

WORKING PAPER:

Economy

DRAFT

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COMPREHENSIVE PLAN REVISION

LANE COUNTY, OREGON

**This Working Paper was prepared by the Lane Council
of Governments pursuant to a contract with the Lane
County Department of Environmental Management.**

I. INTRODUCTION AND BACKGROUND

The objective of this report is to present information describing selected characteristics of Lane County's economy, to serve as a background document for County planning activities. This report contains a set of goals and policies relating to the County's potential role in economic development activities.

II. ABSTRACT

1. The County economy is extremely dependent on the cyclical lumber and wood products industry.
2. There are substantial differences between the economies in Eugene; Springfield; and the less urban areas of Lane County.
3. Overall, the economy appears to be at or near a point of balance between export-oriented and endogenous sectors.
4. Unemployment rates in Lane County are consistently higher than the State or national rates, and rates outside Eugene are higher than Eugene's.
5. State employment projections call for continued substantial economic growth to 1987, when wage and salary employment is expected to be 24% above the 1980 level.
6. Based on population projections by L-COG for the year 2000, it is estimated that there may be up to 460 new trade and service establishments required to serve the needs of rural residents.
7. Based on the estimate of 460 new establishments, it is estimated that 178 acres of commercially-zoned land may be utilized by those businesses. Estimates by Census area are provided.
8. Alternative Policies are listed.

III. STATEWIDE PLANNING GOAL REQUIREMENTS

Economic planning is governed by statewide planning Goal #9 (Economy of the State). The actual Goal language is as follows:

Goal: To diversify and improve the economy of the state.

Both state and federal economic plans and policies shall be coordinated by the state with local and regional needs. Plans and policies shall contribute to a stable and healthy economy in all regions of the state. Plans shall be based on inventories of areas suitable for increased economic growth and activity after taking into consideration the health of the current economic base, materials and energy availability; labor market factors; transportation; current market forces; availability of renewable and nonrenewable resources; availability of land; and pollution control requirements.

Economic growth and activity in accordance with such plans shall be encouraged in areas that have underutilized human and natural resource capabilities and want increased growth and activity. Alternative sites suitable for economic growth and expansion shall be designated in such plans.

Diversity -- refers to increasing the variety, type, scale and location of business, industrial and commercial activities.

Improve the Economy of the State -- refers to a beneficial change in those business, industrial and commercial activities which generate employment, products and services consistent with the availability of long term human and natural resources.

Areas Which Have Underutilized Human and Natural Resources Capabilities -- refer to cities, counties or regions which are characterized by chronic unemployment or a narrow economic base, but have the capacity and resources to support additional economic activity.

As the Goal language suggests, the Goal is aimed more directly at state and federal-level economic policy and planning than it is at local governments. However, the LCDC review of the County's Plan stated that the Goal "requires that a jurisdiction inventory and analyze existing economic conditions and adopt a plan, plan policies and implementing measures which seek to diversify and improve the economy of the state." Exactly what measures are supposed to be adopted and implemented is not specified beyond the "in order to comply" statements contained in the LCDC staff report.

Those statements fall into three broad categories:

- The County needs to more adequately inventory its economic situation;
- The County needs to better define levels of growth as expressed in terms such as "development center," and plan/zone them accordingly;
- The County needs to take exceptions for areas of industrial or commercial (in other words, "economic") use in rural resources areas--including unincorporated communities.

The staff report also mentions the need for the County to limit residential potentials in commercial and industrial zones.

Economic planning on a local level is quite difficult due to the tendency of economic conditions to change over, and be affected by, areas or regions extending far beyond the boundaries of a single jurisdiction, County or otherwise. This problem is compounded in that economic conditions are usually products of regional or national--and sometimes worldwide--trends in an array of subject areas, from resource availability to political stability. For example, economic trends in the timber industry are produced by national or international demand trends, and County action to offset them is simply not feasible. The optimum County effort should be to incorporate its policy posture and implementing efforts into broader, national programs, and take whatever measures it can to alleviate local hardships caused by economic conditions.

Only in one major area is economic planning on a County level directly applicable to County Plan--the realm of land reservations for future expansion needs. This too is required by the Goal, and is reflected in most of the "in order to comply" statements. Establishing an understanding of the local economy, its probable future (to the extent such predictions can be made), and how much land area will be required to support it within the planning period, are all necessary aspects of County economic planning. It also follows, of course, that the County needs to be in a position, through application of Policies and implementing measures, to reserve needed land areas for future use.

Finally, those "in order to comply" statements requiring County definition of community growth levels are dealt with in the Planning Process and Urban Growth Management Working Papers. In essence, the County is moving away from an attempt to regulate and somehow structure the growth of small unincorporated communities in a hierarchy of communities. Reasons for this include the fact that the "community development concept" (the title of the growth-structuring idea) depended in large part on the County's active participation in making larger, incorporated communities suitable for growth. Beyond County involvement in city planning matters, this participation has been limited. Thus, the County is not in a position to mandate growth levels to cities within its boundaries. Unincorporated communities are dealt with in the revised County Plan as singular entities occupying given areas of land, and planned and zoned as part of the County's rural planning/zoning programs. Again, various levels of growth are not mandated beyond the obvious constraints or opportunities of planning and zoning.

The approach to community development in the revised County Plan will be to take the Exceptions called for in the LCDC staff report for the areas committed to development, or needed for future growth. Those land quantities estimated by this Working Paper will also be applied to those areas. Overall County Policies toward community growth are suggested in the Working Papers cited above, and will appear in the County Policies document drawn from all Working Papers. No further efforts will be made to rank or order communities on an artificial growth pyramid--again, refer to the two Working Papers mentioned above for more rationale.

In sum, this Working Paper on the County's economy will provide the required inventory data, and will supply information useful to public policy in terms of probable future employment (and thus population) levels, problem areas such as unemployment that the County may have a capability to deal with, coordination

with state economic policies and programs, and estimates of needed land area for future economic growth based on the preceding factors. Beyond that, the County must simply acknowledge and cooperate with the state-level efforts suggested in the Goal.

IV. THE LANE COUNTY ECONOMY

Structure

A. County Wage and Salary Employment

The Lane County economy in the 1978-81 period has shown itself to be near a point of maturity (in the sense of a balance between manufacturing, government and non-manufacturing employment) while remaining extremely dependent on the highly cyclical timber-related sectors. The economy is also characterized by distinct economic differences between Eugene, Springfield, and the remainder of the County.

The basis for Lane County's economy has been, is now, and probably will continue to be, timber-related business. A second major sector, of particular importance to Eugene, is the University of Oregon, with roughly 17,000 students.

The timber industry provides direct employment for 13,000-14,000 persons in the lumber and wood products sector, for many self-employed loggers and truckers, and for federal Forest Service and BLM personnel. Lumber and wood products constituted about 14% of non-agricultural wage and salary employment in 1978-79 prior to the recession. This is approximately two thirds of manufacturing employment, reflecting timber's dominant role in the economy.

Other manufacturing (totalling 6,900 jobs in the 1978-80 period) exhibits limited diversity, and is a mixture of endogenous and exogenous subsectors. It is estimated that a third to a half of the employment is in subsectors producing goods for export from the County. These subsectors include paper, electrical equipment, transportation equipment, fruits and vegetables, plastics, and farm and timber-industry equipment. The other half to two-thirds of employment in "other manufacturing" is primarily oriented to local markets, (e.g. food products, printing and publishing, chemicals for the plywood industry).

Non-manufacturing, including government, employs approximately 84,000 persons (1979-80 average). Almost a third of those jobs (26,000) are in wholesale and retail trade. Over 22,000 persons are employed by government agencies, including 6,000 full and part-time workers at the University of Oregon. Employment in services exceeded 20,000 in 1980. The other three nonmanufacturing sectors (construction; transportation/communication/utilities; finance/insurance/real estate) have each had 5-6,000 employees in recent years.

Overall, the County has a fairly well-rounded economy, except for excessive dependence on lumber and wood products. Manufacturing's share of non-agricultural wage and salary employment is low relative to the national ratio (19.0% vs. 22.5% in 1980), but this is compensated for by the base nature of the University, which draws money into the County.

Trade employment, as a percentage of total wage and salary, is slightly higher than the statewide ratio, reflecting the role of Eugene as a trade center for much of southwest Oregon. Employment ratios in other non-manufacturing sectors generally parallel the statewide figures.

B. Distribution of Employment within Lane County

Within Lane County, employment opportunities are unevenly distributed. Approximately 83% of non-agricultural wage and salary employment is in the metro area (Eugene and Springfield area), which has roughly 70% of the county population. This concentration of employment results in a high ratio of jobs to population (45%) in the metro area, as compared to ratios generally 30% and less in non-metro areas of the County. The degree of commuting into the metro area is high, according to 1970 Census data. In the case of Veneta, for example, half of the employed residents in Tract 9 work in the metro area. Similar high ratios hold for other areas within 25 miles of Eugene-Springfield.

Within the metro area, the cities of Eugene and Springfield differ substantially in the composition of employment. Eugene has a substantial employment base in the University, and has very large trade and services sectors. Springfield is heavily dependent on lumber and wood products and paper products (almost 30% of covered employment in Springfield in 1978).

Outside the metro area, employment is heavily concentrated in lumber and wood products. This sector accounts for 40-50% of job opportunities in most parts of non-metro Lane County. The trade and services sectors in the more rural areas are extremely weak, especially in regard to population. The concentration of jobs in heavy manufacturing has meant few jobs for women, and limited opportunities for all residents.

Detailed statistical information on sub-area employment is available in the 1980 OEDP Annual Report, the Springfield Economic Study, the Veneta Economic Analysis, and the Cottage Grove Economic Study. Unpublished studies and data are also available from the Lane County Economic Improvement Commission and the Lane Council of Governments. A list of major employers by City or census tract is contained in Appendix 1.

C. Unemployment

Unemployment in Lane County is a persistent problem. Over at least the past ten years, the unemployment rate has consistently exceeded the national and State rates. In periods of expanding employment and high forest-products demand in Lane County, the local unemployment rate has exceeded the national by about 1%. In periods of national recession (1974-76 and 1980-81), the differential has been 3% or more (cf 1979 OEDP Annual Report).

Unemployment rates within the County vary substantially. The 1970 Census reported an 8.5% rate for Lane County. The rate for Eugene was 6.8%, whereas rates in tracts outside the metro area were generally above the county average. More recent information from the federal Economic Development Administration shows unemployment rates of 7.0% for Eugene, 8.2% for the County as a whole, and 11.2% for Springfield (24 months ending June 1980, EDA LTED eligibility listing). Even the Eugene rate exceeds the national for the period covered.

The Lane Council of Governments in 1979 financed a study titled "The Nature of Unemployment in Lane County: A Descriptive Analysis". The

TABLE 1
LANE COUNTY EMPLOYMENT, 1965-78

| | <u>1965</u> | <u>1970</u> | <u>1971</u> | <u>1972</u> | <u>1973</u> | <u>1974</u> | <u>1975</u> | <u>1976</u> | <u>1977</u> | <u>1978</u> |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Labor Force | 78,200 | 87,250 | 91,600 | 98,100 | 103,500 | 104,800 | 107,100 | 111,500 | 118,400 | 124,200 |
| Unemployment | 3,750 | 6,850 | 7,300 | 6,900 | 6,800 | 8,800 | 13,000 | 12,100 | 9,400 | 8,600 |
| (% unemp.) | (4.8%) | (7.9%) | (8.0%) | (7.0%) | (6.6%) | (8.4%) | (12.1%) | (10.9%) | (7.9%) | (6.9%) |
| Total Empt. | 74,450 | 80,400 | 84,300 | 91,200 | 96,700 | 96,000 | 94,100 | 99,400 | 109,000 | 115,600 |
| Total Wage & Salary Empt. | 60,350 | 69,650 | 72,150 | 77,400 | 82,100 | 83,500 | 83,100 | 89,200 | 96,000 | 103,300 |
| Manufacturing | <u>19,400</u> | <u>18,400</u> | <u>19,250</u> | <u>20,500</u> | <u>21,900</u> | <u>20,900</u> | <u>18,300</u> | <u>19,800</u> | <u>20,700</u> | <u>21,200</u> |
| -Lumber & Wood Products | 15,650 | 13,600 | 14,300 | 15,200 | 16,000 | 14,900 | 13,100 | 14,000 | 14,200 | 14,300 |
| -Other Durables | 1,250 | 1,800 | 1,950 | 2,100 | 2,500 | 2,700 | 2,300 | 2,600 | 3,000 | 3,200 |
| -Food Products | 1,450 | 1,550 | 1,600 | 1,600 | 1,700 | 1,600 | 1,300 | 1,400 | 1,600 | 1,700 |
| -Other Non-Durables | 1,050 | 1,450 | 1,400 | 1,600 | 1,700 | 1,700 | 1,600 | 1,800 | 1,900 | 2,000 |
| Nonmanufacturing | <u>40,950</u> | <u>51,250</u> | <u>52,900</u> | <u>56,900</u> | <u>60,200</u> | <u>62,600</u> | <u>64,800</u> | <u>69,400</u> | <u>75,300</u> | <u>82,100</u> |
| -Construction | <u>4,150</u> | <u>2,950</u> | <u>3,000</u> | <u>3,600</u> | <u>3,900</u> | <u>3,900</u> | <u>3,500</u> | <u>3,800</u> | <u>4,900</u> | <u>5,600</u> |
| -Transportation, Comm. & Utilities | 3,750 | 4,150 | 4,300 | 4,600 | 4,600 | 4,800 | 4,300 | 4,600 | 4,800 | 5,100 |
| -Wholesale Trade | 2,150 | 2,650 | 2,650 | 3,100 | 3,500 | 3,900 | 4,100 | 4,500 | 5,000 | 5,400 |
| -Retail Trade | 9,800 | 12,000 | 12,700 | 13,700 | 14,700 | 14,900 | 15,900 | 17,100 | 18,300 | 20,200 |
| -Finance, Insurance and Real Estate | 2,300 | 2,950 | 3,100 | 3,300 | 3,500 | 3,500 | 3,700 | 4,200 | 4,600 | 5,100 |
| -Service & Misc. | 7,150 | 10,050 | 10,400 | 11,500 | 12,700 | 13,600 | 13,900 | 14,900 | 16,900 | 18,400 |
| -Government | 11,650 | 16,500 | 16,750 | 17,100 | 17,300 | 18,000 | 19,400 | 20,300 | 20,800 | 22,300 |

Source: Oregon State Employment Division
Data revised as of March, 1978 benchmark

TABLE 2
Lane County Non-Agricultural
Wage and Salary Employment, 1978-80

| | 1978 | 1979 | 1980 | % Change 1979-80 | % Change 1979-80 |
|--------------------------|---------|---------|---------|------------------------|------------------------|
| Total Wage & Salary | 103,200 | 105,500 | 103,300 | (2.1) | 0.1 |
| Manufacturing | 21,200 | 21,200 | 19,600 | (7.5) | (7.5) |
| Lumber & Wood | 14,300 | 14,300 | 12,700 | (11.2) | (11.2) |
| Other Durables | 3,300 | 3,500 | 3,300 | (5.7) | -0- |
| Food Processing | 1,600 | 1,500 | 1,600 | 6.7 | -0- |
| Other Non-durables | 2,000 | 1,900 | 2,000 | 5.3 | -0- |
| Non-Manufacturing | 82,000 | 84,300 | 83,700 | (0.7) | 2.1 |
| Construction | 5,600 | 5,700 | 4,500 | (21.1) | (19.6) |
| Trans., Comm., Utilities | 5,100 | 5,300 | 5,100 | (3.8) | -0- |
| Trade | 25,800 | 26,200 | 25,900 | (1.1) | 0.4 |
| Fin., Ins., Real Estate | 5,100 | 5,400 | 5,400 | -0- | 5.9 |
| Service & Misc. | 18,400 | 19,400 | 20,100 | 3.6 | 9.2 |
| Government | 22,000 | 22,300 | 22,700 | 1.8 | 3.2 |
| Federal | 2,000 | 2,200 | 2,500 | 13.6 | 25.0 |
| S & L Education | 13,300 | 13,500 | 13,700 | 1.5 | 3.0 |
| Other S & L | 6,700 | 6,500 | 6,500 | -0- | (3.0) |

Source: Oregon State Employment Division

study dealt with types of unemployment (e.g. frictional, long-term) and unemployment problems in subareas. Those subareas are: Eugene (Census tracts 22-31 and 36-54); Springfield (18-21 and 32-35); East Lane (1, 2, 15-17); Mid-Lane (3-5, 8-10); Coast (6, 7); and South Lane (11-14). The summary of the study gives the major findings:

"The purpose of this research is to describe the nature of unemployment in Lane County in order to guide employment and training policies. The data were obtained from interviews with residents of Lane County who were without a job and actively sought work at some time during the year from August 1977 through August 1978.

High labor-force turnover (i.e., entering and exiting the labor force) with frequent but short spells of unemployment characterizes only a part of our sample. The larger part of the unemployment problem for the respondents was fairly long periods of job search. Nearly one-half of the total unemployment, measured in months, was experienced by the long-term unemployed--those whose unemployment lasted at least six months. The duration rather than the frequency of unemployment was the more important indicator of the severity of unemployment.

Three different groups of respondents comprise the long-term unemployed. The smallest group is workers in manufacturing; they tend to be less educated than average, and many are now employed at low wages. Skill training programs to help these people find jobs in other industries would be most effective. A second group of the long-term unemployed are in medium-to high-wage non-manufacturing jobs. Most are more stable workers than average, over 25 years old, and tend to experience one long spell of unemployment between jobs. Skill training might be useful for the less educated. Many, however, have college educations--and may need retraining, counseling about job opportunities or work experience in different jobs. A third group of the long-term or chronically unemployed are respondents over 35 with little work experience in recent years. These include men in poverty households and women re-entrants to the labor market. They experience extreme difficulty finding jobs. Skill training, work experience, and information programs might be useful policies.

Another type of unemployment common to this sample is associated with turnover in low-wage jobs or poverty. Forty-four percent of the respondents earn less than \$3.00 per hour or are members of households with annual incomes less than \$5,000. Some of these low-wage workers are teenagers who tend to enter and leave the labor market often. However, sixty percent of these low-wage workers are women over 19 years old. Some have high job-turnover, some are stable labor force participants, and some are re-entrants to the labor force. They work mostly in the trade and services industries. Still training might help some to find higher-wage jobs. Job development programs (such as wage subsidies) and work experience programs would provide on-the-job training to women. Longer-run policies include economic development of higher-wage industries and programs that work toward restructuring the jobs held by these workers.

The severity of these problems and their incidence varies across the six sub-county areas we studied. Thus, specific programs should be designed and implemented for each area. A uniform county-wide program obviously would serve the participants poorly.

In Eugene, a large portion of the unemployment problem is among respondents between 25 and 34 years of age, many of whom have some college education. Another significant problem is unemployment among low-wage workers, especially women between 20 and 24 and over 34 years old.

In Springfield, three main groups account for the bulk of respondents' unemployment problems. Thirty percent is among teenagers and young men who may need help in the transition from school to work. One fourth of the unemployment is among women 20 to 24; these women have high school educations and work in low-wage clerical and service jobs. The third main group in Springfield is men over 25. They work in a variety of industries and experience medium-term and seasonal unemployment.

The unemployment among the South Lane respondents is associated with low-wage employment in services and unstable employment in wood products manufacturing and construction. In South Lane the hardship groups are young women and men 35 and older. The unemployment among the Mid-Lane sample is accounted for by teenagers who are stable labor-force participants, women 25 to 34 years old and young men in construction and manufacturing. In the East Lane Area there is less low-wage unemployment and more chronic and seasonal unemployment among our respondents. On the Coast, the main problem is among male respondents 20 to 24 years old. They tend to be married heads of household employed in lumber and wood products manufacturing and trade. Another coastal unemployment problem is among women in clerical and service jobs.

In brief, the two groups of concern are the long-term unemployed and low-wage workers. The limited monies available for employment and training policies would be most effective if targeted to these groups."

Growth in the 1970's

In the thirteen-years from 1965 to 1978, the Lane County economy experienced an overall growth of non-agricultural wage and salary employment of over 70%. This translates to an annual average rate of 4.2%. The growth was uneven over time, and varied between sectors. By 1978-79, the County's economy had changed substantially in size and composition from what had existed in the mid-sixties. In late 1978 or early 1979, employment reached a plateau, and in 1980-81, depressed housing markets and national recession drove employment down to and below 1978 levels. Detailed information on the growth, employment and payrolls of major economic sectors can be found in the 1979 and 1980 Annual Reports for the Lane County Overall Economic Development Program. Table 1 gives employment data for 1965-78. Table 2 has data for 1978-80 (revised).

Stagnation and Depression, 1980-81

As the 1980 OEDP reported, economic growth in Lane County came to an end in late 1978 and early 1979. The higher annual average figures for 1979 reflect the high point reached. Lumber and wood products peaked in 1978 and held steady for the next year. Other durables showed a higher figure for 1979 due to continued growth in a variety of sectors, including a new electronics manufacturer. Nondurable sectors were essentially stagnant since 1977. Most non-manufacturing sectors also peaked in 1979, reflecting strong growth throughout 1978 (see Table 1, attached).

The 1980 annual average employment figures are dismal. Total wage and salary employment was within 100 jobs of what it had been in 1978. Lumber and wood products was down 11% from the 1978-79 high, due to the national housing recession. Other durables employment was down, due to reductions in timber-related equipment as well as reduced employment in the travel trailer sector.

Manufacturing, and particularly lumber and wood products, has always been volatile in Lane County. The pattern since 1978 is similar to the 1973-75 recession, with large job losses in durable goods sectors. If anything, the current recession seems to have had less impact on lumber and wood products than the 1973-75 recession did.

The pattern in non-manufacturing since 1978 has been unlike anything seen before in Lane County, or seen during this recession at the national level. A number of sectors peaked in 1979 and then either stagnated or declined in 1980. The construction industry employed a record number of people in 1979. For 1980, employment was 20% below that peak. The fall-off in construction is attributable to the overall slowing in the local economy, a probable slow-down in population growth in 1979-80, high interest rates, and perhaps some overbuilding in the 1977-79 period.

Finance, insurance and real estate (FIRE) reached its peak of 5,400 workers in 1979 and held it for 1980. Early figures for 1981 indicate that FIRE employment has declined from a 1980 plateau by a couple of hundred jobs. It is surprising that this sector has held up so well.

Transportation, communication and utilities also hit a high in 1979 and then dropped back to the 1978 level. At least part of the decline relates to the general recession and reduced demand for transportation services.

The most surprising patterns have been in trade and services. Employment in trade in 1979 was only slightly above the 1978 level. In 1980, the number of jobs shrunk almost to the 1978 level. (This compares to the 1973-75 period, when trade employment grew by almost 10% while manufacturing lost over 16%.) In early 1981, trade employment was still below the year-earlier figure. The employment data indicate that the decline of the trade sector began in 1979, perhaps in advance of any problems in the manufacturing sectors. The trade sectors appear to have entered their own recession in 1979, and that recession was probably caused by overexpansion in the 1975-78 boom. The lumber and wood products and national recessions have undoubtedly held trade down also. However, the fact that trade employment continues to be below the levels it had reached two years ago means that there was a considerable over-expansion in these sectors in the 1975-78 period.

The pattern in services has been somewhat like trade. Employment in services is, in early 1981, at about the same level as it reached a year earlier. This implies that employment in those sectors peaked in early or mid-1980. The slowdown in services is probably related mostly to the general economic downturn in Lane County. However, since employment in services nationally continues to expand, it is likely that there was excessive and unsustainable growth in jobs in the services sectors in 1978-79.

Government employment continued its growth into 1980, when it peaked. As of early 1981, government is below the year-earlier level, reflecting some modest declines in state and local government.

Outlook to 1987

The State Employment Division periodically forecasts employment for Lane County. These forecasts are based on population projections, forecasts of state and national employment and other indices, and specific information on local industries. The unpublished forecasts for 1987 are based on a population growth of 10.0% from 1980, well below the historical rate. Wage and salary employment, however, is predicted to rise by 24.0%.

Lumber and wood products employment will decrease by almost 1,000. The decline will be more than compensated for by gains in non-electrical machinery, electrical equipment, printing and publishing, and growth in most other manufacturing sectors. The growth rate of manufacturing, exclusive of lumber and wood products, is just under 40%. Overall, manufacturing is projected to grow by 9%, slightly less than the rate of population growth. This would indicate a good growth rate of real per capita incomes, even though the share of manufacturing employment will drop below 18%, from 20.2% in 1979.

Non-manufacturing is projected to grow by 27.8%. In absolute numbers and percent, the largest gainers will be services (8563 jobs, 44.4%) and retail trade (7500 jobs, 36.4%). This growth will increase the share of each of these major sectors to over 21% of total wage and salary employment. All other non-manufacturing sectors are expected to grow by 20-30%, with the exception of government (12.5%), where state and local education shows an 8.5% forecast growth rate. Overall, the State projections reflect the decreased importance of both the timber industry and the University, substantial growth in other manufacturing, and continued expansion of private non-manufacturing employment.

V. POTENTIAL NEW ESTABLISHMENTS

New Rural Establishments and Acreage

Using a threshold analysis methodology (see Appendix 2), the number of potential new business establishments that could be supported by the projected rural population of each County Census Division (CCD) was estimated. The number of potential new establishments and an estimate of the acreage needed to accommodate the establishments is presented in Table 3. Table 4 lists the total number of additional businesses by type that could be supported by the year 2000 Lane County Rural Population.

The threshold analysis indicates that the year 2000 rural population of the county could support an additional 460 business establishments requiring 178 acres of land. The primary value of this analysis is to identify a need that is being generated by population increases occurring outside urban growth boundaries, and which will have to be met in rural areas.

TABLE 3
POTENTIAL NEW ESTABLISHMENTS AND ACREAGE NEEDED
(Based on Threshold Analysis of Rural Lane County Population)

| CENSUS TRACT | AREA CCD | RURAL POPULATION | | | POTENTIAL NEW ESTABLISHMENTS | ACREAGE NEEDED FOR NEW ESTABLISHMENTS |
|--------------|----------------------------------|---------------------|-------|--------|------------------------------------|--|
| | | 1980 | 2000 | Change | | |
| 1 | McKenzie | 5381 | 8819 | 3438 | 43 | 16.5 |
| 2 | Marcola | 4169 | 7238 | 3069 | 42 | 16.0 |
| 3p | Coburg | 1157 | 1503 | 346 | 12 | 5.25 |
| 4p | Junction City | 5875 | 7951 | 2076 | 25 | 8.75 |
| 5 | Middle Siuslaw- Triangle Lake | 3039 | 3049 | 10 | 0 | 0 |
| 7.01p | North Siuslaw | 1669 | 3425 | 1756 | 33 | 12.5 |
| 7.02p | South Siuslaw | 1242 | 3187 | 1945 | 41 | 16.75 |
| 8 | Upper Siuslaw | 1495 | 2515 | 1020 | 18 | 6.5 |
| 9p | Badger Mountain | 7911 | 14009 | 6098 | 70 | 29.75 |
| 10p | Eugene West | 4036 | 6159 | 2123 | 32 | 11.75 |
| 11p | Creswell | 3883 | 7478 | 3595 | 49 | 16.25 |
| 12-14p | Cottage Grove | 8620 | 12936 | 4316 | 48 | 20.25 |
| 15p | Oakridge | 1040 | 1059 | 19 | 1 | .25 |
| 16p | Lowell | 3782 | 5693 | 1911 | 33 | 12.75 |
| 17 | Pleasant Hill | 5394 | 6358 | 964 | 13 | 4.75 |
| TOTAL | | | | | 460 | 178 acres |

TABLE 4

NUMBER OF POTENTIAL NEW BUSINESS IN RURAL LANE COUNTY - 1980 to 2000
(Based on Threshold Analysis of Rural Population)

| <u>Business Activity</u> | <u>#</u> | <u>Business Activity</u> | <u>#</u> |
|--------------------------|----------|--------------------------|----------|
| Restaurants | 46 | Veterinarians | 4 |
| Auto Repair | 43 | TV Sales | 4 |
| Service Stations | 35 | Jewelry Stores | 4 |
| Attorneys | 35 | Commercial Banks | 4 |
| Physicians | 26 | Savings Banks | 4 |
| Ins. Agents | 23 | Cleaners | 4 |
| Accountants | 20 | Theaters | 4 |
| Real Estate Agents | 18 | Shoe Stores | 3 |
| Beauty Salons | 16 | Barbers | 3 |
| Dentists | 15 | Appliance Stores | 3 |
| Grocers | 12 | Motor Freight | 2 |
| Motels | 12 | Building Materials | 2 |
| Gas Wholesale | 11 | Florists | 2 |
| Hardware Stores | 11 | Laundries | 2 |
| Auto Parts | 11 | Photographers | 2 |
| Clothing Stores | 11 | Feed Stores | 0 |
| Druggists | 11 | Variety Stores | 0 |
| Plumbing Contractors | 10 | | |
| Farm Implement | 9 | | |
| Auto Dealers | 8 | | |
| Optometrists | 8 | | |
| Taverns | 6 | | |
| Sporting Goods | 6 | | |
| Department Stores | 5 | | |
| Furniture Stores | 5 | | |

Industrial Lands Needs

Projections are made in this Working Paper for commercial land needs in rural areas (outside city UGB's) based on expected population growth in these areas. Most of the land needs projected are for service establishments (barber shops, stores, etc.) which would be located relatively near the rural population, probably in small unincorporated communities.

Similar projections are not made in this document for industrial land needs. Reasons for this include the following:

1. The County Plan, from a Policy standpoint, promotes the development of industrial sites within UGB's where they can be most intensively serviced.
2. Existing industrial development in rural areas is to be encouraged to continue operations--in most cases, in small rural communities--and to expand (plant or site) when needed to justify continued operations, but new industrial development in those areas is to be discouraged.
3. Past trends in industrial activity in the County suggest a reduction, through natural market forces, of small, remotely-located operations, in favor of larger operations located nearer or within UGB's and their services.
4. Rural industrial development, along with rural commercial development, may be justified by Exceptions to LCDC Goals, where it occurs on resource land. Since most of rural Lane County is one type of resource land or another, such Exceptions will have to be taken on the basis of committed (previously existing) or "need" arguments. The trend toward limiting rural development will result in a relatively declining need for jobs in rural areas. An exception to this might be timber industry activities, which should be dealt with on a case-by-case basis. A similar exception would include commercial developments such as destination resorts. It is not possible at this time to predict the extent of either category of development.

Accordingly, the revised County Plan does not make specific land area reservations for industrial development. If the approaches discussed above are modified to promote rural development, it might then be possible to calculate areas to be set aside for industrial or large-scale commercial activities.

Policy Alternatives

As with several other Working Papers, two sets of Policies are suggested for the Economy Working Paper. One set follows the direction established in the current County Plan (which also echoes the mandate of the statewide Goals). The second set, which is placed here for discussion purposes, suggests approaches which are not necessarily in keeping with Goal requirements but which might be applicable to County economic concerns.

A. Existing Approach:

1. Lane County shall cooperate with efforts and programs established by public agencies and private concerns to promote and enhance economic development within the County.

2. The County shall develop public information programs to provide knowledge about, and a stimulus to, economic development in the County.
3. The County shall recognize and support the importance of the resource base which is the foundation for most economic activity in the County.
4. Most new economic development shall be concentrated within the County-acknowledged Urban Growth Boundaries of cities within the County, and within the Eugene-Springfield Metropolitan Area.
5. The County shall encourage rural service activities to support existing rural population, but not to stimulate or increase that population size at the expense of LCDC Goal compliance and/or the maintenance of the natural resource base.
6. New industrial development shall normally take place within UGB's, unless such development is either (a) clearly rural-oriented (canneries, logging operations), or (b) the continuation of existing industrial operations, including routine plant or site expansion.
7. Planning and land use regulatory decisions shall be in accordance with policies of directing most economic activity to growth centers.
8. Within the framework of these Policies, the County shall encourage the diversification of the local economy, especially manufacturing and production sectors, from the existing timber and agricultural emphasis of other types of activities (electronics assembly, tourism, etc.)
9. The County's prime responsibility is economic development shall be to make sure that the necessary land area is available within, and appropriate levels of service can be obtained from, incorporated cities per the provisions of the city or Metro Area plans and UGB designations.
10. Large-scale industrial development in rural areas shall not be supported.
11. Existing parcels of land within UGB's which are suitable for large-scale industrial development shall be protected through the County's review and acknowledgment of city plans.
12. The County shall work closely with incorporated city governments to improve local economic conditions, including land and service provision.
13. The County shall cooperate and coordinate with the state in statewide or regional efforts to modify and/or improve the County's economy.
14. Steady, long-term economic activities shall be encouraged over short-term, boom-and-bust activities.

15. Those economic activities most beneficial to the County's existing labor force shall be supported and encouraged, as opposed to those drawing on or requiring labor forces from areas outside the City.
16. The growth of tourism shall be supported, especially in the coastal and mountain areas; most tourist-oriented economic activity shall be located within UGB's, except where a remote location and/or proximity to resource lands is justifiable in terms of County Policies and statewide planning Goals.
17. The County shall maintain and where possible improve public recreational facilities such as parks, boat ramps, etc., as a stimulus to the tourism industry.
18. Economic activities in small unincorporated communities shall be supported to the extent necessary to provide local economic services to the local population, and where necessary to insure the continued operations of existing industrial concerns.
19. A County "growth center" shall be defined as a community with an Urban Growth Boundary and the potential for providing urban-level services within it.
20. Exceptions to LCDC Goals shall be taken for all community areas not defined as growth centers.
21. Specific standards for rural economic development shall be developed, which include the use of economic inventory data such as population and employment trends.

B. Other Approaches:

1. The County shall seek the development of industrial and commercial activities in rural areas, including where appropriate resource lands, to provide employment for the rural population.
2. Large-scale "special industrial" development shall be permitted to take place outside UGB's, provided it can supply its own facilities and services, and will not require services from a city.
3. The County shall take an active role in economic development, including such efforts as creation of a small business revolving loan fund, County development of industrial property, County bonding programs, tax subsidies, and reservation of industrial parks for private development.
4. Tourism, especially the "destination resort" concept, shall be actively promoted by the County via designation of appropriate lands for development in rural areas.
5. Economic development of small, unincorporated communities shall be encouraged via the designation of lands within or adjacent to these communities for industrial and commercial activities, including local service activities.

These Policies are offered to provide a foundation for discussion of economic alternatives. Policies 1, 2, 4 and 5 above would require LCDC Goal Exceptions, and even so might not be found to comply with Goal or Exception "need" requirements. On the other hand, a strategy of channeling economic growth in rural areas as opposed to urban areas does present a clear choice from existing Plan mandates. It is likely that this type of strategy would have some adverse impacts on the rural resource base, but it might also place economic development nearer economically-depressed rural populations than might otherwise be the case. The most practical set of alternatives probably falls somewhere between those in set "A" and set "B" above. Careful discussion and debate will be needed, especially in light of the current economic problems affecting the County and the rest of the nation.

APPENDIX 1

MAJOR EMPLOYERS IN LANE COUNTY BY LOCATION

EUGENE

University of Oregon
Lane Community College
Eugene School District 4J
City of Eugene
Sacred Heart General Hospital
Georgia Pacific
Pacific Northwest Bell
Bethel School District 52
U.S. Government
Bohemia
State of Oregon
Fred Meyer Inc.
Eugene Water and Electric Board
U.S. National Bank of Oregon
Meier and Frank
Guard Publishing
Bi-Mart Co., Inc.
Valley River Inn
The Emporium
Trus-Joist Corp.
Lane Plywood, Inc.
Eugene Hospital Co.
First National Bank of Oregon
Citizens Bank of Oregon
Chef Francisco, Inc.
Columbia River Log
El-Jay, Inc.
The Bon Marche
Albertson's
Stretch and Sew of Oregon
Chase Gardens, Inc.
Drive-N-Save Markets, Inc.
States Industries
Pape Bros., Inc.
Seneca Sawmills
Williams Bakery
Manpower Inc. of Portland
Pierce Corporation
Lane Transit District
Double S Foods
Garber University Nursing Center
Bonney, Bennett & Peters
Sawyer Machine Works
Thunderbird-Eugene, Inc.
Coast Mfg., Inc.
Furrow Building Material
Kendal Ford, Inc.
Tiffany Davis Drug Co.

Clark's Sheet Metal, Inc.
Joe Romania Chevrolet
Fancee Farmer of Eugene, Inc.
Carothers Sheet Metal Co.
Breeden Bros., Inc.
McCracken bros. Moving
J. H. Baxter & Co.
Kaufman Bros., Inc.
Liberty Communications
Lane Education Service District

SPRINGFIELD

Weyerhaeuser
Georgia-Pacific
School District 19
Pacific Northwest Bell
U.S. Postal Service
Fred Meyer Inc.
City of Springfield
McKenzie-Willamette Memorial Hospital
The Murphy Co.
Coast-to-Coast Stores
West Coast Truck Lines
Nicolai Company
McKenzie Manor Nursing Home
Willamette Industries Inc.
S2 Contractors Inc.
Springfield Utility Board
City of Springfield
Christian Logging Co.
Roseboro Lumber Co.
Kendall Ford, Inc.
Breeden Bros., Inc.

Tract 3: Coburg
Bohemia

Tract 4: Junction City
Bohemia
Agripac
Trus-Joist Corp.
Junction City Schools

Tracts 6 & 7: Florence/Mapleton
Champion International Corp.
Siuslaw Care Center
Western Lane Hospital
Siuslaw School District
Davidson Industries Inc.
Champion Building Products

Tract 9: Veneta
International Paper Co.
Swanson Brothers Lumber
Fern Ridge School District

Tiffany Davis Drug Co.

Tract 11: Creswell
Cone Lumber
Mazama Timber Products
Willamette Poultry Co.

Tracts 12-14: Cottage Grove
Weyerhaeuser
Bohemia
South Lane School District
Cottage Grove Hospital
Village Green Motel

Tract 15: Oakridge
Pope and Talbot
Oakridge School District

Tract 17:
Pleasant Hill Schools

Sources:

1. Oregon Department of Human Resources, Employment Division, unpublished data.
2. Oregon Department of Economic Development, Directory of Oregon Manufacturers, 1980-81.

APPENDIX 2

METHODOLOGY

Objective: Estimate year 2000 potential land needs for commercial development in rural CCDs of county.

Steps:

1. Estimate # of potential establishments that the 1980 rural population could support in each CCD.
2. Estimate # of potential establishments that the projected year 2000 rural population could support in each CCD.
3. Calculate change of the number of potential establishments from 1980 to 2000 to get the number of new potential establishments.
4. Determine acreage requirements for each business activity.
5. Convert number of new potential establishments to acreage needed for commercial development in the year 2000.

Steps 1 & 2 & 3

Steps 1 and 2 involve using a threshold analysis methodology developed for a study in rural Washington.¹ The Washington study examined the number of business establishments by business type in 121 small towns (less than 15,000 population) in eastern Washington. Using population as independent variable and the number of business establishments as the dependent variable, the study provides a regression equation for each of 48 business types. These regression equations were used to determine the number of potential business establishments that each Lane County CCD rural population could conceivably support in 1980 and in the year 2000.

For example, the McKenzie CCD (Census Tract 1) 1980 population was 5381 and the year 2000 population is projected to be 8819. The population thresholds for barber shops are as follows: one establishment has a population threshold of 742; two establishments have a population threshold of 3296; three establishments require a population of 7887; and four establishments need a population of 14,649. Using these thresholds, the 1980 rural population of the McKenzie CCD could potentially support two barber shops (step 1) and the projected year 2000 population could support three barber shops (step 2). This represents a change of one additional new barber shop for the year 2000 (step 3). Similar calculations were done for each Lane County CCD and all 48 business activities listed in the Washington study.

Rather than subtracting the number of actual Lane County rural establishments (unknown) from the number of potential year 2000 establishments, it was felt that examining the change in potential business activity provides more reasonable data. This conclusion was based on the fact that the number of establishments now operating in rural Lane County is generally far below the number of potential 1980

¹Fred C. Lewis, "Threshold Analysis: A Tool for Business Planning in Rural Washington", Small Business Development Center, Washington State University (undated, post 1978).

establishments based on the threshold analysis. This gap occurs because the threshold analysis methodology is based on data for small towns which act as a "central place" for the rural population in eastern Washington. This methodology is not easily applied to rural populations, (such as the Lane County CCD rural populations), scattered over many square miles, which do not behave according to central place theory. To mitigate the problems associated with the high number of potential 1980 establishments, this analysis will concentrate on the change in the number of potential establishments from 1980 to the year 2000 for each CCD.

Steps 4 & 5

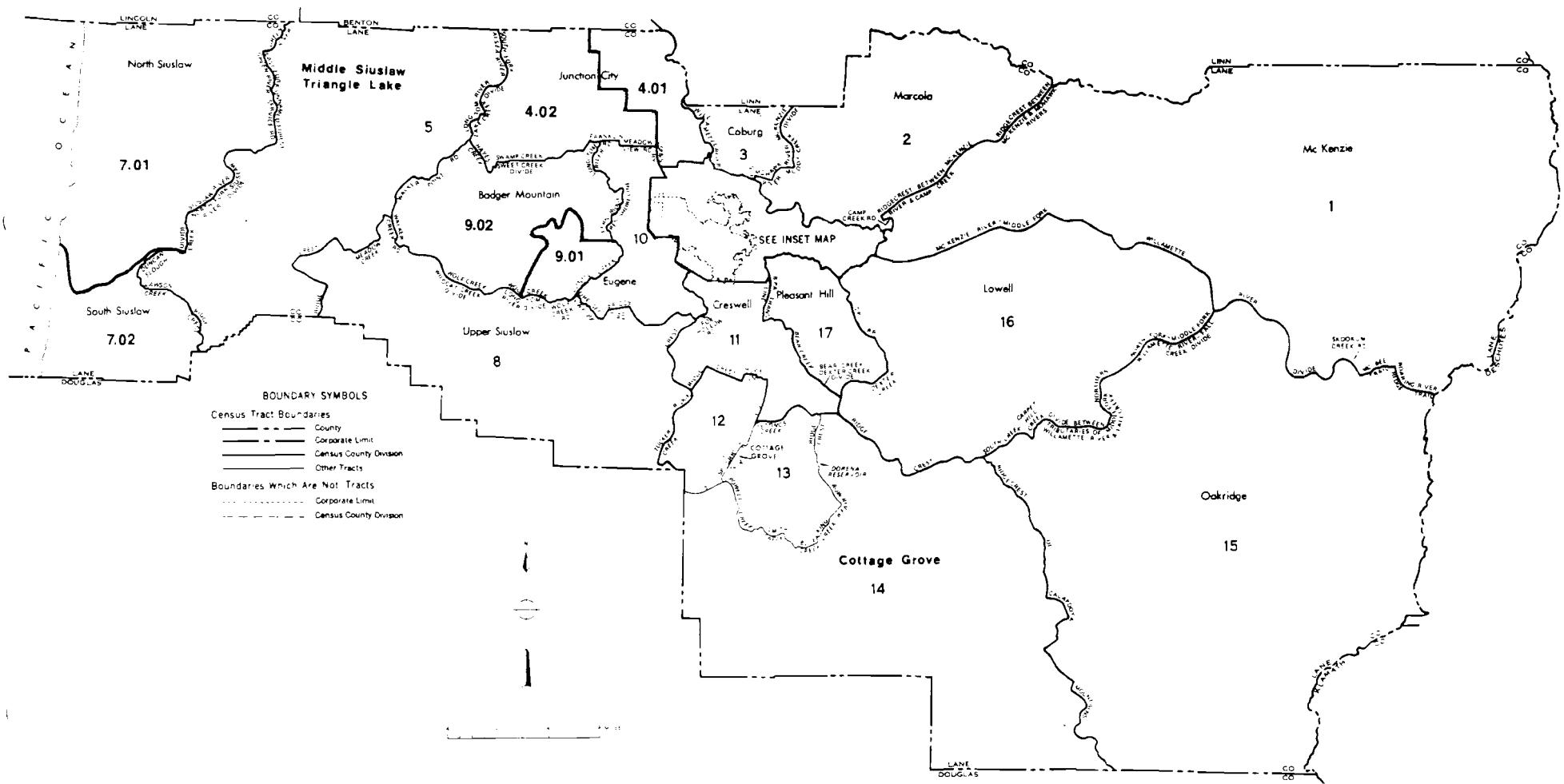
Steps one through three supply the number of potential new establishments for each CCD. Steps 4 and 5 convert the new establishments into acreage needed to accomodate the new commercial development.

To determine the acreage required for each business activity, two Urban Land Institute publications were consulted. The ULI publication Dollars and Cents of Shopping Centers provides floor area data for many of the business activiites listed in the Washington threshold analysis study. This data is supplied as the median gross leasable area (GLA) in square feet for business types operating in neighborhood shopping centers. Another ULI publication the Community Builder's Handbook indicates that for each square foot of GLA there should 2.2 square feet of parking, access, and landscaping provided. Using the information, calculations were made to get the approximate lot size (in square feet) needed to accomodate each business type. For business types not included in the two ULI publications, the average acreage figures for Eugene-Springfield metro area businesses were used. The square footage and acreage figures were then rounded to the nearest 1/4 acre to establish lot sizes needed for business types.

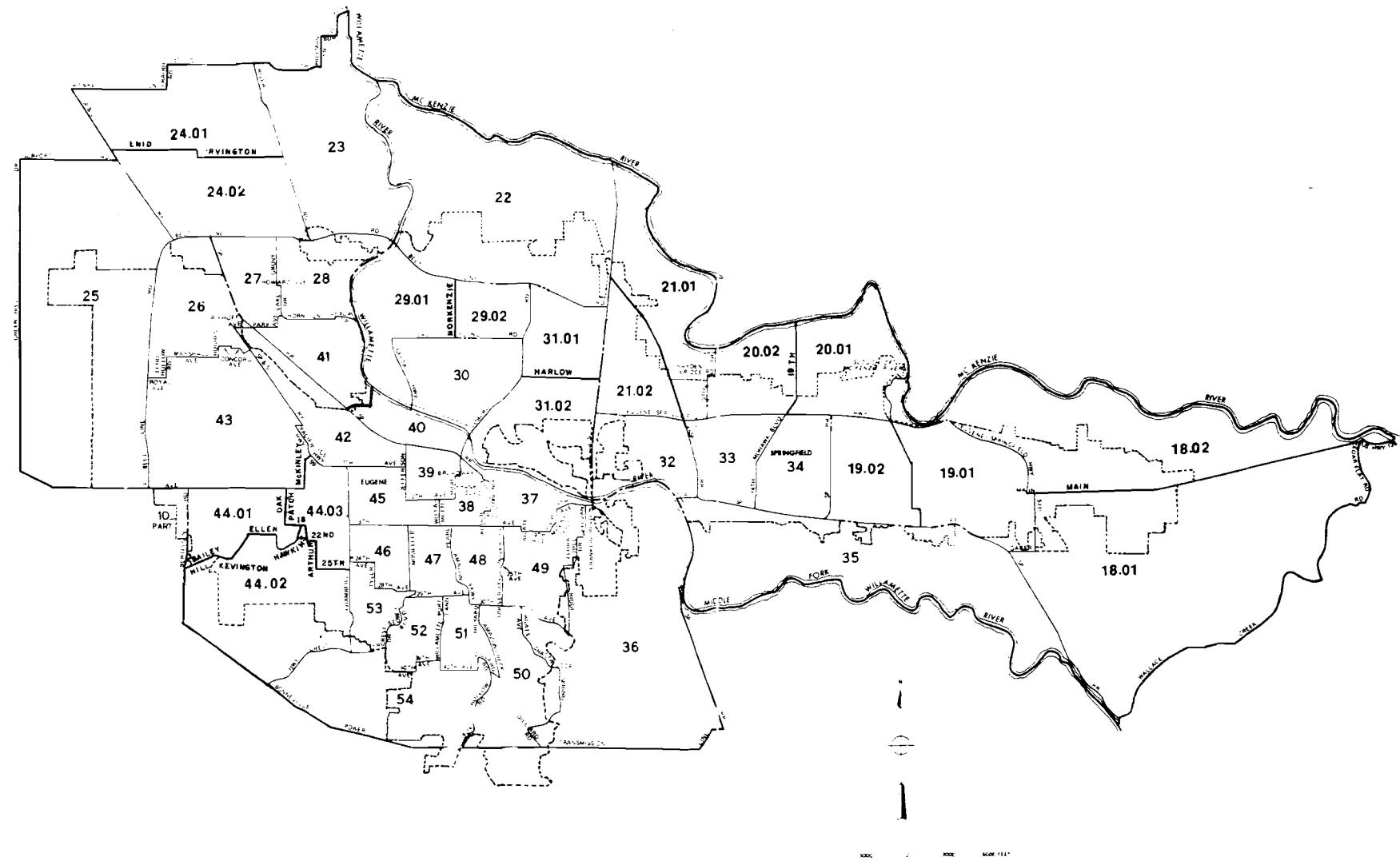
The final step applies the approximate lot size needed for each type of establishment to the number of potential new establishments in each CCD. By totaling the acreage needed for each business type, the amount of land needed for commercial development by the year 2000 can be estimated for each CCD.

An additional note to the user of this information is that the types of business activities examined by this study include both convenience goods and shopping goods. Convenience goods are those goods which a consumer will purchase without a great deal of concern about price or selection. Convenience goods include: food/groceries, hardware, auto repair, barber and beauty services, gasoline, shoe repair, cleaning and laundry service. Shopping goods are goods for which the consumer may do comparison shopping, evaluating both price and selection. Shopping goods include: apparel appliances, TV and radio, department store goods, furniture, shoes, sporting goods, variety store goods, and professional services. The consumer is willing to travel much further to purchase shopping goods and the businesses that offer these goods and services may be best suited to locate in urbanized areas.

1980 CENSUS TRACTS IN THE EUGENE, OREG. SMSA



**1980 CENSUS TRACTS IN THE EUGENE, OREG. SMSA
INSET MAP - EUGENE AND VICINITY**



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