts of the Regional Investment Program in numerous ways.

Section 10 addresses multiple Regional Investment Program requirements.

Overview defines the focus of this section.

Legal Framework fulfills ORS 285B.239(9) to demonstrate that a region has the capacity to allocate and effectively use the Regional and Rural Investment Fund resources.

Organizational Structure and Board Membership provides information on the BL3 Regional Investment Board and how it does business, as required in ORS 285B.242 and 285B.239(9).

Long Term Plan presents the four eligible areas of activity that will drive the efforts of the program per ORS 285B.239(4).

Two-Year Implementation Plan defines the focus of the Regional Investment Strategy for the 2005-07 biennium. The program's project application, review, and evaluation process are specified, including information on loan programs, tourism projects, industrial marketing programs, and interface with the State of Oregon's Strategic Reserve Fund. This fulfills ORS 285B.239(5).

Plan for Minorities and Economically Disadvantaged details the efforts at outreach and inclusion through all stages of the strategy, from development to contracting with individual projects per ORS 285B.239(6).

Program Evaluation satisfies ORS 285B.239(7) and (8) by establishing performance measures and targets, benchmarks, and reporting requirements for the program.

Section 10: BL3 Regional Investment Board Work Program defines the focus of the Regional Investment Strategy during the present biennium. This section is important to fulfilling the requirements of the Regional Investment and Rural Action Plans, that each subsection will be reviewed individually.

In addition to this summary of Strategy contents, Appendix ?? uses the State of Oregon's "Outline of a Regional Investment Strategy" to present the Regional Economic Development Act (ORS 285B.269) requirements and references the sections of this document appropriate to those requirements.

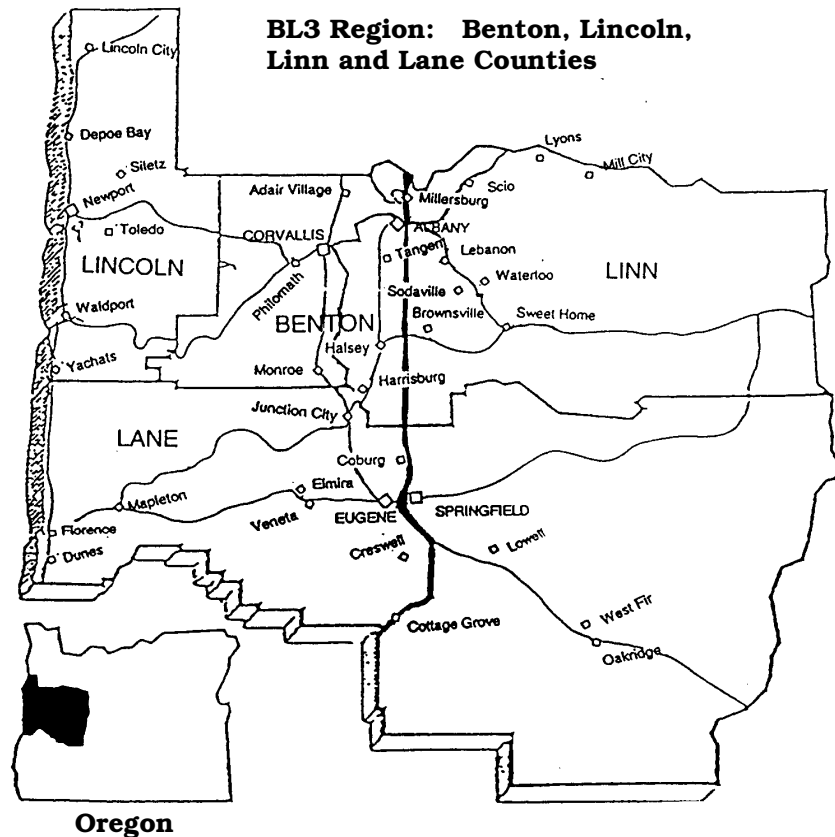


SECTION 2

Putting the Region on the Map

Location

The planning region for the Cascades West Economic Development District and the BL3 Regional Investment Board is the four-county area of Benton, Lane, Lincoln, and Linn Counties. The region is located in the center of western Oregon, stretching from the Pacific Ocean eastward over the Coast Range and through the Willamette Valley to the crest of the Cascade Range.



Major highway routes include the north-south Interstate 5 (I-5) Freeway; Oregon Highway 99, also providing north-south access through the Willamette Valley; Oregon Highway 101, connecting the coast area north-south; with major east-west connections provided by U.S. Highways 18, 20 and 34, and Oregon 126.

Geographic Profile

The region includes a variety of geographic features. Moving from west to east across the region, characteristics include:

- ◆ The **Pacific Ocean** coastline is framed by sandy public beaches, craggy cliffs, and the Oregon Dunes National Recreation Area. Rain waters move from the east side of the Coast Range through multiple creeks, rivers, and bays toward the ocean. Natural fresh water lakes dot the coastal area.
- ◆ Rain forest precipitation in the **Coast Range** promotes the growth of lush foliage and timber. The Siuslaw National Forest overlays most of the Coast Range within the region.
- ◆ **Coast Range foothills** are predominately secondary farmlands, where growth of Christmas trees has established the area as the “Christmas Tree Capitol of the World.” Multiple streams and rivers move water from the east side of the Coast Range toward the Willamette River. A dam creates the large Fern Ridge Reservoir.
- ◆ Elevations fall to around 200 feet along the Willamette River, which runs north through the alluvial **Willamette Valley** toward its mouth at the Columbia River. Prime and secondary agricultural lands grow a variety of crops, notably the nation’s largest grass seed production. Most of the population of the region resides near the Willamette River in the I-5 corridor.
- ◆ **Rolling foothills** with timber and secondary farmlands rise to frame the east edge of the Willamette Valley. Streams and rivers move large quantities of water toward the Willamette River. Large water reservoirs are formed in the foothill areas by Dexter, Cottage Grove, Green Peter, and Foster dams.
- ◆ Elevations rise in the volcanic **Cascade Range** to peaks at Mt. Jefferson of 10,495 feet and at the 10,385 foot South Sister. The timbered Willamette and Umpqua National Forests overlay much of Cascade Range area of the region. Natural lakes dot the mountain area.

Land Base

Federal and State lands comprise 45% of the total area of the 5.4 million acre (8,601 square mile) region. Federal and State forest lands cover 30% of the land in the region. 50% of the land base in the region is in forest land.

ACREAGE	Region	Benton	Lane	Lincoln	Linn
Area Total	5,433,000	428,000	2,913,000	631,000	1,461,000
Prime Farmland	456,000	76,000	160,000	0	221,000
Forest Land	4,317,000	268,000	2,477,000	555,000	1,017,000
-State/Fed Forest	2,476,000	85,000	1,582,000	234,000	575,000

Climate

The region has a temperate climate with moderate differences between summer high and winter low temperatures. The region receives more than 40 inches of rainfall per year, which promotes timber growth, a large agricultural sector, and, except in coastal areas, a relatively plentiful fresh water supply.

Cities

There are 36 incorporated cities in the four-county region. 70% of the regional population resides in these incorporated areas (397,720 of 565,850 people per 2004 estimate).

There are two Metropolitan Statistical Areas in the region: Eugene-Springfield and Corvallis. The four largest cities by population are Eugene (home of University of Oregon), Springfield, Corvallis (home of Oregon State University), and Albany. Over half of the region's population resides in these cities.

Most incorporated cities in the region are small communities. In 2004, 26 cities in the region had a population of under 5,000 and 11 of these cities had a populations of under 1,000 people. Population data is provided in Section 3 – Our People.

Incorporated Cities	
<i>Benton County:</i>	<i>Lane County:</i>
- Adair Village	- Coburg
- Corvallis *	- Cottage Grove
- Monroe	- Creswell
- Philomath	- Dunes City
	- Eugene *
<i>Linn County:</i>	- Florence
- Albany *	- Junction City
- Brownsville	- Lowell
- Halsey	- Oakridge
- Harrisburg	- Springfield
- Lebanon	- Veneta
- Lyons	- Westfir
- Mill City	
- Millersburg	<i>Lincoln County:</i>
- Scio	- Depoe Bay
- Sodaville	- Lincoln City
- Sweet Home	- Newport *
- Tangent	- Siletz
- Waterloo	- Toledo
	- Waldport
* County Seat	- Yachats

Port Districts

Ports manage a variety of recreational, commercial fishing, industrial, and shipping activities and facilities predominately focused along their respective waterfronts. As a form of government, port districts are overseen by elected officials and have the ability to tax and bond. Port districts in the region are:

- ◆ Port of Newport, Yaquina Bay in Newport
- ◆ Port of Toledo, Yaquina Bay/River in Toledo
- ◆ Port of Alsea, Alsea Bay in Waldport
- ◆ Port of Siuslaw, Siuslaw Bay/River in Florence

Tribes

Historically, multiple bands of tribal members lived throughout the region. Many Oregon tribes were consolidated onto reservations in what were, in the late 1800's, less desirable coastal areas. Today, the active tribes in the region are:

- ◆ Confederated Tribes of Grand Rhonde, based in the rural Polk County community of Grand Rhonde.
- ◆ Confederated Tribes of Siletz Indians, based at Siletz with several Lincoln County business ventures including casino, golf course, and motel properties in Lincoln City.
- ◆ Confederated Tribes of Coos, Lower Umpqua and Siuslaw, based predominately in Douglas County with a recently opened casino in Florence.



SECTION 3

OUR PEOPLE

The populations of the four counties in the Benton-Lane-Lincoln-Linn region have much in common, but there remain significant population differences from county to county as well as from each county compared to statewide data. Despite these population variances and travel distances within the region, the labor market of the four-county area is increasingly inter-connected.

Population and Growth

Total Population

Total population of the region was estimated at 565,850 in 2004 (Population Research Center, Portland State University). Between 1990 and 2000, the population in the region grew by 13.7% (64,811 people), for an average annual growth rate of 1.3%. Lane County led regional population growth, with a growth of 15.2%.

County Population Trends

Year	Benton	Lane	Lincoln	Linn	Region
1990	70,811	282,912	38,899	91,227	483,849
2000	78,153	322,959	44,479	103,069	548,660
2001	79,000	325,900	44,650	103,500	553,050
2002	79,900	328,150	44,700	104,000	556,750
2003	80,500	329,400	45,000	104,900	559,800
2004	81,750	333,350	44,400	106,350	565,850

1990 and 2000: U.S. Bureau of the Census

2001-2004: Certified Population Estimate, Center for Population Research at Portland State University

Population growth slowed to .8% annually from 2000-2004, compared with 1.3% annual growth between 1990 and 2000.

Sluggish regional economic growth appears to have resulted in a slowing of regional population growth. The total population of the region grew only 3.1% (or .8% annually) from 2000 through 2004, compared to a statewide growth rate of 4.7% for this period.

In-migration is still the primary population growth factor in the region. 68% (37,694) of the population growth in the region from 1990-2000 was due to in-migration. From 2000-2002, in-migration accounted for 59% of the regional growth of 8,090 people. Slow economic growth may account for the recent slowing of in-migration rates.

Population Projections

Growth projections through 2040 are that the region will continue to grow more slowly than the overall state. The State of Oregon Office of Economic Analysis, Department of Administrative Services (OEA) estimates that state population will grow by almost 58% by 2040, while our four counties will grow by only 41%, with the highest growth rate continuing to be in Lane County.

Future growth projections (OEA) estimate that in-migration will accelerate, with in-migration accounting for 83% of regional population growth through 2040. Estimates predict that especially the coastal population will continue to age and that all net growth in coastal areas will come from in-migration.

Urbanization

The region is increasingly more urbanized, with 70% of the population living in incorporated cities in 2000 versus 64% in 1990 (U.S. Census). The four largest cities in the region of Eugene, Springfield, Corvallis, and Albany are driving regional growth, with a combined growth rate of 5.6% from 2000 through 2004 compared with a .6% growth rate for the remainder of the region.

Demographics

Minorities

Minorities (Black or African-American, American Indian, Asian, Pacific Islander, and Hispanic or Latino) accounted for 11.0% of the population in the region in 2000 compared with 7.1% in 1990. At the state level, the minority rates for the same period are 19.1% (2000 Census) and 11.2% (1990 Census).

As with many population factors, our four counties differ in the composition of our minority populations. Racial diversity in the region is the highest in Benton County (13.3% minority population in 2000), which may be influenced by a higher proportion of Asian/Pacific Islanders (37%) than identified statewide (25%). In Lane County, minorities are 8.0% of County population, with Hispanics accounting for almost 50% of all minorities. Lincoln and Linn Counties both have a minority population rate of 6.1%. Lincoln County, home to the Confederated Tribes of Siletz Indians, has the highest percentage of American Indians (2.3%) in the region and the same percentage of Hispanics. In Linn County, 60% of the minority population is Hispanic.

Growth of the Hispanic population is accelerating. Hispanics accounted for 1.9% of the regional population in 1980. By the 1990 Census, the Hispanic population in the region had risen to 2.4%. By the 2000 Census, Hispanics accounted for 4.5% of regional population. 2003 population estimates indicate that the Hispanic population had risen to 5.1% of the region. Looked at

another way, between the 2000 and 2003, annual overall population growth rates in the region were approximately 0.4% per year while the Hispanic population in the region grew at an average of 4.4% per year (eleven times faster).

Age and Gender

Age patterns in the region are generally similar to those statewide. One in five people in the region are of school age (5-19 years old) and 60% of the regional population is of working age. The region does have a slightly smaller percentage of pre-school age children (5.9% versus 6.6% for the state), and has a slightly higher percentage of population older than 65 (13.6% versus 12.8% for the state).

Projections to 2040 (OEA) forecast that the retirement age population will rise to 20% in both the region and the state. The percentage of school age population statewide is projected to drop by 16%, while it is projected to drop by only 6% at the regional level. Working age population is projected to drop to 56% statewide and to 53% in the region.

50.8% of the population in the region is female and 49.2% is male. The percentage of females is slightly higher in the region than for the state. Lincoln County and coastal Lane County have greater gender disparity, perhaps reflecting the growth of the coastal area as a retirement area.

Income and Poverty

Income Disparity

While the average payroll after inflation increased in each county between 1997 and 2002, all remain at or slightly below the average payroll in Oregon. Income varies greatly, but consistently, among the four counties of the region and in comparison to statewide data whether measured by average wage, per capita income, or median household income.

Economic disparity between the counties is influenced in part by industrial sector dominance and in part by population composition. Some areas of the region have a strong Leisure and Hospitality sector (\$14,000 annual statewide average wage) while others are adding large numbers of jobs in the Information sector (\$50,000 annual statewide average wage). The prevalence of small business ownership and a large retiree population also contribute to Lincoln County's lower average income levels. In Benton County, a proportionately large university student population impacts Benton County's median household income but is less evident in that County's median family income data. The impact of university students on County income statistics is not as apparent in Lane County due to its overall larger population base.

The Oregon Employment Department uses average wage (AW) as their focal point. In 2004, the AW in Oregon for all covered

employment was \$35,621. Benton County's AW was \$37,247 (104.6% of state level). Lincoln County has the lowest AW, at \$26,015 (73.0%). Lane at \$31,338 (88.0%) and Linn at \$31,401 (88.2%) are below the state AW but close to each other.

Sources of Personal Income – 2003

	Oregon	Benton	Lane	Lincoln	Linn
Total Personal Income (000's)	\$102,418,819	\$2,410,599	\$8,698,081	\$1,196,115	\$2,525,489
Net Earnings	66.2%	66.6%	62.1%	53.9%	61.6%
Dividends, Interest, and Rent	18.2%	23.1%	20.1%	23.0%	16.7%
Transfer Payments	15.6%	10.3%	17.7%	23.2%	21.7%

U.S. Bureau of Economic Analysis

Personal income is derived from the three basic sources of earnings, dividends/interest/rent, and transfer payments (retirement, medical, unemployment, and veterans benefits). The table above relates the higher level of transfer payments and lower level of earnings in Lincoln County, likely driven by its higher percentage of retirees.

Poverty and Need

Poverty rates in the region for all measures (overall number in poverty, various iterations of families in poverty, and those qualifying for food stamps) are slightly higher than state rates, but within a reasonable range. Benton County has lower rates than the state in all measures except for overall poverty, which in Benton County is affected by the college student population.

The percentage of the population in poverty (poverty rate) improved between 1990 and 2000 in the region (U.S. Census). However, the number of people in poverty grew substantially during that same time period, with a 9% increase in the number of individuals in poverty in the region.

73,790 individuals in the region were in poverty in 2000 (for example, \$19,307 was the poverty threshold for a family of four). The percentage of people of all ages in poverty was 12.2% in the region, which is somewhat higher than the state poverty rate of 11.3%.

19,590 children ages 0 through 17 years were in poverty. The rate of children in poverty in the region of 16.1% was slightly higher than the state's rate of 15.1%. Children represent almost 30% of the impoverished in the region.

38% of families headed by women were in poverty in 2000.

The highest poverty rates in the region were for families headed by women with children under 18 years of age. In the region, over 38% of these families are in poverty; at the state level the poverty rate for these families is 33.3%.

Other indicators also reflect that a large portion of the population in the region is in need. In 2004, 29.7% percent of the population

in the region qualified for food stamps (eligibility is 185% of poverty rate) compared to a statewide 26.9% eligibility rate. Overnight shelters in the region housed 1,695 people on the evening of the State of Oregon One Night Count. In the 2004-05 school years, 50% of students in Lincoln County qualified for free/reduced fee lunches compared with 43% in Linn, 37% in Lane, and 24% in Benton Counties.

Labor Force

The 2000 U.S. Census divides the labor force into six basic occupational categories (see table below). Our four counties vary significantly amongst themselves and in comparison to the state.

Occupation in 2000 - U.S. Census

	Oregon	Benton	Lane	Lincoln	Linn
Total Employed	1,627,769	38,356	155,460	19,263	46,140
Management/Prof.	33.1%	46.9%	31.9%	27.3%	25.1%
Service	15.3%	14.8%	15.7%	21.9%	15.9%
Sales/Office	26.1%	20.7%	26.3%	27.5%	23.7%
Resource Industries	1.7%	1.7%	1.3%	2.9%	2.3%
Construction/Maint.	9.1%	6.3%	9.3%	10.4%	11.0%
Production/Transp.	14.7%	9.7%	15.5%	9.9%	21.9%

Lane County closely reiterates the state percentages. Benton County exhibits the effects of its two primary employers (Oregon State University and Hewlett Packard), with a 50% higher number employed in management and professional activities. Lincoln County has a significantly higher percentage employed in service positions, reflective of its visitor-based economy. Linn County exceeds the state percentage for those working in production and transportation by 50%.

Educational Attainment

Educational measurements indicate very different populations in each of the counties of the region. K-12 test scores, high school dropout rates, and educational attainment data show Benton County and Lane County exceeding state education norms, while Lincoln County and Linn County typically lag far behind Benton and below state levels.

Testing measures typically show educational performance has improved in the K-12 schools of the region over the past five years. With a few exceptions, average countywide test scores typically exceed statewide averages.

High school dropout rates for the population over age 25 in the region have improved over time. Dropout rates in Benton (2.8%) and Lane (3.8%) Counties are significantly better than statewide averages (4.9%). However, the dropout rates in Lincoln (6.0%) and

Linn (6.1%) Counties significantly exceed the statewide dropout rate.

The over age 25 populations of Benton and Lane Counties both exceed state norms for attainment of high school diplomas and Bachelor degrees (see Table). Populations in Lincoln and Linn Counties both exceed state percentages for those whose highest level of education was high school or some college (including associates degrees), but who have not achieved a Bachelor Degree. In Linn County, 18.1% of the population over age 25 did not hold a high school or equivalent diploma, compared with only 6.9% of Benton County, 12.5% of Lane County, and 15.1% of Lincoln County.

Educational Attainment – 2000 Census

Age 25+ Completing	Oregon	Benton	Lane	Lincoln	Linn
- High School or Higher	85.1%	93.1%	87.5%	84.9%	81.9%
- Bachelor Degree or Higher	25.1%	47.4%	25.5%	20.8%	13.4%



SECTION 4

Our Natural Systems and Resources

Agricultural and Forest Lands

Agricultural Lands

The majority of the prime farmland in the region lies along the Willamette River. Vegetables, berries, grass seed, and variety of other crops are grown on these prime agricultural lands. Secondary, foothill, and coastal lands also play an important role in the regional agricultural picture, producing high-value nursery stock and vineyards, and establishing the region as the Christmas tree and the grass seed “capitol of the world.”

Policies to promote a healthy agricultural economy include land use zoning, designation of urban growth areas, and property tax deferrals. In addition to providing economic diversity and food production, keeping land in agricultural use promotes land conservation, which is particularly important where agricultural lands lie in close proximity to urban areas.

Forest Lands

Forest lands are important to the region for their economic, environmental, recreational, and quality of life benefits. Forest lands cover half of the region.

Douglas fir is the primary timber species in the Cascade and Coast Ranges. Much of the forest has a mixed lower canopy of Sitka spruce and western hemlock, and there are alder-dominated pockets.

Federal- and State-owned forests comprise 57% of all forest lands and include the Siuslaw, Willamette and Umpqua National Forests plus Bureau of Land Management holdings. With one-third of the regional land base in federal and State forest land ownership, public timber policies have a dramatic impact on economic and community health. Federal timber harvest policy changes in the mid-1990’s deepened an economic recession and, in many communities, eliminated primary employers.

Timber harvest reductions have dramatically reduced the number of professional staff in the region focused on forest health. Federal staff reductions have resulted in closure of multiple U.S. Forest Service ranger stations, removing another employer from already

economically fragile rural communities. While restoration, limited harvesting, and road abandonment efforts continue to place professionals in the forests, reduced oversight of remote areas allows illegal uses (poaching, marijuana cultivation) and fires to remain undetected for longer periods of time.

Surface and Ground Water Quality

Water quality and quantity issues have a large impact on development in the region. Water resources are used extensively for recreation, agriculture, industrial and commercial activities, and domestic needs. These human-oriented uses must be balanced with the habitat requirements of fish and wildlife.

Surface Water Health

Multiple creeks, streams and rivers flow toward either the Pacific Ocean on the west side of the Coast Range, or toward the Willamette River on the east side of the Coast Range. Natural lakes dot the region, especially along the coastline and in the mountain areas. Dam structures have created larger lakes at Fern Ridge, Cottage Grove, Dexter, Foster, and Green Peter.

Pacific Ocean: The vast body of the Pacific Ocean defines the western edge of the region. The coastal area has numerous rivers and drainage basins that discharge directly into the Pacific Ocean. While professional opinions vary on the extent to which man-generated pollutants are impacting ocean health, the ocean is going through a warming cycle that appears to correlate with reductions in anadromous fish runs.

Bays serve critical functions in the ocean ecosystem. They also serve important economic functions as the home of marine life research, commercial fisheries, recreational fishing, and tourism. Urban storm water runoff and discharge of sewage effluent challenge bay health that, in turn, challenges economic health.

Willamette River Drainage Basin: The Willamette River Drainage Basin covers approximately twelve percent of the State of Oregon. The river system within the basin consists of the Willamette and thirteen major tributaries. The Willamette is the tenth largest river in the continental U.S. in terms of total discharge at its Columbia River mouth. Thirteen in-stream structures regulate flows above Albany (the northern edge of the region).

In the Willamette Basin, many competing water uses contribute pollutants to the water supply, and the quality of both surface water and groundwater sources is a major concern. Several planning efforts have assessed the conditions of waterways in the Willamette Basin in the past decade. Among those efforts is current work being done by the Oregon Department of Environmental Quality (DEQ) to establish a Total Maximum Daily Load (TMDL) for temperature, bacteria, and mercury in the Willamette River. When finalized, the Willamette TMDL will be used to assess and regulate surface water uses that have an impact on pollutant levels.

Additional information about TMDLs and other Willamette River planning efforts can be found at:

<http://www.deq.state.or.us/WQ/Willamette/WRBHome.htm>

http://governor.oregon.gov/Gov/Willamette_River_Legacy/restore.shtml

Groundwater Health

Groundwater is an important natural resource. It recharges area streams and rivers and provides a non-surface drinking water source for multiple community water systems.

The quality of groundwater sources in the region are influenced by human activities as well as natural factors. One factor affecting groundwater quality and quantity is development and associated stormwater runoff. When stormwater is channeled directly into a surface water body, less water goes into the ground. Even where stormwater is recharged to the ground through a pond or trench, it can carry pollutants in amounts that, over time, can contaminate groundwater. Other influences associated with development, such as septic system releases, lawn and garden chemical applications, and pollutants associated with vehicle use can also cause groundwater pollution. In addition to nitrate pollution of the groundwater, there are areas in the Willamette Valley where the groundwater is contaminated by naturally occurring arsenic.

For further details on the Southern Willamette Groundwater Management Area visit:

<http://www.groundwater.oregonstate.edu/willamette/>

Research by the Oregon Department of Environmental Quality (DEQ) identified significant levels of pollution, primarily nitrates, in groundwater between Albany and Eugene. DEQ established the Southern Willamette Groundwater Management Area in 2004 due to the level of identified pollution. A plan for the management area is to be developed to guide State agencies' decisions that are related to groundwater in the management area.

Air Quality

Air quality is impacted by almost every natural and man-influenced factor; from plant growth and naturally occurring decay, to industrial and vehicle emissions.

Every day we breathe about 35 pounds of air. High levels of air pollution can impact those with heart or lung disease, asthma, and challenged immune systems. Air pollutants may also impact habitat and water quality.

The U.S. Environmental Protection Agency (EPA) has established six health-based Nation Ambient Air Quality Standards that are monitored in areas that have or had air quality problems.

Generally, air quality in the region remains of high quality. However, the American Lung Association recently ranked Lane County as the seventh-worst county in the nation for air quality.

Many of the inland areas of the region experience periods of air stagnation. When this happens in winter months, cold air often becomes trapped at the Willamette Valley floor with warmer air aloft, creating temperature inversion conditions. The combination of cold, stagnate air and restricted ventilation causes air pollutants to become trapped near the ground. Wintertime air inversions contribute to high particulate levels, while summertime inversions contribute to an increase in ozone levels, both causing the local air quality to deteriorate.

In the region, the U.S. Environmental Protection Agency (EPA) only requires environmental monitoring of air quality in Lane County, where three of the six National Ambient Air Quality Standards are monitored:

- ♦ **Particulate Matter:** The Eugene-Springfield area was designated as a PM non-attainment area in 1980, re-designated in 1987, and last exceeded the federal standard in 1987. Oakridge was designated a PM non-attainment area in 1994; and, while Oakridge occasionally experiences high PM levels, federal air standards have not been exceeded there since 1993.

- ♦ Ozone: Eugene-Springfield remains in attainment with federal ozone standards.
- ♦ Carbon Monoxide: Eugene-Springfield was designated a non-attainment area in 1978, last exceeded the federal standard in 1986, and was re-designated as an attainment area in 1994.

While fine particulate levels remain below EPA standards, Oakridge exceed the American Lung Association's benchmark level for healthy air on 20 days in 2000, 25 days in 2001, and 17 days in 2002. By comparison, the Eugene-Springfield area exceeded that level on just 6 days in 2000 and 2001, and on seven days in 2002. The Lane County Regional Air Pollution Authority, City of Oakridge, and federal funding programs are expanding air clean-up efforts by launching a "Warm Homes, Clean Air" project targeted at reducing wood heating.

Land Quality: Brownfields and Superfund Sites

Brownfield Sites

A brownfield is defined by the Oregon Department of Environmental Quality (DEQ) as:

"A real property where expansion or redevelopment is complicated by actual or perceived environmental contamination."

DEQ notes that every city and county has vacant, underused, and potentially contaminated properties.

Details about sites with known and potential contamination and current clean-up status are listed by DEQ at: <http://www.deq.state.or.us/wmc/ecsi/ecsiquery.htm>

Sites where petroleum releases from underground storage tanks have been reported are recorded by DEQ at: <http://www.deq.state.or.us/wmc/tank/LustPublicLookup.asp>

DEQ's map-based program that identifies sites in its database is at: <http://deq12.deq.state.or.us/fp20/>

As of August 2005, 476 sites in the BL3 region were identified on the Oregon Department of Environmental Quality (DEQ) Environmental Clean-up Site Information (ECSI) database. The variety of sites within the region listed on the ECSI database includes neighborhoods above contaminated groundwater plumes, vacant and abandoned properties, and active business locations. Past and current land uses on listed sites include dry cleaners, manufacturing operations, trucking facilities, gas stations, an abandoned mine, rail yards, landfills, army bases, and residences with leaking oil tanks.

DEQ has determined that "No Further Action" is needed on 160 of the sites listed for the region, leaving 316 sites still requiring some level of assessment and/or clean-up. Only 6 of the 48 sites where hazardous substance contamination has been identified have received No Further Action status. 14 sites have been declared an "Orphan Site" because contamination is not tracked to a single contaminator, the contaminator is out of business, or the contaminator does not have resources to conduct clean-up. The ability to develop or redevelop sites without No Further Action status is in question until the existence of contamination is clarified and, if needed, remedied.

Active Brownfields

The level of potential health and/or environmental threat from contamination has moved the clean-up of some sites onto DEQ's "Active Brownfield" list (August 2005):

- ♦ Coffin Butte Landfill, north of Corvallis, is being monitored for on-site groundwater contamination.
- ♦ Evanite in Corvallis is monitored at four locations: its waste water facility where trace TCE and other contaminants were identified, where a 1978 TCE spill was covered by a parking

lot after soil removal, lagoon of a prior paper mill that is now under a building, and at an underground mineral spirits tank.

- ◆ Black Butte Mine, south of Cottage Grove, was a mercury mine from late-1890 into mid-1960. Arsenic and mercury were identified on the site and at area creeks. Orphan status was granted in 2002. OSU monitors site conditions.
- ◆ Potter Manufacturing Facility in Eugene has completed clean-up, with DEQ granting No Further Action status in 2001.
- ◆ Springville Dry Cleaners in Springfield has removed PCE contaminates caused by a broken drain line. DEQ issued a “Contained-In” determination in 2005.
- ◆ UPRR Eugene Yards has operated since 1918 as a rail maintenance yard. Contamination from drips and spills of creosote, solvents, grease and oil has been contained. Nearby wells have been remedied. DEQ granted a partial No Further Action approval in 2004.
- ◆ Lebanon Area Groundwater to the west of Lebanon’s Century Park is contaminated by PCE, TCE, DEC and TCA. Remedial action at three dry cleaners is underway.
- ◆ Ridgeway Logging site in Sweet Home was granted Orphan status. Contamination in nearby Midway neighborhood wells required connections to City water in 2000. DEQ is determining if additional clean-up is necessary.
- Sweet Home Area Groundwater in the Midway area was granted Orphan status in 1996. Two groundwater plumes with PCE, TCE, and TCA have impacted wells in the area.

Superfund Sites

The level of potential health and environmental threat from contamination moved the clean-up of some sites into the more intensive federal “Superfund” clean-up program. The National Priorities List (NPL) for the Superfund program includes ten Oregon sites, two of which are located in the region:

- ◆ United Chrome Products in the Corvallis Airport Industrial Park was listed on the NPL in 1984. Between 1956 and 1985, United Chrome’s plating tanks leaked into groundwater and aquifers. Contaminate traces were identified in surface waters two miles from the site. Clean-up has been completed and the site is currently under a one-year monitoring program. In July 2005, DEQ made a preliminary conclusion that no further action will be needed.
- ◆ Teledyne Wah Chang in Millersburg was identified for the NPL in 1987. Three areas have been remedied and DEQ expects that the site will be cleared within the fifteen-year timeframe specified under the NPL based on a three year review of:
 - Seven unlined sludge ponds adjacent to the Willamette River where clean-up was completed in 1993 by removal of over 100,000 cubic yards of soil and solidification.
 - Groundwater and sedimentation in Truax Creek was cleaned-up and finalized in December 2002.
 - Remediated surface and sub-surface soils.

Addressing Brownfields

Further information on DEQ and other State brownfield assistance is available on DEQ's website:

<http://www.deq.state.or.us/wmc/>

Several assistance programs are in place to help identify contamination, and to move brownfield sites toward clean-up and redevelopment.

- ♦ Site-Specific Assessments: DEQ accesses federal funds to gather detailed site condition information, and to prepare recommendations and cost estimates for any clean-up.
- ♦ Funding through the State for assessments and clean-up are available for specific development proposals.
- ♦ Orphan sites are designated when contamination poses a serious threat to human health or the environment and responsible parties are unknown, unable, or unwilling to pay for remedial actions. Orphan status opens public technical assistance and funding access.
- ♦ Independent Clean-up Pathway allows low- and medium-priority sites to be cleaned without ongoing DEQ oversight.
- ♦ Prospective Purchaser Agreement between DEQ and a prospective purchaser legally limits the purchaser's liability to the State for environmental clean-up of a property in return for a commitment to clean-up or fund clean-up of the site.

Natural Hazards

Disaster Preparedness

The communities in the region continue to develop and refine planned responses to natural hazard emergencies, to avoid the hazard if possible, and to minimize any long-term negative impact resulting from the hazard. Local emergency management plans are mandated by the Federal Emergency Management Agency (FEMA) to qualify for pre- and some post-disaster assistance.

A Regional All Hazard Mitigation Plan, completed for the region in 1998, focused primarily on the hazards of flooding, severe storms, mudslides, and landslides. All counties have emergency response plans. If a major emergency strikes, Benton, Lane, and Linn Counties will work with Marion, Polk, and Yamhill Counties. Lincoln County and coastal Lane County cooperate with other coastal areas.

The level of detail in local plans varies greatly. Some communities are working with their County emergency services staff to prepare base-level plans, while others are preparing full-scale response procedures. For example, Sweet Home's 2002 update of their plan provides 400 pages of details that include lists of private entities with pumps and generators, and recommended policies for emergency procedures and preventing new home construction in flood plane areas (most of which have since been enacted).

Floods

Traditionally, the most commonly occurring natural emergencies in the region have been floods. The region has continued to work on flood control, with damages from 1996 floods (reaching over \$34 million) resulting in attention to refining and adjusting

emergency procedures and in the re-designation of some areas near Willamette Valley waterways as flood plain.

A current example of continuing flood management efforts are repairs and improvements underway on the Fern Ridge Reservoir dam. While the development and recreation value of the reservoir is most apparent, the long-term positive value of flood control in maintaining economic stability is often overlooked. There are thirteen in-stream structures regulating Willamette River basin waters upstream of Albany (the northern edge of the region).

Communities continue to monitor designated flood hazard areas to make certain that any development in those areas is safe and appropriate for flood management. Assessment of storm drainage systems, policies that encourage percolation instead of runoff of storm waters, and evaluation of fill requests have all been elevated in importance over the past decade.

Tsunamis

Tsunami hazard zones appear along the Pacific coastline of the region, extending inland along bay fronts, rivers, and streams. Tsunamis are a series of sea waves usually caused by a displacement of the ocean floor by an undersea earthquake. As tsunamis enter shallower water near land they increase in height. Recent research suggests that tsunamis have struck the Oregon coast on a regular basis. Typical wave heights over the last eighty years occurring in the Pacific are twenty to forty-five feet at the shoreline. A few waves have reached one hundred feet or more due to local conditions.

The December 2004 tsunami that wiped out entire communities along the Indian Ocean reminded residents along the Pacific Coast of the importance of tsunami planning. Threats of a Pacific Coast tsunami in the spring of 2005 further alerted coastal officials to adjustments needed in their response systems, as portions of the coast failed to receive emergency response warnings.

Most coastal communities are in the process of reviewing their tsunami hazard zones, refining tsunami evacuation plans, and identifying how development plans within hazard zones should be adjusted. The premier wave research lab at Oregon State University provides researchers world wide with tsunami modeling capabilities.

Earthquakes

The region is located in the Cascadia Subduction Zone. If plates along the Cascadia ridge shift, earthquakes of up to 9.0 on the Richter scale could be experienced. Scientists project that this would have a devastating impact in most of Oregon and Washington.

Weather-Related Hazards

Weather in the region is typically relatively mild. However, a few weather-related events do slow-to-stop community operation:

- ◆ In the Willamette Valley, interruption of power and reduced mobility is infrequently created by ice and wind storms. In 2002, the last major wind event swept through the Willamette Valley at up to 100 mph, downing trees and power lines, and leaving some areas isolated and without power for several days. Because most cities lack sanding and snow removal equipment, local access can be hampered during infrequent heavier snowfalls and ice events.
- ◆ On the coast, high winds are a more severe and more frequent occurrence. Areas of the coast do often experience brief power outages as winds top 60 to 75 mph at times.
- ◆ The more mountainous areas of the region are often impacted by snowstorms, which can limit access over mountain passes and cut power supplies to outlying homes.
- ◆ Rain inundated clay soils and unstable road banks infrequently result in slides that, while in predominately-unpopulated areas, can close roadways and strand communities.

Wetlands, Riparian Zones, and Conservation Areas

Natural resource planning under Oregon’s Land Use System requires that jurisdictions consider how to address and protect a variety of resource values. Jurisdictions are working to balance sometimes conflicting development goals with these resource-related goals. Many communities are emphasizing new land use patterns that bring natural resources into a development as an amenity, increasing the value of the development.

Planning sponsored by watershed councils at the watershed level allows the multiple interests within each watershed to be represented. Watershed councils in the region also provide restoration and enhancement education, project development assistance, funding, and implementation of projects.

Wetlands

Wetlands in the region range from apparent marsh and bog wetlands to well-drained grass seed fields in the Willamette Valley. Historically, many industrial sites have been located in wetlands; this has been especially true of lumber mills. Other wetlands have been diked, tiled and/or drained for farming. Many of the vacant, undeveloped, industrially zoned lands in the Valley contain identified wetland areas. The presence of alluvial soils designates most of the Valley floor as potential wetland.

Wetlands on the National Wetlands Inventory come under the jurisdiction of the U.S. Army Corps of Engineers, but the Oregon Department of State Lands (DSL) oversees most wetland review requests. There is a “no net loss” of wetlands approach that applies to both public and private lands.

Many cities have invested in further identification of wetlands. Local wetlands inventories identify and refine wetland

Functioning wetlands serve as riparian cleaning zones, helping to remove contaminants before waters reach streams, rivers, and the ocean. They slow runoff and provide water storage capacity important to flood water management. They are also primary nurseries for fish.

boundaries. Cooperating with property owner to delineate wetland area allows developers to move proposals forward with a higher level of certainty.

Wetlands can be addressed in a variety of ways. The size of the Willamette River Drainage Basin provides a large area in which wetlands can be mitigated offsite. Many developments have elected to retain wetland areas as site amenities. There are also efforts underway to restore some wetlands to a natural state to take advantage of positive attributes of the wetland.

Riparian Areas

Urban areas in the region are re-evaluating setbacks along their waterways to determine the effectiveness of current standards and whether additional setbacks or riparian protection measures are needed. On forest lands, the timber industry-supported Oregon Forest Practices Act establishes Riparian Management Areas of fifty to one hundred feet along streams and wetlands on private lands. More stringent buffers are typically required on federal and State timberlands. Recent outreach and demonstration projects have helped to improve agricultural land practices impacting riparian areas.

Conservation Areas

Purchased and leased conservation easements are increasingly being offered in the region by non-profits and public agencies to encourage protection of natural resource values. Easement lease agreements can be structured to allow owners to continue producing agricultural commodities and timber on their land, with protection plans legally defining restoration and maintenance responsibilities.

Threatened and Endangered Species

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),

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.

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.

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*

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

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 restructure their downtown business base, revitalize public spaces, and address 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

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.

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>

System Improvements

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

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.

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.

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/wqfact/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.

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

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. These restrictions could result in reduced energy production, higher energy prices, and a greater demand for alternative sources.

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

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.

MAP

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.

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
- ◆ Lane County needs ?

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 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.

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.

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

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 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 over 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

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 led 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 Facilities

Consolidation of health 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.



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.

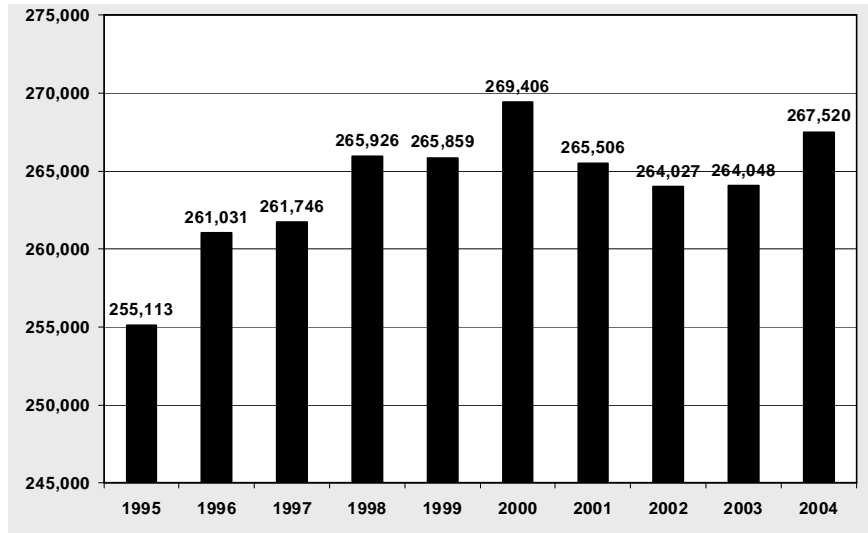
The four counties in the region have very different industrial structures and occupational mixes. The economic focus varies by county and even by sub-county area. In general, rural areas have relied on the wood products industry and agriculture, while the urban centers have established a more diverse 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

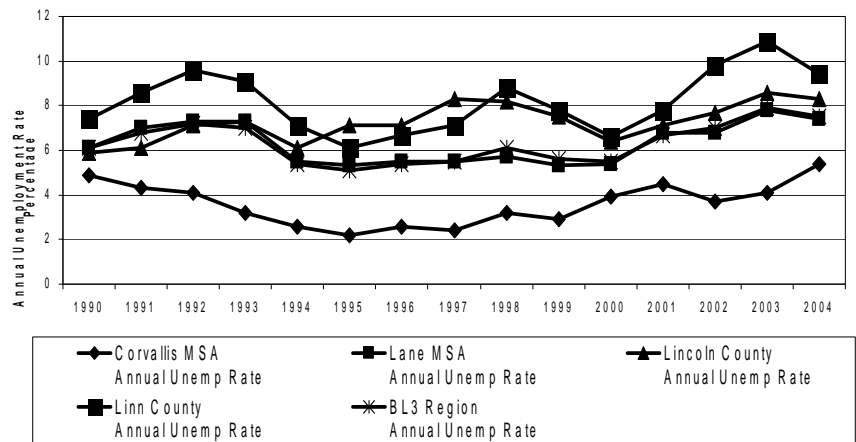


Unemployment Rates, BL3

	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 2001-2014. 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.

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 ultras-small transistors that operate efficiently at room temperature.



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.*

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

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).*

- ◆ 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.*

Public safety was not a major topic raised in the community interviews or the Lane business survey. The impact of meth use on community resources was mentioned by several businesses in the CWCOG interviews. Forum participants felt that it was a significant issue.

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.

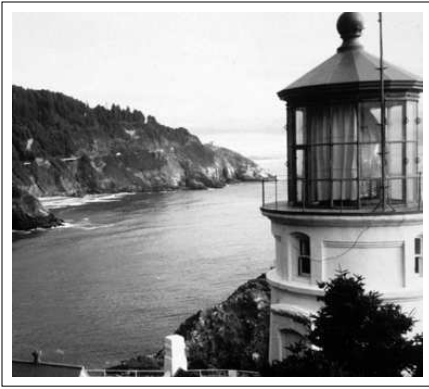
Comment from Forum participants:

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

Natural Hazards and Land Conditions

Issues associated with natural hazards 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



SECTION 8

Regional Vision and Goals

Our Vision

This vision is based on input from private and public sector participants in regional planning activities from 1995 to 2005.

Clarifications (e.g., that the guidance of growth would respect local goals and capacities) and incorporation of several current business issues and opportunities were recommended by the members of the Cascades West Council of Government's Community and Economic Development Committee, the Lane Economic Committee, and the BL3 Regional Investment Board Planning Committee.

The Benton-Lane-Lincoln-Linn region will guide its growth to create a sustainable demonstrably superior place to live and do business that respects the goals and capacities of each community. The region will nurture and support existing and new businesses to establish a multi-dimensional economy that provides a wide range of job opportunities to allow people to enjoy the quality of life they desire.

The high quality of life that we envision will be found in all areas of the region, including rural communities. A high quality of life means quality job, educational, and housing opportunities; health care, human services cultural and recreational offerings; and, open space and a healthy natural environment. Our rural communities will have strong institutions, strong local leadership, and strong local identities. The economies of our rural communities will be vital and diversified, including non-traditional businesses, value-added businesses, home-based businesses, and professional service firms. Linkages between communities, especially connections between rural and urban areas, will be improved through telecommunication linkages, improved highways, and other transportation options.

Key elements of the regional vision include:

- ◆ **A diversified economy affording a wide range of employment opportunities providing stable, family wage jobs**, including support for:
 - A strong private sector
 - A focus on traded-sector employment
 - Value-added employment in natural resource sectors, such as agriculture, fisheries, and forest products
 - Industries such as knowledge-based, software, metals, biotechnology, and emerging industries
 - Outstanding tourism products, including facilities and attractions
 - Economic revitalization of distressed and/or rural communities
 - Successful small businesses and cottage industries

- An adequate level of technical assistance and support to entrepreneurs and emerging businesses
 - Establishing networked business clusters
 - Accessible e-commerce technology for small business
 - Vibrant port and special districts as economic partners
 - Improved linkages from the coast to the Willamette Valley
 - An increase in higher education's capacity to develop emerging businesses and industries
 - A public-private model that successfully transfers university-based research to the private sector
 - Business and labor in transition
 - Outreach to special populations, such as the disabled, seniors, youth, minorities, unemployed and underemployed
- ♦ **Lifelong education and workforce training opportunities**, including:
- Quality K-12 public education
 - An outstanding higher education system
 - Accessible and superior community college facilities and programs
 - Strong, active partnerships between educational providers, businesses, and non-profits
 - Stable, adequate funding across the continuum of education and training systems
 - Multi-lingual delivery of education and training
 - Improved opportunities for the working poor and dislocated workers to access education and training services
 - Enhanced school-to-work programs
 - Training that addresses workforce needs
- ♦ **Sustainable natural resources**, including:
- Balancing the multiple, sometimes conflicting, demands on natural resources
 - High-quality water
 - High-quality air
 - Appropriate use of limited land and protection for resource lands and soils
 - Restoration of anadromous fisheries for commercial and recreational use based on proven science
 - Complying with Section 4D Rules of the Endangered Species Act
 - Value-added agriculture, fisheries, and forest products
 - Recycling and use of alternative fibers
 - Preserving our natural resource industries
 - Coordination of university initiatives to promote sustainable natural resource programs
 - Encouraging sustainable alternative fuels and energy sources, especially those that generate new employment
 - Addressing wetlands and brownfield issues on industrial properties
 - Preparedness for natural disasters

- ♦ **An integrated infrastructure** that includes:
 - Well maintained, up-to-date water, sewer and storm drain infrastructure systems, particularly to meet new regulations
 - Available, affordable telecommunications systems offering connectivity via television, cable, telephone, satellite, computer data line, wireless, and fiber optics for business and residential needs
 - Adequate and stable energy supplies
 - Coordination and advocacy among regional entities, such as the RIB, CWEDD, Area Commissions on Transportation, Fiber Optic Consortia and other entities to improve infrastructure networks and affordability, especially in rural areas
 - Well-maintained State and county highways and roads
 - Multi-modal and public transportation options, including air service, short-line rail, and water transportation, especially in rural areas
 - Development of an appropriate inventory of industrial parks, sites and facilities
 - State certification of shovel-ready industrial sites
 - Manufacturing spaces such as business incubators, flexible buildings and commercial kitchens that meet the needs of start-up and emerging businesses
 - Revitalized downtown business districts
 - Assistance to smaller cities in addressing regulatory changes
 - Technical assistance for capital improvement planning and construction
 - Ongoing training for individuals involved in infrastructure maintenance, planning, construction, etc.
 - Regional coordination in the planning and construction of infrastructure
 - Adequate water storage and supply
 - Coordinated regional telecommunications infrastructure planning and integration with other community needs and initiatives

Coordinated efforts that provide an integrated approach to problem solving and that focus the efforts of a variety of individuals, communities, and agencies will be needed to move the region toward this vision. This coordination will entail:

- ♦ Public-private partnerships
- ♦ Linkages between academic research and the private sector
- ♦ Local, regional, state, and federal collaborations

Also important are:

- ♦ Fostering the participation and contribution of the region's diverse citizenry
- ♦ Supporting a balanced and fair tax structure
- ♦ Encouraging well-managed economic growth
- ♦ Increasing accessibility of government programs and initiatives to all of the region's residents

Our Goals

The following six goals refine the regional vision and provide a framework for shaping the distinct work plans and long-term investment strategies of the:

- ◆ BL3 Regional Investment Board
- ◆ Cascades West Economic Development District
 - Cascades West Community and Economic Development Committee
 - Lane Economic Committee

Policy-level explanations of why the goal is considered important and examples of how the goal could be addressed follow each goal statement.

Goal: Advance economic activities that provide a range of employment opportunities.

Considerations: The Region must both support existing businesses and industries and be prepared to take advantage of new opportunities. Individuals must be supported in their efforts to improve their skills, to have access to a variety of job opportunities, and to start their own businesses.

Examples of activities that support this goal:

- ◆ Enhance access to capital, both private and public
- ◆ Training for professional and technical primary jobs
- ◆ Enhance value-added production and niche marketing
- ◆ Support for ports and special districts
- ◆ Support for the activities of business incubation centers, entrepreneurs, small business development centers, and economic development partnerships, that help local businesses meet their needs, resolve issues, and expand job opportunities
- ◆ Create new models to commercialize research
- ◆ Reach out to special populations including the disabled, seniors, minorities, unemployed, under-employed and youth

Goal: Build on the region's entrepreneurial culture and assets.

Considerations: Entrepreneurs continue to be the most important economic generator in the region as their efforts expand existing sectors, create new sectors that diversify the economy and generate most of the region's job growth. With macro-level economic changes that range from globalization to shifting market structures, our regional economy will require a continued in-flux of fresh energy from new businesses. To make an economic impact our approaches to supporting entrepreneurs will need to be pro-active, responsive, flexible and innovative – in a word, entrepreneurial.

Examples of activities that support this goal:

- ◆ Establish networks of business clusters
- ◆ Create new models to transfer university research to entrepreneurs

- ◆ Develop facilities that support the needs of emerging businesses such as incubators, commercial kitchens and flexible manufacturing buildings
- ◆ Expand the availability of business development assistance
- ◆ Form start-up capital, micro-enterprise financing and venture capital funds
- ◆ Identify and promote emerging business niches
- ◆ Implement enterprise development efforts targeted at start-up businesses
- ◆ Support potential entrepreneurs as they are displaced in workforce reductions

Goal: Support infrastructure assistance to communities.

Considerations: There is an ongoing shortage of industrial and business park space in our Region, especially larger sites. Some communities must address compliance issues that require improvements to water and sewer facilities. While the State has funding available for some types of infrastructure projects, there are still funding gaps. In addition, some rural communities lack full-service infrastructure (water, sewer, telecommunications, streets) to residential, commercial and industrial sites.

Examples of activities that support this goal:

- ◆ Provide leverage to access other funding sources
- ◆ Support for the development of advanced telecommunications and access to existing fiber optic infrastructure
- ◆ Development of fully-served industrial sites and business parks
- ◆ Development of transportation options, including rail and air service

Goal: Provide technical assistance to communities and support capacity building efforts.

Considerations: Communities often lack the facilitation resources needed to build consensus for their community development agenda and to identify how to move components of that agenda forward. Smaller communities also often need technical assistance to access State and private funding sources for infrastructure improvements and other community development priorities.

Examples of activities that support this goal:

- ◆ Technical assistance to develop community projects
- ◆ Technical assistance to smaller communities for accessing funding sources
- ◆ Creation of and updates to community development plans
- ◆ Development of project-specific action plans
- ◆ Support in determining how to address new governmental regulations
- ◆ Assist communities in identifying and addressing community facility needs such as health clinics, housing, and tribal facilities

Goal: Partner to improve workforce training and education.

Considerations: There is an ongoing need to increase the access to and the capacity of workforce training efforts. Career planning that links specific training to a range of job opportunities is necessary to show people that there are more opportunities available than just obtaining an initial job. Access to training opportunities in rural areas is limited and there are additional issues surrounding access (transportation, available child care, etc.). A lack of trained health care workers is a growing problem, especially in rural areas.

Examples of activities that support this goal:

- ◆ Expand training opportunities to rural areas
- ◆ Initiate new training programs
- ◆ Increase linkages between new and expanding businesses and workforce training entities and educational institutions
- ◆ Meet the needs of displaced workers with entrepreneurial interests

Goal: Support the needs of rural areas.

Considerations: All of the Goals above are applicable in rural areas and communities. Small communities may lack the local capacity and funding resources necessary to undertake large projects, such as infrastructure upgrades. Local access to training and education opportunities is important, but often limited. Lack of transportation options can hinder access to education, work, and services for individuals in rural communities. Often, a lack of serviced industrial sites reduces any opportunity for development or expansion of local industries.

Examples of activities that support this goal:

- ◆ Provide technical assistance to develop and administer projects
- ◆ Development of infrastructure
- ◆ Support for business development and management programs
- ◆ Collaboration and coordination among communities to address needs
- ◆ Enhance health care facilities and services
- ◆ Increase transportation options
- ◆ Provide outreach to existing and emerging entrepreneurs in smaller communities
- ◆ Identify and assist in developing business niches that would be attracted to the environment of smaller communities
- ◆ Identify and assist in developing desired community facilities, such as libraries, community meeting space, tribal facilities and recreational amenities

Economic Development Partners

The following outline of those involved in regional economic development efforts is not exhaustive. However, it does provide an indication of the multiple facets and many players involved in economic development in the region. Active input, communication, collaboration, and cooperation among these entities is a cornerstone of developing and implementing the regional economic development strategy.

Comprehensive Economic Development Planning

- ◆ BL3 Regional and Rural Investment Strategy
- ◆ Cascades West Economic Development District, U.S. Department of Commerce Economic Development Administration
 - Lane Council of Governments
 - Lane Economic Committee
 - Oregon Cascade West Council of Governments
 - OCWCOG Community and Economic Development Committee
- ◆ State of Oregon Community and Economic Development Department
- ◆ *Each county, city, tribe, and port (identified in Section 2) must address economic development goals in their localized comprehensive planning efforts.*

Jurisdictions

- ◆ Counties: Benton, Lane, Lincoln, Linn
- ◆ Cities: 36 jurisdictions (see Section 2 for full list)
- ◆ Ports: Alsea, Newport, Siuslaw, Toledo
- ◆ Tribes: Confederated Tribes of Coos, Lower Umpqua and Siuslaw; Grand Rhonde; Siletz

Lead Economic Development Contacts

- ◆ Albany-Millersburg Economic Development Corporation
- ◆ Corvallis-Benton County Economic Development Partnership
- ◆ Economic Development Alliance of Lincoln County
- ◆ Lane Metro Partnership
- ◆ North Santiam Economic Development Corporation
- ◆ Oregon Community and Economic Development Department
- ◆ Sweet Home Economic Development Group
- ◆ *County, city, tribe, port, and chambers of commerce may have staff that serve as a lead local contact.*

Business Development Funds

- ◆ BL3 Regional Investment Board
- ◆ Cascades West Financial Services
- ◆ Linn County Business Development
- ◆ Oregon Community and Economic Development Department
- ◆ *Some county, city, urban renewal, and port authorities provide local business development loan pools.*

Business Start-up Counseling

- ◆ Lane Community College Business Development Center
- ◆ Linn-Benton Community College Business Development Center

- ◆ Oregon Coast Community College Business Development Center
- ◆ Senior Corps of Retired Executives (SCORE)

Tourism

- ◆ Albany Visitors Association
- ◆ Central Oregon Coast Association
- ◆ Convention and Visitors Association of Lane County
- ◆ Corvallis Visitors Bureau
- ◆ Oregon Tourism Commission
- ◆ *Community visitor programs, chambers of commerce, and multiple other non-profit groups oversee local tourism development efforts.*

Workforce Training

- ◆ Community Services Consortium Business Employment Training Associates
- ◆ Lane Workforce Partnership
- ◆ Lane Community College
- ◆ Linn-Benton Community College
- ◆ Oregon Coast Community College
- ◆ Oregon Employment Department
- ◆ Workforce Enhancement Board

Other Entities Involved in Economic Development

- ◆ Cascades West Area Commission on Transportation advises the Oregon Transportation Commission on regional issues and priorities.
- ◆ Chambers of Commerce typically play multiple roles in supporting business development in their communities.
- ◆ Cities provide infrastructure systems, development review, obtain site development funds, and play multiple other roles in implementing local economic development goals.
- ◆ Community colleges have worked in partnership on regional and local economic development strategies and projects in addition to their business development center and training work.
- ◆ Community Response Teams in some communities shape and implement local community and economic development priorities.
- ◆ Metropolitan Planning Organizations in the Eugene/Springfield and Corvallis MPAs provides planning and project coordination.
- ◆ Oregon State University and the University of Oregon have served as economic development partners, created technology transfer programs, and supporting regional business development and recruitment efforts
- ◆ State of Oregon: The Governor's office and multiple State agencies work to address various issues and needs, provide funding assistance, and implement statewide programs
- ◆ Utility providers (electric, natural gas, communications) often provide staff support and partner in regional and local economic development efforts.
- ◆ Watershed councils provide a forum for the multiple resource interests in their shed and undertake projects to improve natural systems.



SECTION 9

Cascades West Economic Development District Work Program

Organizational Structure

Overview

Cascades West Economic Development District (CWEDD) brings together local elected officials, community improvement organizations, business community members, and State and federal resource providers to address community and economic development issues. Its mission is to create jobs and to enhance the livability of the communities in Linn, Benton, Lincoln and Lane Counties. The CWEDD:

- ◆ Advocates the economic development interests of the region;
- ◆ Promotes coordination, cooperation, and communication among economic development groups and organizations;
- ◆ Provides access to financial incentives for business and industry in the region;
- ◆ Imports outside capital into the region for economic development and public works projects;
- ◆ Conducts research and development to identify new economic opportunities in the region; and
- ◆ Provides supporting services to others focused on business and industrial expansion.

The CWEDD is a cooperative partnership between the Oregon Cascades West Council of Governments (CWCOG) and the Lane Council of Governments (LCOG). The U.S. Department of Commerce Economic Development Administration (EDA) designated CWEDD as the Economic Development District for the BL3 region in 1983. Both COGs provided community and economic development assistance in their respective areas prior to the establishment of the CWEDD, with CWCOG serving Linn, Benton, and Lincoln County communities as a designated Economic Development District since 1977.

CWEDD Board and Committees

A twenty-member Board oversees the activities of the CWEDD. CWEDD Board members include the executive committees of Lane and Cascades West Council of Governments and others appointed by the COG Boards that represent public, private, and non-profit stakeholders.

Two committees are appointed by their respective Council of Governments' board of Directors to guide development and implementation of the regional economic development strategy and work program:

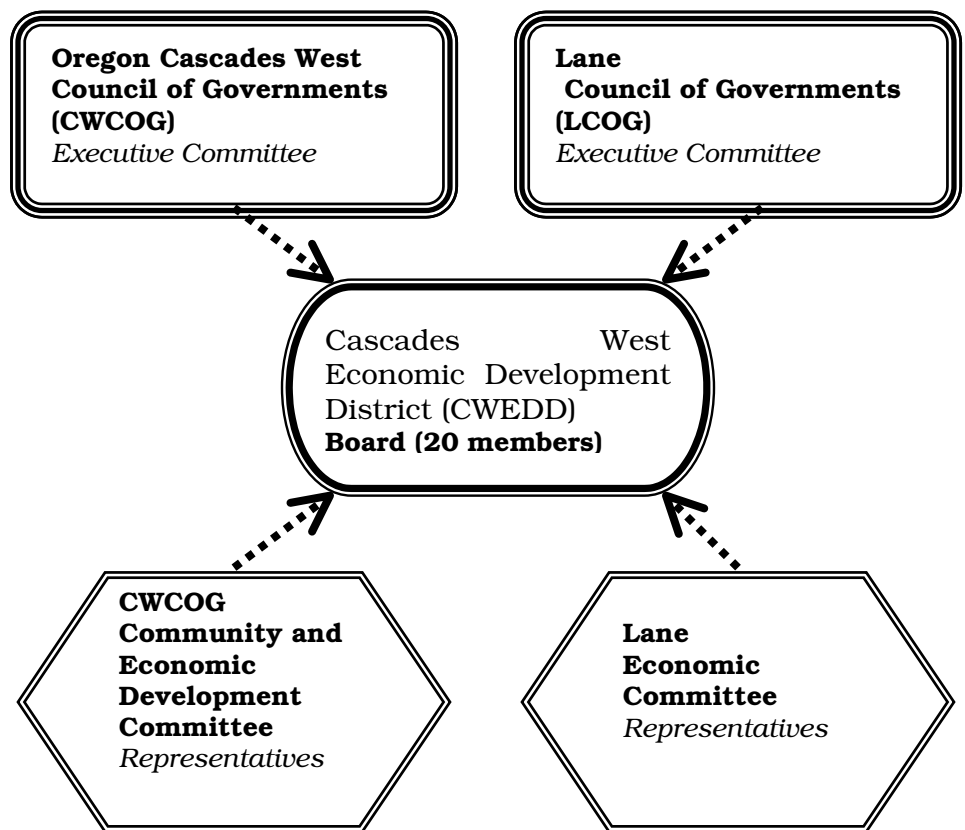
- ♦ CWCOG Community and Economic Development Committee
- ♦ Lane Economic Committee

These committees identify issues and opportunities, assist in framing the regional vision and goals, provide policy recommendations to the COG Boards and the CWEDD Board, and assist the staff of the Cascades West and Lane Council of Governments in work plan implementation.

The activities of the CWEDD are carried out through the professional staff of:

- ♦ Oregon Cascades West Council of Governments (CWCOG) and
- ♦ Lane Council of Government (LCOG).

Representatives of member county, city, port, and tribal governments comprise the Boards of Directors of the two COGs.



Comprehensive Economic Development Strategy / Regional Investment Strategy

The Cascades West Economic Development District (CWEDD) develops the Comprehensive Economic Development Strategy for the Benton, Lane, Lincoln and Linn Counties region (BL3). The

CWEDD then implements community and economic development priorities based on the strategy and community needs. For the last five years, the development of the Strategy has been coordinated with the planning efforts of the Benton-Lane-Lincoln-Linn Regional Investment Board (BL3 RIB).

This Comprehensive Economic Development Strategy is reviewed by the CWEDD Committees, and approved by the CWEDD Board, CWCOG and LCOG Boards of Directors, and the Boards of Commissioners of the four counties.

Accomplishments

Five-year Overview

Between 2000 and 2005, Cascades West Economic Development District lent \$51.9 million dollars to businesses within the region. These loans supported the retention or creation of over 1,700 jobs. The District assisted communities within the four counties with sixteen (16) public works and community facility development projects and was involved in eighteen (18) other planning and problem-solving projects.

The Last Year in Review

Significant efforts for the one-year period ending March 31, 2005 include:

- Completion of an Economic Development Strategic Plan for a fifth Lane County community (Creswell).
- Initiation of a project to double the properties in Lane County certified by the State of Oregon as development ready.
- Completion of the Lebanon Industrial Park Wetlands project.
- Completion of an inter-agency process to establish a regional partnership to assist low and moderate-income households to become homeowners.
- Completion of the Toledo to Sweet Home Rail Corridor Study and initial steps to obtain funding for the top priority rail improvement project.
- Assistance to the BL3 Regional Investment Board to fund business development projects consistent with the BL3 Regional/Rural Investment Programs for the 2003-2005 biennium.

Further details on these projects and on the other accomplishments for the April 1, 2004 through March 31, 2005 timeframe are provided in the Appendices.

Work Program

As a part of the update of this Regional Investment Strategy, an assessment of the region's strengths, weaknesses, opportunities and threats was undertaken. The major findings of that effort are presented in Section 7 and augmented by the background information found in Sections 3 through 6.

This needs assessment indicates that the core services provided by the District continue to be of valued and needed. However, due to funding limitations, the demand in many cases exceeds the capacity of the District to provide these services. In order to attempt to better meet the challenges faced by the communities within the region, over the next five years the District will attempt to further leverage its resources and will approach its community and economic development mission with the following multi-pronged approach:

- A. **Continuation of core service**, e.g. business lending, technical assistance for infrastructure development and other community needs, convening of parties to regionally address issues of broad concern.
- B. Through the delivery of core services, **seek ways to address multiple needs with a single “solution.”** Seek to identify new partners – including those whose mission is not primarily economic development – and new approaches to addressing economic issues while also addressing the needs of those partners. Examples of this approach include the successes of entities such as St. Vincent de Paul in Lane County that works to simultaneously address job training and employment skills, housing, and personal asset development through its projects.
- C. Find ways to **strengthen both business and civic entrepreneurship**, including strengthening the culture that supports creativity and risk-taking and that build upon the assets of the University of Oregon and Oregon State University.
- D. While continuing to address immediate problems, **maintain a longer-term view**. In the current economic climate, where the State of Oregon is just recovering from an economic downturn, there is a great deal of emphasis placed by other programs and service providers on immediate job creation, resolving issues to create shovel-ready industrial sites, etc. These efforts are vital. However, it is through asset building and systems changes that we can better prepare ourselves to weather future period of limited economic growth.
- E. **Design service delivery systems that are user-centered**. First, we need to consider the needs, limitations and capacity of the end user of the services in determining how services will be provided. Second, we need to ensure that our services are not effectively inaccessible to some segments of the community, thereby trapping an underclass that cannot take advantage of education, employment, and other opportunities.
- F. Put more emphasis on **convening economic development advocates and activists to a) look for ways to leverage individual results and b) examine from a systems viewpoint** the barriers that limit the effectiveness of our joint community and economic development work.

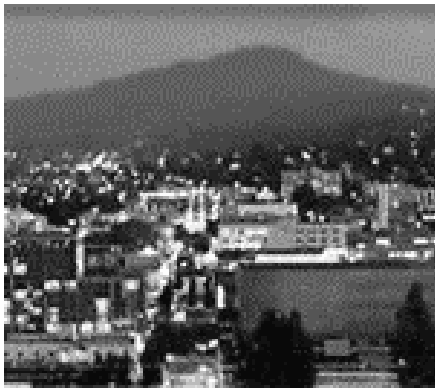
Consistent with the vision and goals for the region (see Section 7), and considering the approach described above, the District will undertake the following activities for the April 1, 2005 through March 31, 2006 period:

1. Support the communities within the District to develop and implement economic development strategies and initiatives and conduct studies and analyses. This will include assistance to jurisdictions and local groups with grant applications and management, as well as project management; monitoring of legislation and regulations and advocacy for local needs; and participation in coordination efforts with partners from throughout the region and state.
2. Provide governmental, public and private sector users with assistance in efforts to attract new business and industry through the provision of information and the conduct of studies.
3. Assist local jurisdictions in planning and developing public works and community facilities projects, including preparation of applications for State and federal assistance and administration of funds obtained by local governments.
4. Support regional committees addressing transportation and community development issues and needs.
5. Develop, administer and market governmental finance programs and assist businesses in accessing capital. Business finance programs will continue to serve as “one stop” centers for businesses seeking public financing for start-up and expansion projects.

Program Evaluation

The District will undertake on a biennial basis a review and evaluation of its activities. The evaluation will address the extent to which the District’s efforts have incorporated the elements of the multi-pronged approach, described above, in its delivery of services and the extent to which these efforts are addressing the systemic barriers to community and economic vitality. Additionally, the evaluation will include reporting on the following outcomes:

- ◆ Number of jobs retained or created,
- ◆ Program dollars invested in business expansion,
- ◆ Other public and dollars leveraged for business expansion,
- ◆ Number of priority infrastructure and community facility projects assisted, and
- ◆ Dollars mobilized for public infrastructure development.



SECTION 10

Regional Investment Board 2005-2007 Implementation Plan

Legal Framework

The Regional, and Rural, Investment program was initiated by the 1999 Oregon State Legislature, as an update to the previously existing Regional Strategy program. The Regional Investment program was made into law through Oregon Revised Statutes 285B.230-.269 and its implementing rules are found and formalized in Oregon Administrative Rules (OAR) Chapter 123. All references to specific requirements of the law are listed by ORS number.

This section of the Regional Investment Strategy meets State Program requirements for:

- ◆ ORS 285B(4): “Long-term plan to implement the regional investment strategy”
- ◆ ORS 285B(5): “Two-year investment strategy that describes projects and activities to be undertaken”
- ◆ ORS 285B.257(2): Including the “rural action plan consistent with the purpose and objectives of the Rural Investment Fund”

to be used with the Regional and Rural Investment Funds made available to the Benton-Lane-Lincoln-Linn (BL³) Region. As described in ORS 285B.239(5) and (7), the BL3 Regional Investment Board (RIB) has designed an investment strategy to focus on the performance measures of “long-term and short-term job creation and retention activities,” “leveraging long-term investments,” and “maximizing moneys leveraged with short-term investments.”

An outline of where ORS requirements are met in this Regional Investment Strategy document is provided as an Appendix.

Organizational Structure and Board Membership

Benton, Lane, Lincoln, and Linn Counties have entered into an Intergovernmental Agreement (IGA) establishing the BL3 Regional Investment Board to oversee the State’s Regional Investment and Rural Investment Programs in the four counties. The responsibilities of the Board, its membership, and operational

guidelines are specified in the IGA (Appendix) and the RIB Bylaws (Appendix).

The Board consists of 21 members with each county appointing five members plus a representative from the Confederated Tribes of Siletz Indians. These members represent the broad community and economic development interests of the region, and include representatives from cities, counties, ports, special districts and Native American tribes and significant representation from the private economic sector and rural interests. See Appendix for a list of Board members.

Committees of the Board

The Board established three on-going committees: an Executive Committee, a Projects Committee to review project applications, and a Planning Committee to recommend updates to the Regional Investment Strategy. The Regional Investment Board appoints committee members and all committees have members from each county. Each committee meets as often as necessary and reviews, refines, and recommends appropriate action to the Regional Investment Board. Other ad hoc committees may be appointed as necessary to assist with specific tasks such as budget development. All Board and committee meetings are open to the public, although closed Executive Sessions may be required on occasion.

The Regional Investment Board's Executive Committee has the responsibility to guide the policy and process for the Strategy, and provide oversight of the counties' contract with the Cascades West Economic Development District for the Regional Investment Program.

The Projects Committee reviews and recommends projects to be funded with Regional Investment and Rural Investment funding. The Projects Committee project review includes a determination of whether a project provides any possibility for coordination of efforts with other regions. The chair and vice-chair of the Regional Investment Board act as the BL³ representative on the required approval body for any projects from the BL³ Region attempting to access State Strategic Reserve Fund assistance.

The Planning Committee will review the existing document and recommends changes to the Strategy necessary to meet new statutes and rules developed by the Legislature.

Fiscal Administration

Benton, Lane, Lincoln, and Linn Counties entered into an Intergovernmental Agreement with Cascades West Economic Development District (CWEDD) for administrative and fiscal management of the four-county Regional Investment and Rural Investment Programs. The responsibilities of the District are described in detail in the Intergovernmental Agreement (Appendix).

CWEDD was the fiscal agent for the BL³ Regional Strategies Board, the predecessor of the RIB that served the four counties

from 1993 through 1999 and has been the fiscal agent for the Regional Investment Board since the initiation of this program in 1999.

Both of the Councils of Governments will provide staff to work with the Regional Investment Board, their partners, and their projects. The Community Development Director for Cascades West Council of Governments will coordinate the services provided to the counties. Primary staffing will be provided by Drew Foster, CWCOG Community Development Planner; Brenda Mainord, CWCOG Business Officer; and Milo Mecham, Lane COG Senior Planner.

2003-05 Accomplishments

The 2003 Oregon Legislature provided new guidelines for the 2003-05 Regional/Rural Investment program. The new guidelines specified job creation, both long-term and short-term, and leverage as the primary evaluation criteria for the program (ORS 285B.264). This allowed the BL³ Board to target the Regional Investment Strategy's efforts and funds (\$870,000) on job creation, to an even greater degree than they had previously.

The Board established targets of one job created or retained (one job equals one FTE) for each \$3,000 of RIB investment (289 jobs for the biennium) and \$5 of matching funds for each \$1 of RIB investment (\$4.5 million in matching funds). They also set a target that 25 percent of the jobs created or retained would be above Average County Wage (ACW) for the county in which the job is located.

Fourteen projects were funded over the biennium, and when all projects are completed, they will far exceed the targets. From the commitments in the 14 project contracts, it is estimated that 773 jobs will be created or retained and that over \$28 million in matching funds will be invested and leveraged. To this point in time, 190 jobs have been created or retained and 76 of those jobs are above ACW for the appropriate county. Over \$26 million has already been invested from other sources, which means that leverage will ultimately exceed the \$28 million dollar estimate from the original contracts. The BL³ RIB had a very successful biennium.

Long Term Plan

The Regional Investment Board is a partner in implementing the Regional Investment Strategy. The RIB sets the stage by developing the Strategy with vision, goals, and approaches that help define the types of activities that the RIB will support. The primary partners in implementing the Strategy are local governments, special districts, ports, non-profit agencies, community colleges, and local economic development organizations. These entities undertake activities and implement projects that support the Strategy. The State and Federal government, private industry and individuals, private

foundations, and local governments and agencies act as partners by providing additional funding sources.

In the 2005-2007 biennium, the RIB will focus on projects and programs that create and/or retain short-term and long-term jobs in the Region. The BL³ Regional Investment Board also has a history of supporting loan programs, which provide an ongoing resource for business development. The Board recognizes that some loan programs are multi-regional and provide job creation in other regions.

Eligible Activities

The BL³ RIB will consider four categories of activities for funding in the 2003-2005 biennium:

- ♦ **Business Development** - opportunities that encourage business growth and investment such as business marketing, retention and expansion, and support for start-up and attraction of businesses through both grants and loans;
- ♦ **Site Development** – opportunities that include industrial/business parks, speculative buildings, and public/private partnerships that have a direct role in helping create jobs;
- ♦ **Workforce Development** – opportunities that build the skills of the local workforce through partnerships between business, education, and government; and
- ♦ **Capacity Development** – opportunities that address the economic development needs of a community, including technical assistance to various partners who can demonstrate specific and definable needs.

2005-2007 Two-Year Investment Strategy

Project Funding Process

The Regional Investment Board will hold all funds in an Opportunity Fund. This will enable the RIB to respond quickly with funding commitments to projects that will provide short-term job creation/retention.

Generally, only proposals of up to \$100,000 will be considered for funding. Proposals over \$100,000 may be considered at the discretion of the Projects Committee.

The RIB will rely on economic development partners within the Region to identify projects and refer project proponents to the program. The partners include existing business lending entities in the public and not-for-profit sectors, county commissioners, business development centers, port districts, and State and local economic development entities.

A one-page pre-application will be available on the RIB's website (www.bl3rib.org). A copy of this pre-application may be put forward by any of the economic development partners mentioned

above. RIB staff will review the pre-application for completeness and forward it to the Projects Committee of the RIB.

If after initial review of the pre-application the Projects Committee believes that the project substantially meets the Evaluation Criteria, they will recommend that the project receive a review by the full Regional Investment Board. Projects receiving a Projects Committee recommendation will be asked to submit a complete application for review by the RIB. The Regional Investment Board will decide which projects will then be sent to each of the four counties for final approval by the Boards of Commissioners.

At each quarterly meeting, the RIB will review the project funding process to ascertain that a sufficient number of projects are being received and that funding is being committed in an expeditious manner. After this review, the RIB maintains the right to make changes to the program in order to meet the performance targets. If the review shows that the funding process has been successful in achieving the targets, the RIB may implement an amended funding process that would attempt to seek projects with a more long-term focus on job creation/retention.

Within six months of award decisions by the Counties, all projects will be reviewed to determine whether they have met all contracting requirements and are moving forward. Any projects that have not met all contracting requirements could be liable for loss of funding.

The Board reserves the right to propose partial funding for any project or to propose their own challenge grants for a project. The Board retains the right to request projects that support a specific outcome or outcomes.

Project Review

The Board will review projects based on the following limitations, criteria, and considerations.

No project may fund ineligible activities (ORS 285B.260(3)). Those ineligible activities include:

- ◆ Retire any debt;
- ◆ Reimburse any person or municipality for expenditures or expenses incurred prior to the approval of this plan by the Oregon Economic and Community Development Commission;
- ◆ Substitution for available budgeted resources supporting ongoing public services or infrastructure that already exist;
- ◆ Maintain existing staff of public or private entities, except to administer this Strategy, or for new or augmented efforts consistent with this Strategy;
- ◆ Assist in the relocation of a business from one labor market area to another within the state;
- ◆ Award a grant or loan to a private business, unless the award is consistent with an activity specified in this Strategy.

The Benton-Lane-Lincoln-Linn RIB may support loan programs to private businesses. Any and all loan programs would have to meet the following parameters (ORS 285B.264(4)):

- ◆ Job creation or retention;
- ◆ Private sector participation;
- ◆ Correlation between the nature of the project and the collateral required and the terms of the loan (length of loan and interest rate);
- ◆ Collateral is required for all loans (except for a venture capital/equity purchase loan program).

Any grants or loans made by the Benton-Lane-Lincoln-Linn RIB to a private business will include a first-source hiring agreement. The first-source hiring agreement requires “a good faith effort to hire and retain as employees low-income individuals who have received job training assistance from publicly funded job training providers.” (OAR 461.740(1))

The Benton-Lane-Lincoln-Linn RIB may support direct grants to private businesses for asset acquisition. Any and all grants would have to address the following parameters (ORS 285B.263(4)):

- ◆ Create or retain one job for each \$3,000 of investment;
- ◆ Private sector participation of at least \$5 per \$1 of RIB funding;
- ◆ RIB Grant would be the final source of funding. All other funding for total project must be in place before RIB funds would be released.

The Benton-Lane-Lincoln-Linn RIB may support tourism and industrial marketing programs. If any tourism or industrial marketing projects are funded, they will complement and will not conflict with statewide marketing campaigns and efforts aimed at traveler/tourists or at industrial investors as they exist at the time the project is funded.

The Benton-Lane-Lincoln-Linn Regional Investment Board, in order to participate in the State’s Strategic Regional Investment Opportunity Fund (SRIOF), nominates the chair and vice-chair of the Projects Committee to act as the BL³ representative on the required approval body for any projects from the BL³ Region attempting to access SRIOF funding.

Project Evaluation Criteria

There are three basic evaluation criteria applicable to both the Regional and Rural Investment Funds.

- ◆ **Job Creation/Retention** - The project creates or retains one job for every \$3,000 of Regional/Rural Investment Funds committed.
- ◆ **Leverage** - The project leverages \$5 in matching funds for every \$1 of Regional/Rural Investment Funds committed.
- ◆ **Readiness to Proceed** - The project will have all matching fund resources in place within six (6) months of commitment of Regional/Rural Investment Funds from the BL³ Region.

In addition to the criteria and limitations listed above, the following factors will be considered during the selection of projects to be funded:

Wage level of jobs created retained, taking into consideration:

- ◆ County average wage
- ◆ Amount above minimum wage
- ◆ Benefit packages
- ◆ Growth potential of business and industry
- ◆ Diversification of local economy
- ◆ Project start and completion dates
- ◆ Other funding sources contacted and their response
- ◆ Funding gap which the Regional/Rural Investment Funds will address
- ◆ Partnerships and/or collaborations that support the project
- ◆ Extent to which this project serves the needs of minorities and the disadvantaged
- ◆ Capability of organization (ability of the organization to undertake a project of this type and administer the grant)
- ◆ Geographic dispersion of Regional/Rural Investment funding, location of the project and its sphere of influence

These considerations are not meant to act as a limitation to project proponents. A project does not have to meet all these considerations. These considerations are all reviewed equally and as a whole, no weight is given to any particular consideration.

Plan for Minorities and Economically Disadvantaged

The District and the Regional Investment Board recognize the importance of devising and implementing a Strategy that addresses the needs of minority and disadvantaged persons (This section fulfills ORS 285B.239(6)).

The Confederated Tribes of Siletz Indians and the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw were invited by the County Commissioners of Benton, Lane, Lincoln, and Linn Counties to appoint a member to serve on the Regional Investment Board. A member of the Siletz Tribal Council was appointed as a member in 2001.

The goals, developed as part of the Strategy, are all applicable to the needs of minority, disabled, and economically disadvantaged groups as members of our communities. The work of the Workforce Investment Boards of Region 4 (Benton-Lincoln-Linn Counties) and Lane County, in the areas of dislocated and disadvantaged workers, has been integrated into the Regional Plan.

The project application process requires all applicants to provide information regarding how minorities and economically disadvantaged will be served by the project. In addition, all project contracts will include a first-source hiring agreement, as delineated in the project review sub-section above.

Program Evaluation

The Benton-Lane-Lincoln-Linn Regional Investment program will focus its program evaluation and regional benchmarks on the basic criteria delineated in ORS 285B.239(7). The BL³ region will provide reports to OECDD, in the format required, that supplies information on the basic program measurements for both individual projects and the overall program.

The regional benchmarks and performance measures for the BL³ Region, along with the targets set by the Board, include:

- ♦ Create or retain 289 jobs (1 job for every \$3,000 invested).
- ♦ Leverage \$5 of other funds-cash or in-kind-for every \$1 of Regional/Rural Investment (R/RI) funds committed, this provides \$4,335,000 match for \$866,904 in Regional and Rural Investment funds, assuming a regional funding level equivalent to the previous biennium.
- ♦ 25 percent of all jobs created or retained will be at or above average county wage for the county wherein the project is focused.



Benton County



Lane County



Lincoln County



Linn County

Comprehensive Economic Development Strategy

*Cascades West
Economic Development District*

Regional Investment Strategy

*Benton-Lane-Lincoln-Linn (BL3)
Regional Investment Board*

Prepared by the
*Oregon Cascades West
Council of Governments*
and the
*Lane
Council of Governments*

DRAFT: September 22, 2005



Benton County



Lane County



Lincoln County



Linn County

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