

# The Other Oregon

by Steve Cornacchia

**E**conomic development efforts in the state of Oregon over the past several years can, in many instances, be termed a qualified success. Examples abound along the I-5 corridor to serve witness to the commitment to create economic stability in Oregon. A burgeoning semiconductor industry has created over 50,000 new jobs in Portland and has pushed unemployment rates there below 5%. The plants built recently by Sony and Hyundai that will add thousands of jobs to Lane County's economy are obvious fruits of this labor.

Unfortunately, complacency frequently follows success. Commentators and government officials now are suggesting that the task has been accomplished in Oregon and that economic development programs targeted at Oregon communities be scaled back. Such suggestions do not take into account that the success story remains qualified. The small rural communities of Western Oregon and much of Eastern Oregon have not experienced the success of their I-5 corridor neighbors. The "Other Oregon" should continue to receive state and federal assistance in responding to the challenges of a changing economy.

Historically, the Other Oregon has had a timber-based economy and its communities have borne a disproportionate impact of the dramatic change in federal forest management policy. *Steve Cornacchia is a member of the Lane County Board of Commissioners, which he joined in 1986 and has chaired three times. A past president of the Association of Oregon Counties, he has participated in various economic revitalization projects.*

A mill closure in Oakridge means something entirely different from a mill closure in Eugene. While Eugene can direct economic diversification throughout its inventory of industrial-zoned land, Oakridge, surrounded by federally owned land, has no choice but to look to the inactive mill site. Eugene can also look to its larger employment base and location within major transportation corridors to relocate displaced workers;

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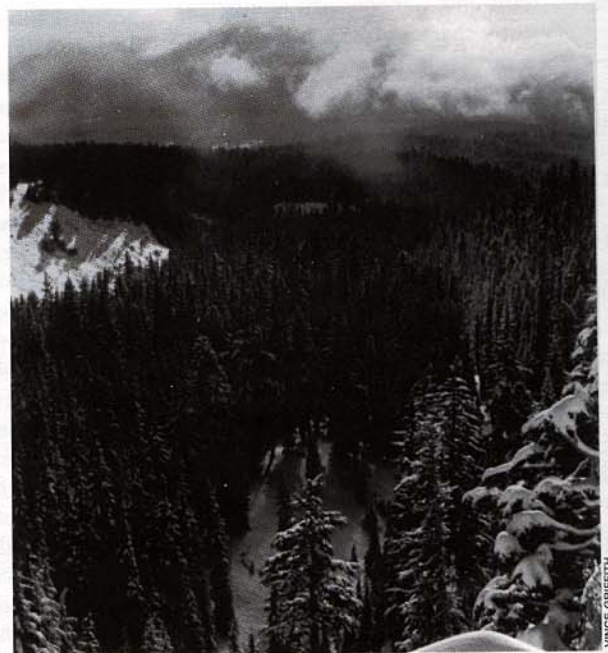
Oakridge does not share such opportunities.

Communities such as Oakridge are reacting to the dynamics of changing economies. They must cope with the realization that their youth must leave town to find employment, and that community services such as health clinics cannot subsist after a major employer has shut its doors. Typically the major employer was the mill. As its source for raw material disappeared, so did it. And with its closure came the closure of many smaller, attendant businesses. The combined effect has significantly impacted the population and income levels of these communities and, accordingly, their

quality of life.

The recent prison-siting exercise conducted by the Oregon Department of Corrections provides an interesting glimpse of the differences between these two Oregons. The process began with the department soliciting interested communities for the several planned facilities. The department received no expressions of interest from the major urban centers along the I-5 corridor. However, the department did receive expressions of interest from several rural and Eastern Oregon communities. Communities such as Oakridge and Lakeview were motivated by the prospect of family-wage jobs associated with corrections facilities. They were willing to assume the negative aspects of such facilities in return for the economic benefits that result from their existence. The fact that these facilities require a substantial infrastructure that also would benefit community development was not lost upon these communities.

Population and income trends mirror the anecdotal portraits. These rural communities are typically smaller than their I-5 corridor neighbors, and they also have



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experienced less growth. Throughout the corridor the population growth rate has averaged 13%, but the population of these other communities did not change appreciably over the same time. As household income levels decline dramatically with the loss of family-wage jobs in these communities, their I-5 corridor neighbors experience continual growth in household income. Between 1979 and 1989 income levels declined by 4.5% in timber-dependent cities, while they increased by 5% in other cities. The job losses from mill closures in the early 1990s will further widen the gap in income growth that exists between these two Oregons.

The differences between these two groups of Oregon communities have been acknowledged by state and federal agencies associated with economic development activities. The best example is found in the Northwest Economic Adjustment Initiative that was created to address the social and economic impacts of President Clinton's Northwest Forest Plan.

The Initiative is a direct acknowledgment that the dramatic reduction in timber harvest on federal Bureau of Land Management and Forest Service lands carries with it dramatic impacts upon timber-dependent communities. It provides nearly a billion dollars in federal assistance over a five-year period to such communities in Oregon, Washington and Northern California. The assistance is in the form of loans and direct grants through a variety of federal agencies from the BLM and Forest Service to USDA Rural Development and the Department of Commerce.

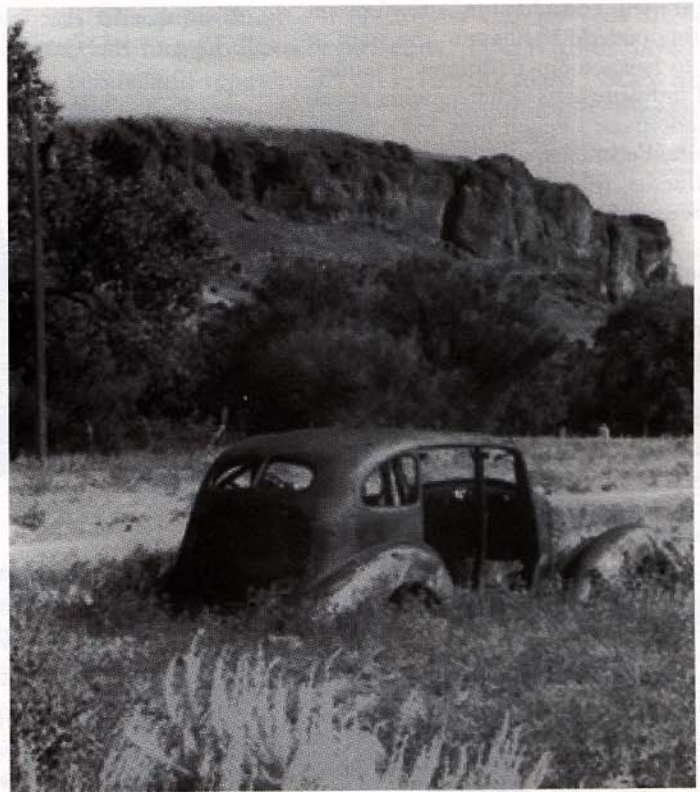
Two basic policies drive the Initiative. The first is that timber-dependent communities should receive the majority of the assistance. Second, that the assistance should enhance each community's capacity to redevelop industrially. The communities throughout the owl-impacted area of Oregon have been ranked according to level of dependence upon timber production. From the list of dependent commu-

nities it has become apparent that capacity invariably centers upon infrastructure, particularly water and sewer facilities. The majority of these small communities typically do not have adequate facilities to meet the needs of both domestic and industrial uses. Under current Oregon land-use law and EPA and DEQ requirements, the redevelopment of an inactive mill site often entails the improvement or creation of water and sewer facilities.

Oakridge again provides an example of the dynamics affecting timber-dependent communities and their relationship to economic development efforts. The idle mill site at one time supported 600 industrial wage jobs—a majority of such jobs for the

funds. In 1994 Oakridge hosted the first press conference to announce the dedication of Initiative funds. In the nearly three years that have passed since that historic press conference, only the city's purchase of the site has been accomplished. Bid solicitation for the infrastructure should occur this year. Accordingly, it must be noted that four years will pass before the community is ready to accept new industrial firms on its redeveloped site. This type of time frame is shared by the majority of the smaller, timber-dependent communities of Oregon. These examples indicate the need to understand economic redevelopment and revitalization of these communities as a long-term investment

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entire community. With federal forest land surrounding it and with little other industrially-zoned land, Oakridge was forced to look to the idle site for redevelopment. Water and sewer facilities and road improvements were necessary to convert the site to one capable of housing other industrial uses and new industries and jobs. The city, working with state and federal agencies, determined that its purchase of the site would best facilitate receipt of state and federal assistance dedicated to its redevelopment. Funds for both purchase and infrastructure thus became Oakridge's goal. Oakridge's request was one of the first processed through the Initiative with a resultant dedication of

and endeavor. Capacity building in these communities does not end with the creation of a fully developed and serviced industrial site. These communities will continue to need assistance in marketing and facilitating the establishment of industrial uses on the sites.

With the hurdles they face and the amount of time necessary to recover economic stability, these communities of the Other Oregon will need continued assistance. Only with the full support of state and federal economic development programs can these communities hope to duplicate the success of their I-5 corridor neighbors.