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**AGENDA COVER MEMO**

**DATE:** November 6, 2007 (Date of Memo)  
**November 20, 2007** (Date of Meeting)

**TO:** Board of County Commissioners

**FROM:** LCOG, Milo Mecham, Principal Planner

**TITLE:** Order No. 07\_\_\_\_\_ IN THE MATTER OF ORDERING THE ADOPTION OF THE BENTON, LANE, LINCOLN, LINN REGIONAL INVESTMENT BOARD 2007-2013 REGIONAL INVESTMENT STRATEGY AND RECOMMENDING THAT THE STRATEGY BE SUBMITTED TO THE GOVERNOR FOR APPROVAL

**I. MOTION**

MOVE TO ADOPT ORDER NO. 07-\_\_\_\_\_ IN THE MATTER OF ORDERING THE ADOPTION OF THE BENTON, LANE, LINCOLN, LINN REGIONAL INVESTMENT BOARD 2007-2013 REGIONAL INVESTMENT STRATEGY AND RECOMMENDING THAT THE STRATEGY BE SUBMITTED TO THE GOVERNOR FOR APPROVAL

**II. ISSUE OR PROBLEM**

The Regional Investment Board needs a strategy to guide its activities over the next several years. This year, recognizing that several of the RIB's past activities have an impact in multiple years, the Department of Economic and Community Development has recommended that the strategy cover a six year period. This does not prevent the RIB from amending the strategy in less than six years if circumstances warrant.

The Department of Economic and Community Development requires a public hearing on the adoption of the proposed strategy.

This year the strategy contains several points that allow the RIB to possibly expand its support of economic development activities. In the past two biennia, the RIB has focused entirely on short term job creation, using its state lottery funds to support business investments. The RIB has been very successful at that, and the strategy calls for a continuation of this program. Continuation is dependent on additional state funds being made available.

In addition to the short term job creation program, the Regional Strategy proposes that, should funding be available, the RIB would work with local partners to undertake regional initiatives to build a new, stronger economic base in the region. The list of possible initiatives is to be found on page 56 of the Strategy.

In addition to being attached, an electronic copy of the Regional Strategy can be found at. <http://www.ocwcog.org/Documents.asp>

### **III. DISCUSSION**

#### **A. Background**

The Oregon legislature has in the past allocated funds for regional and rural investment funding by the Regional Investment Boards around the state. This biennium the BL3 Region has not received any funds from the legislature. The legislature did direct OECD to work with the RIBs to develop a needs and issues list. This process is provided for in the strategy. The hope is that a list of infrastructure needs will be delivered to the legislature in the February 2008 session, and will prompt the legislature to approve OECD bond funding.

The Lane County BL3 Policy Committee representative was Mike Gavin. The other members of the BL3 delegation from Lane County include Commissioner Stewart; Jim Ramsayer and Hal Reed. Don Hampton, the Mayor of Oakridge is the City representative.

The Policy Committee developed the proposed strategy. If the legislature agrees to provide the RIBs with funds, then the BL# RIB will be positioned to continue its past successful programs and also to look to support long term strategic initiatives for regional development.

#### **B. Alternatives/Options**

The options before the Board are as follows:

1. The Board may take no action. This would result in at least a delay in approval of the BL3 RIB strategy, and a delay in the development of the infrastructure inventory list.

2. The Board may choose to approve the BL3 RIB Strategy. This will allow the BL3 RIB to move forward with an agreement with the state and processing the needs and issues list.
3. The Board may choose to reject the proposed BL3 RIB Strategy. This would require renegotiation of the Strategy before the RIB could proceed.

C. Recommendation

Staff recommends that the Board adopt the proposed Order.

**IV. IMPLEMENTATION/FOLLOW-UP**

If the Board adopts the proposed Order, staff will communicate that action to the fiscal agent, CWCOG, and the fiscal agent will continue working with the State.

**V. ATTACHMENTS**

1. Board Order No. 07 \_\_\_\_\_ IN THE MATTER OF ORDERING THE ADOPTION OF THE BENTON, LANE, LINCOLN, LINN REGIONAL INVESTMENT BOARD 2007-2013 REGIONAL INVESTMENT STRATEGY AND RECOMMENDING THAT THE STRATEGY BE SUBMITTED TO THE GOVERNOR FOR APPROVAL
2. The BL3 Regional Investment Strategy for 2007-2013.

**IN THE BOARD OF COUNTY COMMISSIONERS, LANE COUNTY OREGON**

ORDER No. ) **IN THE MATTER OF ORDERING**  
) **THE ADOPTION OF THE**  
) **BENTON, LANE, LINCOLN, LINN**  
) **REGIONAL INVESTMENT**  
) **BOARD 2007-2013 REGIONAL**  
) **INVESTMENT STRATEGY AND**  
) **RECOMMENDING THAT THE**  
) **STRATEGY BE SUBMITTED TO**  
) **THE GOVERNOR FOR**  
) **APPROVAL**  
)

WHEREAS, the Lane County Board of Commissioners has formed a Regional Investment Board as a partnership between Lane County and Benton, Lincoln and Linn Counties, and

WHEREAS, the Regional Investment Board of Benton, Lane, Linn, Lincoln Counties (the BL3 RIB) has developed a revised Regional Investment Strategy to guide the actions of the BL3 RIB over the next six years; and

WHEREAS, the BL3 RIB Regional Investment Strategy calls for continuation of the successful business incentive program for job creation, and provides for the possibility of additional economic development strategies if state funding is forthcoming; and

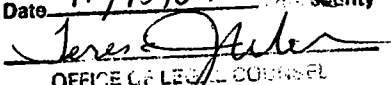
WHEREAS, the Lane County Board of Commissioners has held a public hearing on the proposed BL3 RIB Regional Investment Strategy; and

WHEREAS, the next step in the processing of the Regional Strategy after County approval, will be submission of the Regional Investment Strategy to the state for approval,

NOW THEREFORE IT IS HEREBY RESOLVED AND ORDERED that the Lane County Board of Commissioners does hereby approve of the proposed BL3 Regional Investment Strategy for 2007 to 2013, a copy of which is attached.

IT IS FURTHER ORDERED that the Lane County Board of Commissioners recommends that the BL3 RIB 2007-2013 Regional Investment Strategy be submitted to the Oregon Economic and Community Development Department for consideration, leading to the necessary approval by the Governor.

DATED this 20<sup>th</sup> day of November 2007.

APPROVED AS TO FORM  
Date 11/13/07 Lane County  
  
OFFICE OF LEGAL COUNSEL

\_\_\_\_\_  
Chair, Lane County Board of Commissioners



*Benton County*



*Lane County*



*Lincoln County*



*Linn County*

# **2007-2013 BL<sup>3</sup> Regional Investment Strategy**

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

Produced with grant assistance provided by  
*State of Oregon Lottery - Regional Investment Funds managed by the  
State of Oregon Economic and Community Development Department*

**For Public Comment - November 8, 2007**

**This document has been accepted by the:**

- ♦ BL3 Regional Investment Board on 10/15/07
- ♦ Minor amendments were approved by the BL3 RIB on 11/8/07

**Submitted to the:**

- ♦ Oregon Economic and Community Development Department on 10/26/07 for review
- ♦ Oregon Economic and Community Development Commission on 11/1/07

**Public comment to be obtained at hearings conducted by the Boards of County**

**Commissioners:**

- ♦ Benton County on 11/21/07
- ♦ Lane County on 11/22/07
- ♦ Lincoln County on 11/22/07
- ♦ Linn County on 11/21/07

# 2007-2013 BL3 Regional Investment Strategy

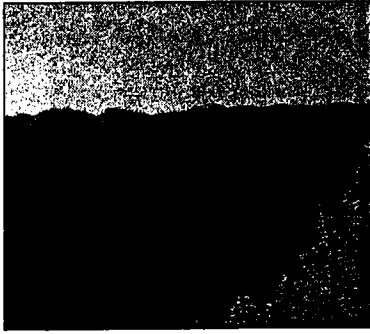
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### Attachments (*Under Separate Cover*)

- ♦ BL3 Regional Investment Board Members
- ♦ 2007 Forum Attendees
- ♦ Bylaws
- ♦ BL3 Formation Intergovernmental Agreement
- ♦ BL3 Management Intergovernmental Agreement
- ♦ Financial Documentation

*Please Note:* This document is intentionally organized as specified by the Oregon Economic Development Department instead of in a typical strategic plan framework.



## SECTION I

# Executive Summary

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### Context

This 2007-2013 BL3 Regional Investment Strategy (RIS) provides a framework for long-term economic development planning efforts in the four-county area of Benton, Lane, Lincoln, and Linn Counties, Oregon. It meets the statutory and administrative requirements of the Oregon Economic and Community Development Department (OECDD) (ORS 285B.242 and 285B.257) and is organized as required by the OECDD.

### Planning Basis

Many parts of this Strategy mirror the Comprehensive Economic Development Strategy (CEDS) of the U.S. Economic Development Administration-designated Cascades West Economic Development District, which overlays the same four-county region. In the past, the RIS and CEDS were developed, presented for public comment, and approved as companions in a single strategic plan. To meet OECDD requirements, this cooperative planning approach has been severed and the RIS is presented for the 2007-13 period in this stand-alone document. While these guiding documents are no longer joined, the approach and programming between the RIS and the CEDS remains coordinated through identical staffing and a strong local commitment to retain a truly strategic approach driven from a clear common vision and overarching goal set. As reflected in this RIS, these two economic development strategies continue to share common regional vision, goals, needs examination and resource analysis.

### Legal Basis

The Regional and Rural Investment Program was initiated by the 1999 Oregon State Legislature as an update to the previously existing Regional Strategies Program through Oregon Revised Statutes (ORS) 285B.230-.269. Implementing rules are formalized in Oregon Administrative Rules (OAR) Chapter 123.

2007 Legislative Modifications: The 2007 Oregon Legislative Assembly made several changes to the basic Regional Investment Program, including:

- ◆ Discontinuation of a separate Rural Investment Fund, but continuation of a Rural Action Plan as part of the overall Regional Investment Plan. (ORS 285B.239(1)(d))
- ◆ Requirement to establish a rural set-aside to support the purposes and objectives of the Regional Investment Fund. (ORS 285B.239(2))
- ◆ Requirement for development of a six-year investment strategy and implementation plan. (ORS 285B.239(1)(f))
- ◆ Permission to dedicate all or a portion of the funds distributed to the Regional Investment Boards for technical assistance and staff support to update the regional investment strategy and to develop programs and projects. (ORS 285B.239(3))

Specific tasks for the Regional Investment Program during the 2007-09 biennium were delineated in Budget Notes from the Transportation and Economic Development Subcommittee of the Joint Committee on Ways and Means dated June 20, 2007. These tasks include:



- ◆ Manage the existing grant and loan portfolios, but cease approving further grants and loans from 2007-09 funds.
- ◆ Develop an Issue List and an Infrastructure Inventory.
- ◆ Assist the Oregon Economic and Community Development Commission in developing a statistically valid and auditable methodology for prioritizing, funding, tracking, and reporting on the effect of grant and loan activities.

## **BL3 Regional Investment Board**

Benton, Lane, Lincoln, and Linn Counties have entered into an Intergovernmental Agreement (IGA) establishing the BL3 Regional Investment Board (RIB) to oversee the State's Regional Investment Program in the four counties. The responsibilities of the RIB, its membership, and its operational guidelines are specified in the IGA and in the RIB Bylaws.

The BL3 RIB consists of 21 members. Each of the four Counties appoints five members and the Tribal Council of the Confederated Tribes of Siletz Indians appoints one representative. BL3 RIB membership includes the broad community and economic development interests of the region. Current members include representatives from cities, counties, ports, special districts, and Native American tribes as well as significant representation from the private economic sector and rural interests.

## **2005-07 BL3 Program Accomplishments**

Beginning in 2003, the Oregon Legislature provided a new focus for the Regional/Rural Investment program that specified job creation (both long-term and short-term) and leverage as the primary evaluation criteria for the program (ORS 285B.264). These guidelines continued through the 2005-07 biennium. This focus on jobs creation allowed the BL3 RIB to continue to target the Regional Investment Strategy's efforts and funds (\$870,000) towards job creation to an even greater degree than previously.

### **Targeted Outcomes**

During the 2005-07 biennium the Regional Investment Board (RIB) worked to achieve targets of:

- ◆ One job created or retained for each \$3,000 of Regional Investment funding. (Target: 289 jobs)
- ◆ \$5 of matching funds for each \$1 of Regional Investment funding. (Target: \$4.5 million in matching funds)
- ◆ 25 percent of the jobs created or retained would be above the Average County Wage of the county in which the job was located.

### **Targets Exceeded**

Eleven projects received funding commitments totaling \$793,265 from the BL3 Regional Investment Board during the 2005-07 biennium. Six of these projects supported loan funds or multi-business projects. Five project awards went directly to individual businesses. These projects will return:

- ◆ 312 job opportunities (meeting the target of 289 jobs) at a Regional Investment cost of \$2,543 per job (exceeding the \$3,000 per job target).
- ◆ \$11,561,105 in matching funds (exceeding the match target of \$4.5 million) and providing for a match of \$14.57 for each \$1 of Regional Investment funding (exceeding the \$5:\$1 target for match almost threefold).
- ◆ 51% of the job opportunities (159 of the 312 jobs) will be above Average County Wage levels (exceeding the 25% target twofold).

# 2007-13 Strategy Development

## 2007 Regional Economic Development Forum

Recent economic indicators were discussed with representatives of key industries, community leaders, and economic development partners during a May 2007 Regional Economic Development Forum: Cultivating the Seeds of Economic Prosperity. These discussions clarified the findings presented in this RIS. Comments were obtained on:

- ◆ The current economic situation of the region
- ◆ Updated opportunities, challenges, and barriers
- ◆ Initiatives that the region should focus on to reach the vision and goals defined in the CEDS and RIS

This Forum was sponsored by the -

- ◆ BL3 Regional Investment Board and the
  - ◆ Cascades West Economic Development District
- in partnership with the -
- ◆ Linn, Benton, Lincoln Workforce Investment Board and the
  - ◆ Lane Workforce Partnership.

Forum invitees included members of the BL3 Regional Investment Board, Cascades West Economic Development District Board, Lane Economic Committee, Oregon Cascades West Council of Governments' Community and Economic Development Committee, and lead economic development partners. These groups include representatives from key industries; private sector businesses; private non-profits; local (cities, counties, port districts, special districts, etc.), state, and federal governments; tribe; and rural communities through to metropolitan areas.

### Other Outreach

The base information presented for consideration during the Regional Forum and folded into this RIS includes:

- ◆ Employment, population, housing, transportation, key industry, and income data and projections from various State and federal sources (including ODOT, HCS, DLCD, DOA, DSL, and DEQ).
- ◆ Findings from interviews with regional business leaders (CONTACT survey of ninety Lane County businesses and discussions with twenty Benton, Lincoln, and Linn County businesses).
- ◆ Interviews with the city manager/administrator/recorder of each city in the region and the Port managers of Alsea, Toledo, and Newport.
- ◆ Discussions with community and economic development partners including the Oregon Economic and Community Development Department, Oregon Employment Division, Linn-Benton Community College, Oregon Coast Community College, Linn Benton Housing Authority, and the Community Services Consortium.
- ◆ Input from economic development partners during a 2005 regional strategic planning discussion.

### Finalizing the Strategy

The Planning Committee of the BL3 Regional Investment Board (RIB) framed recommendations for the consideration of the full RIB. The RIB approved this document on October 15, 2007. OECDD's Regional Development Officer and Regional Coordinator attended and participated in the RIB Planning Committee and full RIB meetings. Final steps for RIS approval include OECDD review, public hearings conducted by the each County Board of Commissioners, approval by each County Board of Commissioners, and approval of the Oregon Economic and Community Development Commission.

## Summary of Findings

The following summary of findings provides an overview of economic conditions in the BL3 region.

### Top Assets for Economic Development

The BL3 Regional Investment Board identified the following as the top opportunities and assets from which the region could build a stronger economic future (not prioritized):

- ◆ An educated, motivated, and trained workforce in comparison to other geographic areas of Oregon and the U.S.
- ◆ Strength of education systems at all levels:
  - Two universities are located in the region: Oregon State University and University of Oregon
  - Quality programs at three community colleges: Lane, Linn-Benton, and Oregon Coast
  - Higher education concentration leads to the unique research orientation of the region
  - This strength contributes to an environment where creativity, livability, and education are valued
- ◆ Research institutions (public and private) and extension/outreach services:
  - Consistent economic drivers
  - Encourage an entrepreneurial focus
  - Attract outside talent (e.g., researchers, conference attendees)
- ◆ An actual high quality of life (as indicated by number of people who want to stay here)
- ◆ A truly diverse economy built from the traditional natural resource base through to high tech and emerging research

### Top Barriers to Economic Development

The BL3 Regional Investment Board identified and prioritized the following issues as the top three barriers to economic development in the BL3 Region:

- #1 Need for increased and stable funding of economic development activities including Regional Investment Strategies funding, technical assistance, incentives, and infrastructure.
- #2 Unmet infrastructure needs including capacity, maintenance, water, wastewater, water rights uncertainty, transportation inadequacies impeding movement of freight and tourists, rail, technological, and the added technical assistance needs of rural areas.
- #3 Limited inventory of viable, available, shovel-ready industrial land including wetland constraints and infrastructure design and development funding.

### Key Findings

Health of Our Economy: Like most of the United States, the BL3 region is facing significant economic challenges:

- ◆ Energy has emerged as a major regional issue as well as a key opportunity. Demand for alternative fuels (e.g., biodiesel) has grown with the rising cost of gasoline. Energy technologies that are sustainable and carbon-neutral are being developed and brought on-line in the region. Emerging energy-related and sustainability-related businesses are helping to diversify the regional economy.
- ◆ Recent economic growth has been focused along the I-5 corridor. Rural communities are having a more difficult time strengthening their economies due to infrastructure limitations, relative isolation, and smaller employment bases.

- ◆ The pressure of globalization makes shifting manufacturing operations to countries with very low wage rates enticing to firms who hope to continue to compete in the world market.
- ◆ Manufacturers tied to the region's abundant natural resources (fisheries, timber, and agricultural lands) will likely remain near their raw resource, but ever-changing public policies have constrained machinery and facility investment.
- ◆ Business owners who keep their operations in the area because they value the quality of life here are concerned about how changes in local education, constrained State finances, increasing methamphetamine use, and other rising social issues are impacting their personal and community lifestyles.
- ◆ The loss of 5,960 manufacturing jobs from 2000 through 2003 was offset only slightly by the addition of 740 manufacturing jobs in 2004.
- ◆ Despite recent employment gains, the region has fewer jobs than it did in 2000.
- ◆ County unemployment rates remain at or above state and national norms, with just under 20,000 people currently identified as unemployed (not including those who have given up looking for work or who have accepted underemployment).
- ◆ The Oregon Employment Department forecasts that the region will grow almost 4,000 new jobs over the next ten years, but that most of these will be in the Tourism Sector (which, on average, has the lowest annual wage) and in Government (linked to expected expansion of Tribal facilities).
- ◆ Job losses are forecast over the next ten years in the Forest Products, Fisheries, Metals, and High Tech Sectors.
- ◆ There are shortages of skilled workers in several expanding economic sectors. Skilling-up lower-level workers, encouraging worker succession planning, encouraging technical training at the high school level, and reducing entry-level certification and education requirements are some of the efforts required to address workforce imbalance.

Health of Our Natural Systems: The region spreads from the Pacific Ocean to the crest of the Cascade Range. 79% of the region is forestland and 8% is prime farmland. State and Federal governments own almost half of the regional land base. Natural system- and resource-related issues include:

- ◆ The ocean salmon fisheries offshore of Oregon and California were declared a national disaster in 2005 due to harvest restrictions. Restrictions were partially lifted in April 2006. Federal support to curb the impact of this disaster, while promised, has not been delivered.
- ◆ Ocean, other surface water, and riparian area health are being impacted by source and non-point source pollution and by encroaching development.
- ◆ Groundwater pollution (primarily nitrates) is being evaluated in the Albany-Eugene basin.
- ◆ The Total Maximum Daily Load for mercury, bacteria, and temperature in the Willamette River has been evaluated and more restrictive limits on discharges are being implemented.
- ◆ Areas of the coast experience water shortages during periods of low flow.
- ◆ Despite meeting federal standards, Lane County was ranked by the American Lung Association as one of the worst counties in the nation for air quality.
- ◆ 316 sites in the region have been identified as Brownfields and require some level of assessment and/or cleanup.
- ◆ Disaster planning and emergency response systems are being evaluated to address natural and human-related hazards.

Health of Our People: An estimated 576,635 people called the region home in 2006. Over half (53%) of the region's population resides in the four largest cities of Albany, Corvallis, Springfield, and Eugene. Most incorporated cities (26 of 36) have fewer than 5,000 people. There is growing economic disparity between the haves and have-nots in the region.

- ◆ This divide is apparent across the Counties of the region. Average 2004 household income in Benton County of \$33,700 contrasts with \$24,150 in Lincoln County. Wage rates also indicate this divide, with an average wage of \$37,247 in Benton County compares to \$26,015 in Lincoln County.
- ◆ This divide is also apparent across employment sectors, where the 2004 average annual wage in Oregon's Tourism sector is \$14,000 compared with \$50,000 in the Information sector.
- ◆ Improving poverty rates between the 1990 and 2000 Census mask a 9% growth in the number of people in poverty. In 2000, 73,790 people were in poverty (almost 30% of whom were children).
- ◆ Health care providers report significant increases in charity requests and length of hospital stay due to deferred care, noting a correlation to health insurance reductions.

Health of Our Communities: Communities in the region are grappling with constrained revenue sources that are typically inadequate to cover infrastructure maintenance responsibilities and capacity improvement needs. Balancing community needs is becoming increasingly complicated.

- ◆ Wetlands are a concern in much of the vacant industrial properties in the Willamette Valley. Several communities are working with OCWCOG to define the scope of this issue, and LCOG continues to address wetland conditions on individual sites.
- ◆ While the State's industrial site certification process has provided a uniform approach to site preparedness, few sites in the region have completed the certification process.
- ◆ Loss of federal funding under the Secure Rural Schools Act will significantly impact County budgets and service levels.
- ◆ Adequate funding for a stable education system remains a top priority issue. Investment in education is a high economic development priority. The State's economy is impacted by postsecondary education.
- ◆ Housing availability and affordability continue to impact the ability of Coastal areas to attract workers, especially those at the professional level. However, as Coastal housing development has increased in some areas it has been met with a rising anti-growth and anti-change sentiment. Moderately priced housing is a challenge throughout the region.
- ◆ 28 water systems in the region had drinking water standard violations in 2006, and many cities are struggling to meet federal Safe Drinking Water Act standards.
- ◆ Federal Clean Water Act requirements and increases in system infiltration and inflow are forcing many communities to evaluate and invest in waste water system improvements.
- ◆ Cities and major industries that have substantial discharges to the Willamette River and its tributaries are required to develop plans to bring water temperatures within DEQ-established limits by March 31, 2008.
- ◆ Deferred maintenance and growing traffic volumes are challenging the area's highway and local street networks.
- ◆ Following multiple years of local and regional advocacy, improvements to the Highway 20 corridor between the Willamette Valley and the Coast began in 2005, but geotechnical problems may delay completion and substantially increase project costs.
- ◆ Several communities in the region have begun improving telecommunications services. However, significant telecommunication gaps exist, including a need for upgraded urban systems and service in smaller cities and rural areas. Telecommunication services remain unavailable to some areas of the region.
- ◆ Rail service to some industrial areas and communities is imperiled by track maintenance costs.
- ◆ Public safety concerns abound, especially as related to methamphetamine abuse.

## Key Opportunities for Our Future

While not discounting the value of recruiting new businesses to make the region their home, the heart of regional economic development efforts is supporting existing businesses and encouraging start-ups.

- ◆ The region has a long history of growing successful start-up businesses, with several major manufacturers having started as garage-based businesses.
- ◆ Business development and support is in place to help prospective and existing entrepreneurs.
- ◆ Economic development partners are committed to building onto the entrepreneurial culture and assets of the region.
- ◆ Oregon State University and the University of Oregon attracted \$300 million in outside research dollars in 2004. The Universities are focusing on patenting research.
- ◆ Local leadership remains committed to meeting challenges within their revenue and staff limits. Communities in the region are, often concurrently, working to revitalize their downtowns, protect and build community identity, balance land uses, move industrial lands toward development, address water and sewage mandates, maintain their base infrastructure, plan for disasters, and provide the quality of life desired by their citizens.

## BL3 RIB Goals

The regional vision and goals remain similar to those developed in the mid-1990s, with an increased emphasis on promoting business and civic entrepreneurship. Regional goals, as refined through this strategic planning effort, are to:

- ◆ Advance economic activities that provide a range of employment opportunities.
- ◆ Build on the region's entrepreneurial culture and assets to reach local, state, and national markets.
- ◆ Support infrastructure assistance to communities.
- ◆ Provide technical assistance to communities and support capacity building efforts.
- ◆ Partner to improve workforce training and education.
- ◆ Support the needs of rural areas.

**Consistency with State Goals:** The goals of the BL3 RIB are consistent with the broad economic development goals framed by the staff of the Oregon Economic and Community Development Department. Regional goals are listed below under the State goal they are linked to.

*Promote a favorable investment climate to strengthen businesses, create jobs, and raise real wages.*

- ◆ Advance economic activities that provide a range of employment opportunities.
- ◆ Build on the region's entrepreneurial culture and assets to reach local, state, and national markets.
- ◆ Partner to improve workforce training and education.

*Assist Oregon communities to build capacity to retain, expand, and attract businesses.*

- ◆ Support infrastructure assistance to communities.
- ◆ Provide technical assistance to communities and support capacity-building efforts.
- ◆ Support the needs of rural areas.

*Improve national and global competitiveness of Oregon companies.*

- ◆ Build on the region's entrepreneurial culture and assets to reach local, state, and national markets.

# BL3 Implementation Strategy

## Strategic Initiatives

This implementation strategy falls from the Regional Vision and Goals and will build off of the strongest economic development assets and opportunities of the region while also addressing the top barriers to economic development in the region. While this implementation strategy will work throughout the region, several of the initiatives are targeted to meet the unique project and program needs of rural communities (noted with an \*, below). The BL3 RIB has framed three sets of strategic initiatives as its implementation strategy for the planning period:

Operational Initiative: Improve understanding at all policy levels of all of the Regional Investment Strategy efforts and accomplishments.

Initiative for Immediate Job Creation/Retention: Provide business incentives for job creation and retention through continuation of the BL3 RIS' successful 2005-07 job-generation program.

- ◆ Involve policy makers (legislators, city and county leadership, etc.)
- ◆ Conduct focused outreach to legislators

### Initiatives for Long-Range Strategic Impact:

- ◆ Foster technology transfer through efforts that include -
  - ◆ Improve connections between university-based researchers and businesses
  - ◆ Connect experts (e.g., economists) with program development
- ◆ Continue to support multi-modal (rail, ship, highway) transportation system improvements required for the movement of goods.
- ◆ Encourage a cluster development approach within key industries to help focus investments that range from the region's traditional natural resource base through to high tech and emerging research.
- ◆ Support and advance entrepreneurial development programs in all geographic areas. \*
- ◆ Encourage and invest in connectivity, especially in rural telecommunications. \*
- ◆ Address technical assistance barriers that hamper community efforts to deal with infrastructure needs. \*
- ◆ Address barriers that limit the inventory of viable, available, shovel-ready industrial land.

## Focusing BL3 RIB Investments

If State funding is provided to implement the BL3 Regional Investment Strategy, funding will be targeted to achieve the BL3 RIB's implementation strategy as follows:

- ◆ **Funding of Rural Projects and Programs:** At least 50% of project funding will be made available for rural projects and programs (these will not include Albany, Corvallis, Eugene, or Springfield projects or programs).
- ◆ **Immediate Job Creation/Retention:** At least 50% of project funding will be targeted for projects that immediately create or retain jobs.
- ◆ **Long-Range Strategic Initiatives:** At least 25% of project funding will be targeted for projects that implement long-range strategic initiatives.

## **Program Coordination**

The region has worked to create strong linkages between the various economic development programs working within the region. Deliberate linkages and intentional partnership connect the policy and staffing of all of the lead economic development partners in the region.

Linkages between the BL3 RIB and the U.S. Department of Commerce Economic Development Administration-designated Cascades West Economic Development District are especially strong given their shared vision, goals, outreach, and staff. The BL3 RIB intentionally includes members who provide linkages through their co-service on:

- ◆ Each of the four County Boards of Commissioners
- ◆ Cascades West Economic Development District Board of Directors
- ◆ Lane Council of Governments Board of Directors
- ◆ Oregon Cascades West Council of Governments Board of Directors
- ◆ Lane Economic Development Committee
- ◆ Oregon Cascades West Community and Economic Development Committee
- ◆ Workforce Investment Boards
- ◆ Confederated Tribes of Siletz Indians Council
- ◆ Boards/staff of lead economic development partners in the region: Albany-Millersburg Economic Development Corporation, Corvallis-Benton Chamber Coalition, Lincoln County Economic Development Alliance, Lane Metro Partnership, Cascades West Financial Services
- ◆ OECD (the Regional Development Officer holds an ex officio place on the BL3 RIB)

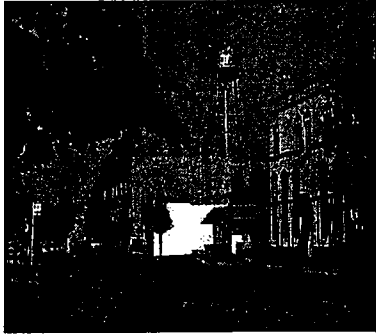
## **Evaluation Overview**

The BL3 RIB will continue to evaluate its performance by measuring:

- ◆ Job creation/retention
- ◆ Projected long-range job creation/retention
- ◆ Leverage of other funds
- ◆ Income impact from jobs created/retained

As defined in the project funding process (see Section 9), the RIB will review its progress during each quarterly meeting. If needed, the RIB will then make adjustments to the program to better meet performance targets.





## SECTION II

# Needs Examination & Resource Analysis

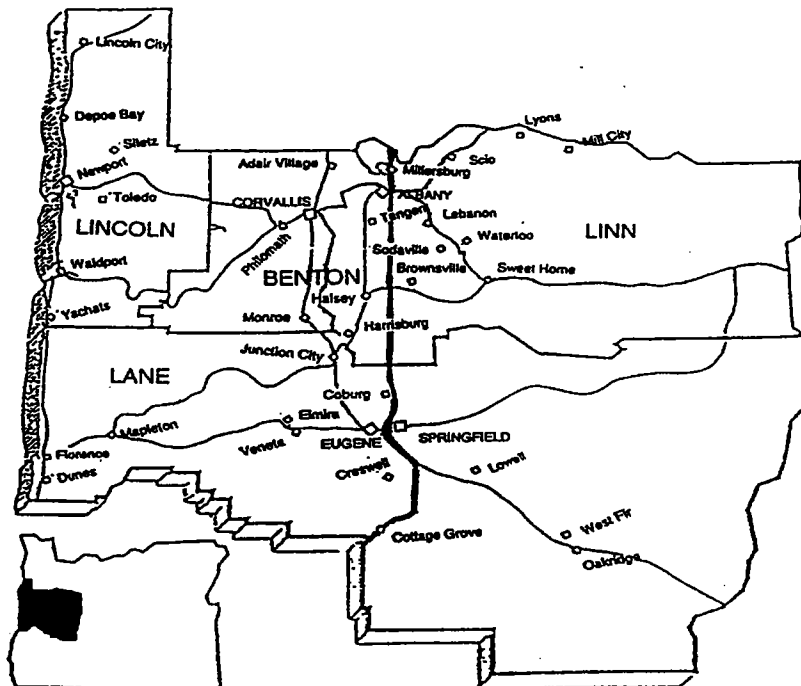
### Section II-1

## Putting the Region on the Map

### Location

The planning region for the BL3 Regional Investment Board as well as the Cascades West Economic Development District 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. Union Pacific and Burlington Northern/Sante Fe rail main lines and multiple short lines service the region.



## 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 west side of the Coast Range through multiple creeks, rivers, and bays toward the ocean. Natural freshwater 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 Christmas tree farms have 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 at least 46% of the total area of the 5.4-million-acre (8,601-square-mile) region. As illustrated in the following table, 90% of the land base in the region is in a natural resource designation (79% of the land base in the region is in forest land and 8% of the region is prime farmland).

<b>ACREAGE</b>	<b>Region</b>	<b>Benton</b>	<b>Lane</b>	<b>Lincoln</b>	<b>Linn</b>
Area Total	5,433,000	428,000	2,913,000	631,000	1,461,000
Prime Farmland	457,000	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.

Over half of the region's population resides in the four largest cities of:

- ◆ Eugene (home of the University of Oregon)
- ◆ Springfield
- ◆ Corvallis (home of Oregon State University)
- ◆ Albany

There are two Metropolitan Statistical Areas in the region:

- ◆ Eugene-Springfield
- ◆ Corvallis

Most incorporated cities in the region are small communities:

- ◆ 72% of the cities in the region (26 cities) have a population of fewer than 5,000.
- ◆ 28% of the cities in the region (10 cities) have a population of fewer than 1,000 people.

### Incorporated Cities

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

\* County Seat

\*\* Lies in Linn & Benton Counties

\*\*\* Lies in Linn & Marion Counties

## 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 Ronde, based in the rural Polk County community of Grand Ronde.
- ◆ 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 casino in Florence.

**CWEDD County and City Populations**

Source: Population Research Center, PSU

	7/1/06 Estimate	Census Population	
		4/1/2000	4/1/1990
<b>OREGON</b>	<b>3,690,505</b>	<b>3,421,399</b>	<b>2,842,321</b>
<b>BENTON</b>	<b>84,125</b>	<b>78,153</b>	<b>70,811</b>
Adair Village	920	536	554
Albany (part)**	6,535	5,104	15
Corvallis	53,900	49,322	44,757
Monroe	610	607	448
Philomath	4,460	3,838	2,983
Unincorporated	17,700	18,746	22,054
<b>LANE</b>	<b>339,740</b>	<b>322,977</b>	<b>282,912</b>
Coburg	1,075	969	763
Cottage Grove	9,275	8,445	7,403
Creswell*	4,500	3,579	2,431
Dunes City	1,345	1,241	1,081
Eugene	148,595	137,893	112,733
Florence	8,270	7,263	5,171
Junction City	4,965	4,721	3,692
Lowell	955	880	785
Oakridge	3,700	3,172	3,063
Springfield	57,065	52,864	44,664
Veneta	4,240	2,762	2,519
Westfir	335	280	278
Unincorporated	95,420	98,908	98,329

	7/1/06 Estimate	Census Population	
		4/1/2000	4/1/1990
<b>LINCOLN</b>	<b>44,520</b>	<b>44,479</b>	<b>38,889</b>
Depoe Bay	1,310	1,174	870
Lincoln City	7,615	7,437	5,903
Newport	10,240	9,532	8,437
Siletz	1,150	1,133	992
Toledo	3,590	3,472	3,174
Waldport	2,110	2,050	1,595
Yachats	745	617	533
Unincorporated	17,760	19,064	17,385
<b>LINN</b>	<b>108,250</b>	<b>103,069</b>	<b>91,227</b>
Albany (part)**	40,075	35,748	29,525
Brownsville	1,610	1,449	1,281
Gates (part)**	45	42	41
Halsey	780	724	667
Harrisburg	3,355	2,795	1,939
Idanha (part)**	85	85	112
Lebanon	14,355	12,950	10,950
Lyons	1,105	1,008	938
Mill City (part)**	1,260	1,225	1,247
Millersburg	935	651	715
Scio	725	695	623
Sodaville	290	290	192
Sweet Home	8,790	8,016	6,850
Tangent	870	933	556
Waterloo	230	239	191
Unincorporated	33,740	36,219	35,400

\*2006 estimate revised after 12/15/06

\*\*City has population in more than one county

## Section II-2

# Our People

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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 in 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

The region is growing more slowly than the overall State of Oregon. The total population of the region increased 5.1% between 2000 and 2006, compared with a statewide population growth rate of 7.6%. The average annual rate of regional population growth between 2000 and 2006 was .85%, compared with a 1.3% annual growth rate between 1990 and 2000.

Growth continues to be driven by the more urban areas of the region. The four largest cities in the region (Eugene, Springfield, Corvallis, and Albany) had a combined growth rate of 9% from 2000 through 2006, compared with a 1% growth rate for the remainder of the region.

In-migration is still the primary population growth factor in the region. From 2000-2006, in-migration continued to account for 68% (20,422) of regional growth. From 2000-2006, the region had a slightly higher in-migration rate than that of the overall State (65%).

### 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
Change 1990-2000	10.4%	14.2%	14.3%	13.0%	13.3% (1.3% Annual)
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
2005	82,835	336,085	44,405	107,150	570,475
2006	84,125	339,740	44,520	108,250	576,635
Change 2000-2006	7.6%	5.2%	0.1%	5.0%	5.1% (.9% Annual)

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

2001-2006: Certified Population Estimates, PSU Population Research Center

### Population Projections

Growth projections through 2040 indicate that the region will continue to grow more slowly than the overall state. The State of Oregon Office of Economic Analysis (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, accounting for 83% of regional population growth through 2040. Estimates predict that the coastal population will especially 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 - Eugene, Springfield, Corvallis, and Albany - are driving regional growth, with a combined growth rate of 8.9% from 2000 through 2006 compared with a 1% 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, the four counties of the region differ in the composition of 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 is 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 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 over the past decade, 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, 2005) while others are adding large numbers of jobs in the Information sector (\$50,000 annual statewide average wage, 2005). 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 the 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.

## Average Wage

The Oregon Employment Department uses average wage (AW) as a primary economic measure. In 2005, the AW in Oregon for all covered employment was \$36,590. The AW in Benton County was above that of the overall State, at 107.4% of the State level. Lincoln County has the lowest AW in the region, at 73.3% of the State level. Lane County at 88.3% and Linn County at 87.2% of the State level, respectively, are below the State AW but continue to be close to each other.

<i>Average wages in 2005 were:</i>	
♦	<i>\$39,279 - Benton County</i>
♦	<i>\$32,302 - Lane County</i>
♦	<i>\$26,814 - Lincoln County</i>
♦	<i>\$31,905 - Linn County</i>
♦	<i>\$36,590 - State of Oregon</i>

## Personal Income

Personal income is derived from the three basic sources of earnings, dividends/interest/rent, and transfer payments (retirement, medical, unemployment, and veterans benefits). The following table relates a higher level of transfer payments and lower level of earnings in Lincoln County, likely driven by its higher percentage of retirees. From 2003 to 2005, net earnings were up as a percentage of total income in Lane and Lincoln Counties and down about 1% in each of Benton and Linn Counties.

### Sources of Personal Income - 2005

	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	66.5%	65.4%	63.5%	55.6%	62.4%
Dividends, Interest, and Rent	18.3%	24.8%	18.9%	21.4%	16.0%
Transfer Payments	15.2%	9.8%	17.6%	23.0%	21.6%

Source: U.S. Bureau of Economic Analysis

## 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 Oregon State University college student population.

View from 2000 Census Data: 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 according to the U.S. Census. 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.

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%.

Updated Poverty Estimates: Across the state, including our region, poverty rates and actual numbers were higher in 2004 than in 1999 and higher in our region as compared to the state. Benton County at 12.5% was below the State rate of 12.9%. Lane's poverty level for 2004 was 14.9%, Lincoln's was 15.3%, and Linn's was 13.7%. Other poverty indicators vary significantly from county to county with Lane County generally close to State rates, Benton County slightly better than State rates, and Lincoln and Linn Counties having higher indicator rates than the State.

Indicators of Need: 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 2005. 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.

School dropout rates in the region have improved over time. For the population over age 25, 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 II-3

# Our Natural Systems and Resources

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## Agricultural and Forest Lands

### Agricultural Lands

456,000 acres (8.4%) of the region is prime farmland. The majority of the prime farmland in the region lies along the Willamette River. Vegetables, berries, grass seed, and a 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 75% of the region, with 50% of the region in State or Federal forest land.

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. (Refer to Section 2, Land Base Table.) With 46% 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-1990s 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 human-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 is the recently completed analysis of the Willamette River by the Oregon Department of Environmental Quality (DEQ). Based on its analysis, DEQ established Total Daily Maximum Load (TMDL) for temperature, bacteria, and mercury in the Willamette River and its tributaries. These limits will be used to assess and regulate surface water uses and discharges to surface waters. New or expanding discharges will face new requirements to achieve compliance with these new limits. Several cities and industries in the region are legally contesting TMDL requirements.

## **Ground Water 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 is 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.

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. DEQ conducted a groundwater management planning effort for the Willamette River between Eugene and Albany to address significant levels of pollution (primarily nitrates) in groundwater. The resulting plan for the management area is designed to limit further contamination and work toward a reduction of present contamination levels.

## Air Quality

Air quality is impacted by almost every natural and human-influenced factor; from plant growth and naturally occurring decay, to industrial and vehicle emissions. Generally, air quality in the region remains of high quality. However, in 2005 the American Lung Association 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, stagnant 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 exceeded 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

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 cleanup. 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.

Only 6 of the 48 sites where hazardous substance contamination has been identified have received No Further Action status. 14 sites have been declared "Orphan Sites" because contamination is not tracked to a single contaminator, the contaminator is out of business, or the contaminator does not have resources to conduct cleanup.

# Land Quality: Brownfields and Superfund Sites

## Brownfields

DEQ's Environmental Clean-up Site Information (ESCI) database included 332 properties in the region that may have some level of contamination (April 2007). This is up slightly from the 316 sites requiring some level of assessment and/or cleanup that were included on the ESCI in August 2005. Of the currently listed sites, 14 have been identified as orphan sites and 17 are being worked on actively as Brownfields. An additional 171 sites in the region are listed as cleared from further action by the DEQ on the ESCI database (up from 160 sites in August 2005).

*Oregon DEQ defines "brownfield" 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.*

There may be more sites with contamination that have not been identified and listed on the DEQ's ESCI database. Concern that properties used in the past for industrial or commercial purposes might be contaminated impacts site reuse and redevelopment. Some communities in the region have begun establishing programs to assess sites and prioritize redevelopment opportunities.

## 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. Contaminant traces were identified in surface waters two miles from the site. Clean-up has been completed.
- ♦ 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.

# 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 will 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 provided 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 plain 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 recent example of continuing flood management efforts is recent repairs and improvements 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 have recently reviewed their tsunami hazard zones, refined tsunami evacuation plans, and identified how development plans within hazard zones should be adjusted. The premier wave research lab at Oregon State University provides researchers worldwide 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. Unlike many other areas of the U.S., there are few weather-related events that actually result in the slowing-to-stopping of business and community operations:

- ◆ In the Willamette Valley, interruption of power and reduced mobility are infrequently caused by ice and wind. For instance, a major wind event swept through the Willamette Valley in 2002 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. While this predominately occurs in unpopulated areas, it can result in roadway closures 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**

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.

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 boundaries. Cooperating with property owners to delineate wetland areas 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.

### **Wetlands Planning**

Conservatively, it is estimated that half of all undeveloped industrial land in Linn and Benton Counties is wetland. A number of jurisdictions in the mid-Willamette Valley are concerned that current approaches to mitigating wetland losses will not be adequate to allow the development of their vacant industrial lands given the extent of wetlands on those sites. Communities requested that OCWCOG coordinate a project to document the extent of the problem, explore alternatives, and devise a strategy to address findings. Through a grant from OECD, OCWCOG contracted with an economics consulting team to assess the impacts of wetlands on industrial development in the area. After findings are released (tentatively scheduled for late spring 2007), local jurisdictions and the State's regional Economic Revitalization Team (ERT) will work on follow-up steps.

### **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. Local watershed boards were also initiated as the focus for habitat protection and restoration project development.

*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.*

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.

### **Salmon Disaster Declaration**

In April 2005, the Pacific Fishery Management Council recommended the most severe ocean salmon harvest restrictions in recent history along the Oregon and California Coasts. Resulting federal and State restrictions adversely affected the coastal salmon fishing industry, including processors and supporting businesses. State and national disaster declarations followed.

The federal declaration provided some project-related funding support for impacted areas. District staff participated in defining a response to the declaration of a disaster. A group convened by the governor's office discussed approaches for use of federal technical assistance funding available. Strategies developed for value-added market-based opportunities and for encouraging the development of



alternative business opportunities. A survey tool, similar to that developed in Lincoln County, will be used along the entire Oregon Coast to clarify priorities of the fishing community.

In April 2006, the National Oceanic and Atmospheric Administration's Fisheries Services approved an emergency rule to allow some limited salmon fishing along the Oregon and California coasts. These new regulations allow the ocean salmon fishery to open as scheduled. They mirror the recommendations made earlier by the Pacific Fishery Management Council.

## **Global Warming**

In 2005, Oregon's governor convened a multi-stakeholder advisory group (including representatives from utilities, business, academia, and environmental organizations) that delivered consensus-based recommendations on a strategy and a plan for Oregon to take action to slow conditions of global warming. Economic and environmental impacts attributed to global warming include changing weather patterns, snow pack reductions, and occurrence of a dead zone off the Oregon Coast. The Governor's Global Warming Advisory Group released the "Oregon Strategy for Greenhouse Gas Reductions" which prioritized steps for Oregon to reduce carbon emissions:

- ◆ **Climate Change Integration:** Establishes interim and longer-term science-based goals for statewide reduction of greenhouse gas emissions and provides mitigation and adaptation measures. Included in this package is the establishment of a "Climate Change Research Institute" to be run by Oregon's university system.
- ◆ **Power Plant Performance Standard:** Encourages low-carbon energy development in combination with ratepayer protection.
- ◆ **Carbon Cap and Trade System:** Creates a market-based tool by establishing a regulatory structure for Oregon's electricity and non-vehicle fossil fuel consumers.

## Section II-4

# Our Community Resources

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## 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.

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

### **“Secure Schools” Income Loss**

Since 1908, the federal government had provided 25-50% of the revenues received from National Forest System lands for use primarily for schools and road maintenance by the counties in which those lands are located. Changing federal harvest policies in the 1980s led to a steep decline in federal timber sales and, therefore, in revenue sharing funds received. To stabilize payments, the 2000 “Secure Rural Schools and Community Self Determination Act.” guaranteed funding to schools and provided funding to counties with federal timberlands in their boundaries to “make additional investments in, and create additional employment opportunities through projects that improve the maintenance of existing infrastructure, implement stewardship objectives that enhance forest ecosystems, and restore and improve land health and water quality.”

As an example of the significance of these funds, Lane County budgeted revenues will be reduced by 40% if the federal funding is not reinstated. These funds provide 34% of Linn County’s General Fund Income and 16% of Benton County’s General Fund Income. The one-year renewal of the Act provides a temporary respite for the counties. However, the counties will have to continue to plan for several possible futures, making the development of long-term initiatives difficult.

## Land Use Framework

Oregon’s statewide land use planning program, initiated in 1973, is based on nineteen statewide planning goals. 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, recent 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.

### 20-Year Supply

Clarified by a 2003 State Supreme Court ruling, each city must evaluate whether land within its 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.

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

### 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.

County governments in the region reported that they were inundated with land use applications as the December 4, 2006 deadline for submittal of M37 land use claims neared. An analysis prepared by Portland State University identified that most M37 claims were filed with county governments. While a seemingly small area of the region (2.4%) is under M37 consideration, local governments are concerned about how future development clusters will impact transportation, public safety, and other community systems. Note that the following table identifies filings, not necessarily approvals.

**M37 Claims Filed (Through 2006)**

	<b>Number of Filings</b>	<b>Acres Involved</b>	<b>Percent of Area</b>
Benton County	140	11,765	2.8%
Lane County	412	34,857	1.2%
Lincoln County	198	43,314	6.9%
Linn County	494	39,927	2.7%
<b>Region Total</b>	<b>1,244</b>	<b>129,863</b>	<b>2.4%</b>

Source: Portland State University, March 2007

### 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 amendments) 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 as 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 take better advantage of the existing public infrastructure and private business investments in their existing downtown commercial centers by restructuring their downtown business base, revitalizing public spaces, and addressing connectivity issues. Public and private sectors are working together to improve their downtown's streetscape and building facades, to host community events, and to attract an improved business mix. Limited economic development assistance and funding remain challenges to turning these areas around.

Based on input received from communities during the preparation of the 2005-07 CEDS/RIS, OCWCOG obtained funding from the U.S. Economic Development Administration for a downtown revitalization project. In cooperation with the Oregon Downtown Development Association, the project has provided a local workshop open to all communities in Oregon. Next steps are to conduct in-town assessments of eight selected communities in the Linn-Benton-Lincoln region and then work with four of these communities on an intensive one-year implementation effort.

## **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 28 community water systems in the region had drinking water standard violations in 2006 (down from 35 systems in 2004). Twelve of those systems violated fecal/total coliform limits at least once during the year, ten systems had violations of nitrate levels, six systems tested positive for disinfection byproducts, and four systems did not meet filtration requirements or exceeded the allowed level of other chemicals.

### **Water System Improvements**

The availability and 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 influences 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.

The Central Coast Water Council, an organization of nine entities in Lincoln County, determined that future growth in the County would be limited by the availability of water. Due to the concerns about future water supplies, the Seal Rock Water District is investigating potential new sources, including desalinization of seawater

## **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 an impact on development similar to water supply issues. 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. Limited Federal and State assistance requires cities to take on additional debt, which is especially difficult for smaller cities.

### **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 Oregon Department of Environmental Quality has completed an analysis of the Willamette River Basin and recently established the Willamette River Basin Total Maximum Daily Loads (TMDLs) for mercury, bacteria and temperature. TMDLs limit the levels of each factor that a wastewater system can discharge into the Willamette River or its tributaries. These limits will be used to assess and regulate surface water uses and discharges to surface waters. New or expanding discharges will face new requirements to achieve compliance with these limits.

Some municipal wastewater systems in the region may need to be upgraded to meet the new standards. Most cities that are within the Willamette Basin and sub-basins are required to develop TMDL Implementation Plans by March 31, 2008. The City of Albany, Metropolitan Wastewater Management (of which Eugene and Springfield are members), and the Northwest Pulp and Paper Association have filed suits against the DEQ over issues related to the new limits.

## **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 contributes 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 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.

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 they have 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 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.

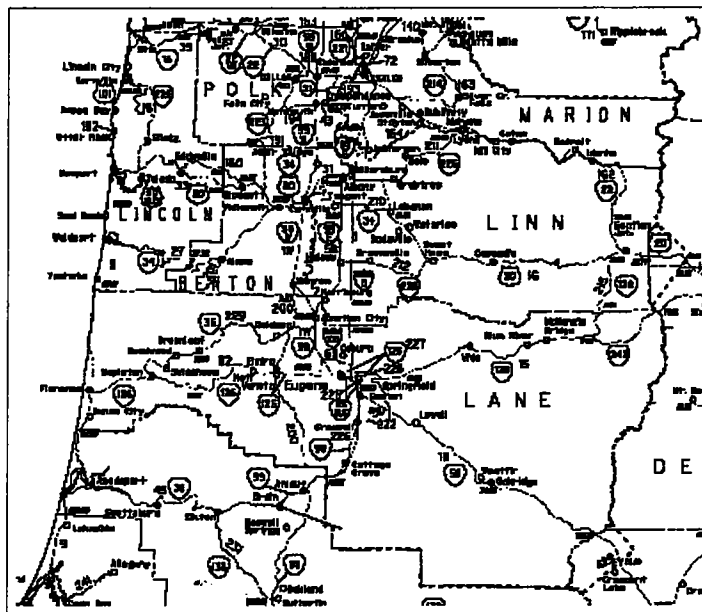
Demand for increased bandwidth at decreased prices continues to exceed supply. The region has succeeded in attracting several large employers that are dependent on the availability of broadband services, and the general availability of broadband continues to help nearly all the region's employers increase 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

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

### Roadway Network

The regional roadway network consists of Interstate 5, the principal north-south statewide corridor in the State; several State highways that are the primary linkages between communities within the region; county roads that serve the rural areas of the region and as secondary connections between cities; and 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
- ♦ The Eugene-Springfield Metropolitan Planning Organization provides identification and prioritization of projects in the Lane County area of the region. (See text box for web address.)

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

Branch lines in the region are aging. In many areas the track, rail beds, and bridges are inadequate, particularly for 286,000-pound rail cars that are becoming the industry standard. Shortline operators are finding it increasingly difficult to fund needed improvements. As a result, continued service to outlying industries on some branch lines is threatened.

A rail reload facility is being developed in the northwest industrial area of Lebanon. The facility, partially funded with \$1.9 million of Connect Oregon money, will consolidate two smaller operations and reduce conflicts between rail operations and vehicles on City streets.

### **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.

### **Projects Moving Forward**

Connect Oregon: The 2005 Oregon Legislature approved Connect Oregon, a one-time program to fund improvements to non-highway elements of the State's transportation system. \$100 million dollars of lottery-backed bond funds were provided for rail, port, aeronautic and public transit projects throughout the State. Projects that were awarded funding in 2006 within the region included:

- ◆ Air Cargo Facility Improvements, City of Eugene - Eugene Airport
- ◆ International Terminal Access Improvements, Port of Newport
- ◆ Reload Facility, City of Lebanon / Albany & Eastern Railroad
- ◆ Pioneer Parkway Bus Rapid Transit Project, Lane Transit District / City of Springfield

Highway 20 Corridor: After years of regional and local advocacy, improvements to U.S. Highway 20 between the Willamette Valley and the Oregon Coast have begun. A \$150 million project will realign ten miles of highway between Eddyville and Pioneer Mountain with a new seven-mile section of highway. The project addresses truck size restrictions and safety issues in this narrow winding section of highway. Recent geotechnical issues may increase the project cost and extend the completion date.

Other Key Corridor Improvements: Several other significant highway improvements are underway in the region. The long-awaited construction of the Highway 20 Philomath Couplet project and multiple State-funded bridge safety improvement projects are currently under construction. The Oregon Department of Transportation cancelled the proposed West Eugene Parkway project in July 2006, noting the project lacked political support needed to continue.

## **Air Service**

The City of Newport Airport is currently negotiating with a small commercial carrier to provide service. Corporate air traffic has also increased at both Corvallis and Newport over the last dozen years. The Eugene Airport has just completed the development of a second, larger, runway and scheduled air service includes daily flights provided by four carriers.

## **Marine Transportation**

The Port of Newport is redeveloping its International Terminal to service cargo ships, barges, large commercial fishing and research vessels, and possibly cruise ships. In 2006, the Port completed a Phase Two Environmental Site Assessment for the project and obtained funding from Connect Oregon (\$2.7 million grant) and general obligation bond authorization (\$15.4 million).

## **Energy**

Energy-related issues and opportunities quickly rose to the top of State and regional agendas beginning in early 2006:

- ◆ The 2006 “State of the Union” and “State of the State” addresses both highlighted the economic importance of energy self-reliance. Public attention has shifted to this agenda due in part to the rising price of gasoline coupled with ongoing oil supply and security concerns.
- ◆ The rising price of gasoline has generated public focus on alternative fuels for vehicles. OSU’s agriculturally based programs are refining multiple ethanol and biodiesel biofuel options. SeSequential Fuels opened Oregon’s first biofuel station in Eugene in 2006.
- ◆ State funding for several energy initiatives, including establishment of a research center targeted for location in the Region, were just approved.
- ◆ Two of the seven initiatives identified by the Oregon Innovation Council in 2006 are energy-related: establishment of a signature clean energy research center and funding for research and development of wave energy.
- ◆ Outside of the City of Lyons, Freres Lumber Company is bringing online one of the first high-efficiency woody biomass facilities in Oregon. Residuals are burned in a boiler to generate steam for lumber drying and production of ten megawatts of electricity, eight of which will be put on the grid.
- ◆ The City of Corvallis adopted a sustainability agenda and purchased its first biofuel buses.
- ◆ The City of Albany is seeking federal approval for its Water Treatment Plant hydro-based generator.
- ◆ Work through the newly established Oregon Nanoscience and Microtechnologies Institute (ONAMI) at OSU has resulted in a laboratory chemical reactor that would allow farmers to use locally grown crops to produce biodiesel on site.
- ◆ Business start-ups in energy-related businesses are emerging. Solar, biodiesel, cooling and metals firms are just a few of the specialty businesses in this cluster.
- ◆ Two two-megawatt electrical generating engines powered by methane gas will come online at Coffin Butte landfill in the fall of 2007.

Wave energy research underway at OSU may place the region at the center of one of the world’s first wave energy parks. OSU is working with Lincoln County to develop a national wave energy research and demonstration center, with plans to test a site during the summer of 2007. Lincoln County (followed by Lane and other Coastal Counties) initiated an application that would have allowed them to be in the lead in any Federal Energy Regulatory Commission licensing along their coastline. Led by Oregon Sea Grant, economic development partners in Lincoln County have convened the fishing industry to help identify ten optimum wave demonstration sites and to gather expertise on buoy tethers, bottom anchors, moorings, and the maintenance of equipment. OCWCOG is supporting a request for research funding from the U.S. EDA for development of a wave linear test bed at OSU.

These recent energy initiatives join the Region’s longer-standing energy-related work at the U.S. Department of Energy National Energy Technology Lab in Albany, in the EPA research center at OSU, at the University of Oregon, and at Oregon State University. Ongoing research work includes new and

more efficient means to generate energy from waves, hydro, hydrogen, wind, biofuels, solar, geothermal, and nuclear. Researchers also continue to work on energy efficiency and on reducing pollution from coal-fueled generators. The proposed Oregon Bio-Economy and Sustainability Research Center would bring together OSU, PSU, U of O, and OIT under a commitment to provide technical transfer of energy research outcomes.

## **Public Higher Education**

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

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

The areas of advanced research that have grown the fastest in recent years are nanoscience and energy research. The University of Oregon and Oregon State University have jointly established the Oregon Nanoscience and Microtechnologies Institute (ONAMI) with other research institutes in the northwest. The purpose of ONAMI is to promote research and commercialization in the miniaturization of energy, chemical, and biomedical processes.

### **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.

The Oregon Coast Community College is underway with a major capital improvements program. Facilities will be developed in Lincoln City, at South Beach, in south Lincoln County, and at the Hatfield Marine Science Center.

## **Health Care Facilities**

Health care continues to be a major economic driver in the region and significant employment growth is projected. Health care professions are among the fastest growing occupations in the region. For instance, PeaceHealth, the largest private employer in the region, has grown from 3,451 employees in 1991, to 4,605 employees today, and projects employment of 5,054 by 2008.

Consolidation of health care facilities has resulted in new investment in technology and medical infrastructure in the region. PeaceHealth is developing a new RiverBend hospital in north Springfield that will be followed by the renovation of its Hilyard campus. McKenzie-Willamette Medical Center is developing a replacement hospital. Lane County's largest orthopedic practice, Orthopedic Healthcare Northwest, finished a 80,000-square-foot medical office building in 2007. Oregon Medical Group opened a new clinic in January 2006 in west Eugene, and is completing a replacement clinic in south

Eugene. Samaritan Health Services has multiple facility development/improvements underway in its three county (Linn, Benton, Lincoln) service area including improvements at its Corvallis health center and completion of a new facility in North Albany.

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.

## Public Safety

The perception of a safe, secure, environment is critical to retaining a high quality of life. 98% of the businesses surveyed in the Lane CONTACT effort identified that public safety concerns, predominately centered on methamphetamine abuse, were challenging the quality of life of the area.

About 80% of all crime is attributed to drug abuse. Communities and businesses are also concerned about the less quantifiable feeling of insecurity experienced by citizens. Partnerships to tackle these public safety issues are emerging, but resources remain relatively limited in relation to the magnitude of the many facets of public safety issues.

The anticipated reduction and/or loss of federal funding under the Secure Rural Schools Initiative are expected to seriously impact County-level public safety efforts.

Overall, crime rates in the region looked better for 2004 (the most recent data available) than they did in 2000. However, reporting all crime may not always relate an accurate picture of crime because it is tightly tied to the public's perception of the law enforcement community as well as to the availability of law enforcement personnel. Also misleading, as in the case of the data presented below for Lincoln County, a smaller population base may reflect what appear to be significant comparative jumps in crime rate.

Information found in the following table is based on 2003-04 FBI Uniform Crime Reports and the 1990-2002 National Archive of Criminal Justice Data of the University of Virginia's Crime Report County Data. Violent crimes include: murder, non-negligent manslaughter, rape, robbery, and aggravated assault.

### Crimes Reported

	Violent Crimes Reported In 2004	Violent Crime Change 2000-04	All Crimes Reported In 2004	All Crime Change 2000-04
Benton	5/10,000 people	-80%	335/10,000 people	-27%
Lane	26/10,000 people	-17%	516/10,000 people	-9%
Lincoln	52/10,000 people	+56%	546/10,000 people	+5%
Linn	16/10,000 people	-16%	690/10,000 people	+40%
Oregon	30/10,000 people	-15%	493/10,000 people	

## 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 an important factor 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.

## Section II-5

# 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 forestlands were the major economic force until the 1980s, when those industries began contracting as they faced structural changes.

Emerging traded industrial sectors, such as high technology, environmental services, and software, 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 development of these new traded sectors helped support the growth and diversification of local service and trade sectors.

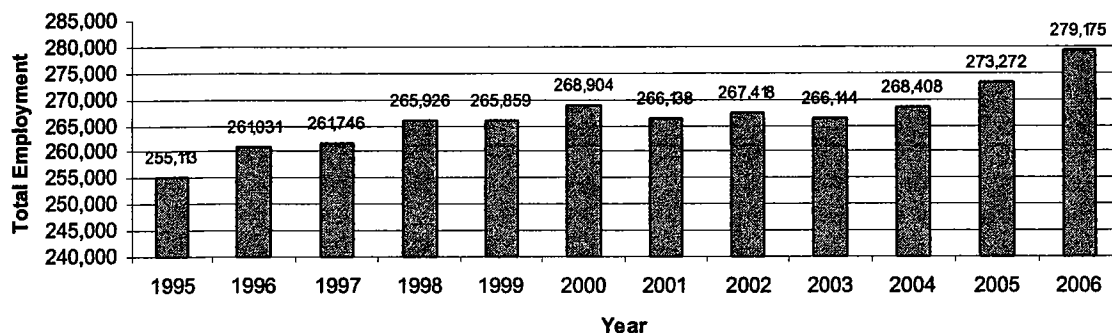
The four counties in the region have very different industrial structures and occupational mixes. The economic focus varies by county and even by sub-county area. In general, rural areas have relied on the wood products and agriculture industries, while the urban centers have established a more diverse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

Between 2000 and 2004, the number of people employed in the overall region remained basically static. From 2004 to 2006, the region gained approximately 10,800 jobs. However, the majority of this employment growth (75%) occurred in Lane County (60% of regional employment is in Lane County).

Industry groups with the largest employment growth over the 2004-2006 period are: Trade, Transport, and Utilities (2,780 jobs); Construction (1,910 jobs); Professional and Business Services (1,670 jobs); and Educational and Health Services (1,500 jobs). Professional and Business Services exhibited the highest employment growth rate during this period at 7.2%.

**BL3 Region Annual Average Employment: 1995-2006**



Employment growth varies dramatically between the counties of the region. Comparative total employment trending shows:

- ◆ In the US as a whole, there was a period of employment stagnation that lasted from 2000 until 2002, then steady growth from that point through 2006.
- ◆ In Oregon, the stagnant employment period began in 2000 and stretched until 2004.
- ◆ Lane County more closely followed the State's pattern.
- ◆ Benton County experienced significant job loss (7.5%) in 1999, and employment levels remained stagnant until 2004.
- ◆ Lincoln County experienced an employment drop in 1999, and levels were stagnating through 2003.
- ◆ Linn County's major employment drop was in 2000, with job losses every year through 2004, with the first gain in 2005.

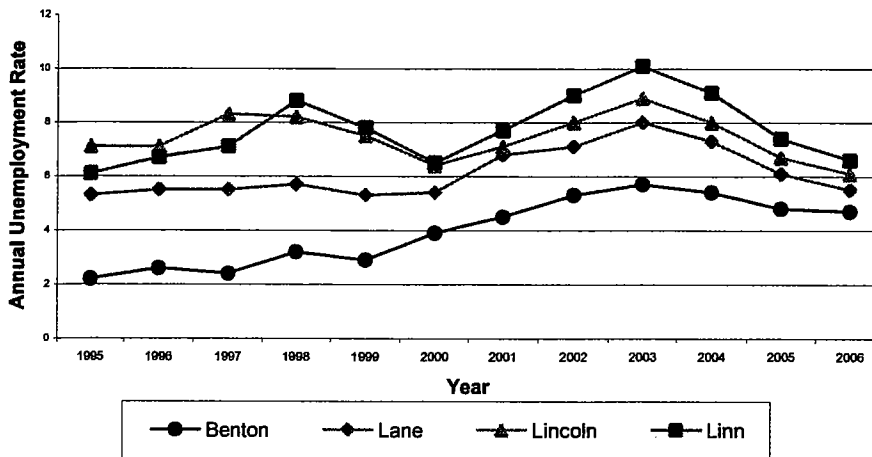
As indicated in the following table, the view of employment changes over time can vary significantly depending on the time period selected. Percentage of employment growth in Lane County over both the ten-year period (1997-2006) and the eight year period (1999-2006) was stronger than that of the State as a whole, probably because Lane County has the most diversified economy in our region. The other three counties have trailed the State during both time periods.

### Employment by Year

Area	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	97-06	99-06
US	129,558,000	131,463,000	133,488,000	136,891,000	136,933,000	136,485,000	137,736,000	139,252,000	141,730,000	144,427,000	11.5%	8.2%
Oregon	1,573,000	1,573,000	1,573,000	1,573,000	1,573,000	1,573,000	1,573,000	1,573,000	1,573,000	1,573,000	7.7%	6.9%
Benton	41,881	41,197	39,069	39,562	39,775	39,788	39,759	39,977	40,138	40,739	-2.7%	4.3%
Lane	19,983	20,120	19,837	19,662	19,830	19,863	19,972	20,597	20,857	20,784	4.0%	4.8%
Lincoln	19,983	20,120	19,837	19,662	19,830	19,863	19,972	20,597	20,857	20,784	4.0%	4.8%
Linn	19,983	20,120	19,837	19,662	19,830	19,863	19,972	20,597	20,857	20,784	4.0%	4.8%
Region	261,746	265,926	265,859	268,904	266,138	267,418	266,144	268,408	273,272	279,175	6.7%	5.0%

Unemployment levels topped out in 2003, and have dropped steadily through 2006. With the annual average unemployment of the region moving below 6%, the regional unemployment rate reached its lowest point since 2000. In 2006, 16,745 people in the region were identified as unemployed. Those who have given up looking for work or who have accepted underemployment are not reflected in these unemployment statistics.

### BL3 Annual Unemployment: 1995-2006





## Traditional Sectors of the Economy

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.

**Table 1**  
**Regional Traditional Sector Employment**

	2001	2002	2003	2004	2005	2014	2005 2014	2005 2014 Percent
<b>Forest Products</b>	9,867	9,193	9,422	9,422	9,422	9,422		
<b>Fisheries 1/</b>	104	100	91	87	80	72	-8	-9.2%
<b>Agriculture 2/</b>	5,081	5,081	5,081	5,081	5,081	5,081		
<b>High Tech</b>	7,588	7,082	6,933	6,944	6,523	6,794	271	3.9%
<b>Software</b>	1,117	1,117	1,117	1,117	1,117	1,117		
<b>Tourism</b>	23,056	22,899	23,253	23,744	24,193	27,410	3,217	13.5%
<b>Retail</b>	1,117	1,117	1,117	1,117	1,117	1,117		
<b>Government 3/</b>	48,750	48,440	42,940	48,390	51,880	52,344	464	1.0%

1 Includes only covered employment

2 Oregon Employment Department estimates that include both covered and noncovered employment for 2001-2005. 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	2005	Statewide 2005
<b>Forest Products</b>	\$36,456	\$36,456	\$36,456	\$36,456	\$36,456	\$36,456
<b>Fisheries 1/</b>	\$30,349	\$30,342	\$35,581	\$43,463	\$40,390	\$39,743
<b>Agriculture 2/</b>	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000	\$22,000
<b>High Tech</b>	\$58,523	\$59,616	\$65,008	\$64,200	\$72,459	\$78,661
<b>Software</b>	\$68,523	\$68,523	\$68,523	\$68,523	\$68,523	\$68,523
<b>Tourism</b>	\$11,679	\$12,052	\$12,312	\$12,537	\$12,908	\$15,100
<b>Retail</b>	\$11,679	\$11,679	\$11,679	\$11,679	\$11,679	\$11,679
<b>Government 3/</b>	\$45,309	\$47,307	\$49,584	\$52,149	\$37,281	\$38,552

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 19<sup>th</sup> Century and well into the 20<sup>th</sup>. 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 employment in the forest products sector. Between 2001 and 2004, forest products employment dropped from 9,867 to 9,193. Employment rebounded somewhat to 9,422 between 2004 and 2005, 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 \$40,569, compared with the all-industry annual average of \$32,852.

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. The total number of commercial fishermen in the region was estimated at 540 in 2005. 1999 legislation excused most fishermen from unemployment insurance coverage – the primary source of employment data. The average number of jobs in aquaculture and fishing covered by unemployment insurance dropped from 104 in 2001 to 80 in 2005. The recorded decrease could be from fewer fishermen working or fewer 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 and 2005, but a good year or two is unlikely to offset the long-term trend. The 2006 commercial salmon season was declared a disaster and the 2006-2007 crab harvest is reported to be about average. 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.

Fishing will continue to be an important source of income in the region. In 2006 the landed value of fish in Lincoln and Lane Counties was about \$33.3 million – with about 99 percent of that landed in Lincoln County. That is about one-third of Oregon's total. Average covered wages in the industry are about \$42,000 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 2005. Nearly half of Linn County's gross farm sales in 2005 were from grass and legume seed. Linn County had total gross farm sales of \$249 million in 2005 (up from \$230 million in 2004), and the most agricultural employment of the four counties in the region. In 2005, its annual agriculture employment was 2,240 (up from 2,190 in 2004).

Lane County is the second-largest agricultural producer in the region; its gross farm sales were just under half (\$117 million, a slight decline from 2004) of Linn County's. Lane County's agriculture industry is a bit more diverse than Linn's, with only 15% 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 dairy products. In 2005, Lane County's annual agriculture employment was 2,010 (up from 1,820 in 2004).

Benton County's 2005 gross farm sales of \$104 million were down slightly from 2004. In 2005, its largest commodities were farm forest products, perennial ryegrass, dairy products, and tall fescue. Benton County's annual agriculture employment was 1,340 (up from 1,260 in 2004).

Both employment and sales were up over prior rates in Lincoln County. Employment in Lincoln County's agricultural sector was 250 in 2005. The gross farm sales in Lincoln County were \$18 million in 2004. Its largest commodities were farm forest products and cattle.

In 2005, the regional average annual wage for crop production was \$24,007, above the statewide average of \$20,603. For animal production, the average wage in the region was \$25,941, just below the statewide average of \$26,296.

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 offered 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 before dropping to 6,500 in 2005. Jobs in this sector are generally high paying, with annual average wages at \$72,459 in 2005 (up from \$64,200 in 2004), compared with an average annual wage for all industries of \$32,852.

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 71 locations (up from 59 locations in 2004) employing 1,558 in 2005 (up from 1,321 employed 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 has regained most of the loss since, with a gain of 341 jobs. Wages in software are generally high. The average annual wage in 2005 was \$63,999, compared with an average annual wage for all industries of \$32,852. The statewide annual average wage for software was \$84,027 in 2005.

Software is expected to add 250 jobs for a growth rate of about 20% over the next 10 years. Symantec has recently doubled the size of its facility while On Time Systems Inc., a Eugene software developer, has been awarded a \$1.4-million contract with the U.S. Air Force.

## **Tourism**

Tourism is important in all four counties of the region. Dean Runyan Associates estimated the region received about \$1.1 billion in travel spending in 2005 and that travel provided about 16,000 jobs (up from 14,000 jobs estimated for 2004). 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 but has grown since then. The industry provided 24,193 jobs in 2005 (up slightly from 23,744 estimated in 2004) – about 10 percent of total covered employment in the region. Leisure and hospitality is relatively more important in Lincoln County, where it provides about 24 percent of the covered jobs. The average covered wage in the industry was about \$12,900 per year in 2005. This was much lower than the regional average of about \$32,800. 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 percent from 2004 to 2014. 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 one-percent lodging tax to promote tourism. This dramatically increased spending on marketing in some counties – more than a 10-fold increase in Lincoln County – and 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 almost 1,800 in 2005 (up from 1,700 in 2004). In fact, Linn County accounted for 22% of primary metal manufacturing employment statewide in 2005. Lane County makes up the small remainder of the primary metal manufacturing in the region, employing fewer than 100 in 2005. Benton and Lincoln Counties had no primary metal manufacturing employment in 2005. 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 \$57,546 in 2005 (up from \$55,441 in 2004), 75% higher than the average wage in the region of \$32,852.

Fabricated metal manufacturing is a slightly smaller industry than primary metals, employing 1,680 in the region during 2005. Lane County made up 72% of the regional employment in the industry. Linn County comprised 22% of the regional employment and Benton and Lincoln Counties made up the small remainder. The average annual wage in fabricated metals was \$36,311 in 2005, higher than the \$32,852 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 21% of the total nonfarm employment. Federal government employment (1.3%) in the region is actually slightly lower than the statewide average of 1.8%. 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 9% of regional employment, almost twice the statewide percentage of 5%. 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 \$37,281 in 2005 (compared with \$36,449 in 2004), lower than the statewide average of \$38,552. The regional average wages were lower than statewide for federal and local government. State government was \$40,944 for the region and \$34,722 statewide.

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.

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

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

## **Emerging Clusters**

The following emerging traded sector industry clusters are based on analyses by the State of Oregon Employment Department.

### **Motor Coach – Bicycle Manufacturing**

Motor coach and bicycle manufacturing are centered in Lane County, where, in 2005, motor coach manufacturing employed 3,958 and bicycle manufacturing, 159. 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: Clear Hills 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 and Green & Green Inc. of Corvallis (\$53,000) for development of uniquely packaged processed fruit products.

Some specialty food companies in the region include Golden Temple, 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 farmers 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, Cottage Grove, 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.

Fishermen sell directly to the public in Newport and Florence. Plans are underway for a mixed-use Port of Newport Fisheries Center that would act as a hub for fisheries-related activities. Designs for the Fisheries Center include a test kitchen and events pavilion with opportunities for education, interpretation, and interaction with the fishing industry.

## **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 2005, the industry added 38 jobs to reach employment of 823 at 39 business locations. Greenhouse and nursery crops are a high value crop for the region, producing about \$26 million in sales in 2005 (up from \$24 million 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 ultrasmall transistors that operate efficiently at room temperature.

### **Health Care**

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



## SECTION III

# Identified Priorities: Regional Vision & Goals

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The following vision statement and goal framework are based on input from private and public sector participants in regional planning activities from 1995 to the present 2007-13 Strategy. They have remained consistent over this period, with minor adjustments made only to aid in clarification.

## Our Vision

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 adjusting to changes in the economy
  - Outreach to special populations, such as the disabled, seniors, youth, minorities, unemployed and underemployed
  - 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, including redevelopment and reuse of properties
- ♦ **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 water 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
  - 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 drinking 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
- ◆ Removing barriers to the growth of business
- ◆ Revitalizing traditional downtown commercial core areas

## 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
- ◆ Address barriers to business location and expansion

**Goal: Build on the region's entrepreneurial culture and assets to reach local, state, and international markets.**

Considerations: Entrepreneurs continue to be a significant 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 influx of fresh energy from new and existing businesses. To make an economic impact our approaches to supporting entrepreneurs will need to be proactive, 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 sectors
- ◆ 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, natural gas) 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, including redevelopment of underutilized sites
- ◆ 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
- ◆ Planning and implementing downtown revitalization efforts

**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, redevelopment, 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

**Consistency with State Goals**

The goals of the BL3 RIB are consistent with the broad economic development goals framed by the staff of the Oregon Economic and Community Development Department. To illustrate this consistency, the goals of the BL3 RIB are listed below under the State goal that they are linked to.

*Promote a favorable investment climate to strengthen businesses, create jobs, and raise real wages.*

- ◆ Advance economic activities that provide a range of employment opportunities.
- ◆ Build on the region's entrepreneurial culture & assets to reach local, state, and national markets.
- ◆ Partner to improve workforce training and education.

*Assist Oregon communities to build capacity to retain, expand, and attract businesses.*

- ◆ Support infrastructure assistance to communities.
- ◆ Provide technical assistance to communities and support capacity-building efforts.
- ◆ Support the needs of rural areas.

*Improve national and global competitiveness of Oregon companies.*

- ◆ Build on the region's entrepreneurial culture & assets to reach local, state, and national markets.

## **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 are 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
- ◆ Oregon Economic and Community 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 Ronde; Siletz
- ◆ *The region also includes multiple water districts, Soil and Water Conservation Districts, and watershed councils.*

### **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**

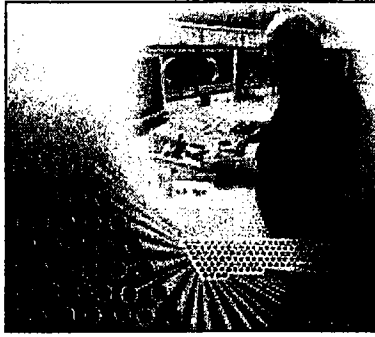
- ◆ Albany Visitors Association
- ◆ Central Oregon Coast Association
- ◆ Convention and Visitors Association of Lane County
- ◆ Corvallis Visitors Bureau
- ◆ Oregon Tourism Commission
- ◆ *Community visitor programs, chambers of commerce, and multiple other non-profit groups oversee local tourism development 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
- ◆ Lane Workforce Partnership
  - ◆ Workforce Response Team
- ◆ Linn, Benton, Lincoln Workforce Investment Board
  - Workforce Response Team

### **Other Entities Involved in Economic Development**

- ◆ 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.
- ◆ Oregon State University and the University of Oregon have served as economic development partners, created technology transfer programs, and supported regional business development and recruitment efforts.
- ◆ 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.
- ◆ Cascades West Area Commission on Transportation advises the Oregon Transportation Commission on regional issues and priorities.
- ◆ Local governments and the Oregon Department of Transportation provide and maintain critical transportation connections.
- ◆ Rail providers, including short line operators, provide an important part of community and economic infrastructure.
- ◆ 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.
- ◆ Lane Micro Business implements a focused business development strategy
- ◆ St. Vincent DePaul, a non-profit organization, works to address a variety of community and social concerns while, often concurrently, implementing job creation and business development efforts.



## SECTION IV

# Six-Year Investment Strategy & Implementation Plan

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### Strategic Initiatives

The three following initiatives provide the strategic planning focus to meet six-year long-range planning requirements. While all initiatives are intended to serve rural areas, a few (noted with an \*) are specifically targeted to address rural needs.

#### Operational Initiative

- ◆ Improve understanding at all policy levels of all of the Regional Investment Strategy efforts and accomplishments
  - Involve policy makers (legislators, city and county leadership, etc.)
  - Focused outreach to legislators

#### Initiative for Immediate Job Creation/Retention

This initiative is targeted to provide employment impacts in the immediate-to-two-year period.

- ◆ Provide business incentives for job creation and retention through continuation of the BL3 RIS' successful 2005-07 job-generation program. This initiative includes funding to assist individual private businesses, both directly and through the capitalization of loan pools.

#### Initiatives for Long-Range Strategic Impact

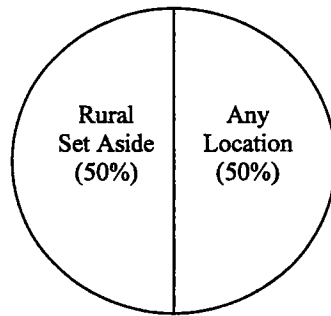
These initiatives are focused efforts that build a new, stronger economic base and typically require a multi-year approach:

- ◆ Foster technology transfer through efforts that include:
  - Improve connections between university-based researchers and businesses
  - Connect experts (e.g., economists) with program development
- ◆ Continue to support multi-modal (rail, ship, highway) transportation system improvements required for the movement of goods.
- ◆ Encourage a cluster development approach within key industries to help focus investments in the region's traditional natural resource base through to high tech and emerging research.
- ◆ Support and advance entrepreneurial development programs in all geographic areas. \*
- ◆ Encourage and invest in connectivity, especially in rural telecommunications. \*
- ◆ Address technical assistance barriers that hamper community efforts to deal with infrastructure needs. \*
- ◆ Address barriers that limit the inventory of viable, available, shovel-ready industrial land.

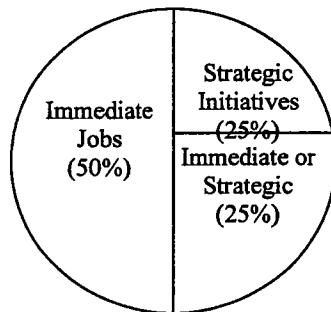
## Focusing Investments of the BL3 RIB

If project funding is provided to implement the BL3 Regional Investment Strategy, funds will be apportioned as follows.

- ♦ **Funding of Rural Projects and Programs:** At least 50% of project funding will be made available for rural projects and programs (these will not include Albany, Corvallis, Eugene, or Springfield projects or programs).



- ♦ **Immediate Job Creation/Retention Initiative:** At least 50% of project funding will be targeted for projects that immediately create or retain jobs.
- ♦ **Long-Range Strategic Initiatives:** At least 25% of project funding will be targeted for projects that implement long-range strategic initiatives.



The apportionment between immediate and long-range impacts will be evaluated annually considering unemployment conditions. If economic conditions warrant, the Regional Investment Board may request that these base allocations be amended so that more resources are available for the immediate generation of jobs.



## Activity Eligibility

The RIB will review projects based on the following limitations, criteria, and considerations. These review considerations are based on and consistent with ORS requirements.

### Eligible Activities

The BL<sup>3</sup> RIB will consider four categories of activities for funding:

- ◆ **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 and 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.

### Ineligible Activities

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
- ◆ Maintenance of 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.
- ◆ Award of grants or loans may not displace existing private or public sources of funding for this type of assistance.
- ◆ Award may not be used to fulfill objectives or activities of the Strategy as initiated in a previous biennium.