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DISPATCHES

 **HAINES** — Two Eastern Oregon roadways received funding from the Federal Highway Administration in the form of **2005 National Scenic Byway grants**. Hells Canyon National Scenic Byway and Elkhorn National Forest Byway will receive grants worth \$445,000 for improvement projects including the installation of interpretive signs and kiosks and hospitality training for businesses.

 **BOARDMAN** — The Morrow County Court has paved the way for the construction of a \$330 million NASCAR-caliber speedway west of Boardman, provided residents approve an 8% excise tax on ticket sales in the May 23 election. If approved, most of the tax revenue would go to development group **Oregon International Speedway** to offset the cost of infrastructure improvements to support the speedway. If completed as planned, the I-84-adjacent speedway would sport an 81,500-seat grandstand designed to attract NASCAR enthusiasts from points east and west. County economic development officials say the speedway would attract visitors to the area who are likely to stay for several days at a time.

 **KLAMATH FALLS** — With an eye toward accommodating the aging baby boomer population, the **Oregon Institute of Technology** will break ground this summer on its new Oregon Center for Health Professions. Funded in part by a \$10 million bond approved by the Oregon Legislature in January, the new center will increase OIT enrollment by 750 students and add 15 faculty positions. The 80,000-square-foot building has a budget of \$22.5 million, with \$12.5 million expected to come from private donations. "We just got another million-dollar donation," says Denise Honzel, the center's director. Fundraising from private donors has already reached \$8 million, including money from the

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ECONOMIC DEVELOPMENT

Honing a high-tech edge in Corvallis



Mysty Rusk, executive director of the Corvallis-Benton Economic Development Partnership, is recruiting high-tech businesses to come take advantage of the region's ample developable land.

CORVALLIS — At the far edge of Silicon Forest, Corvallis is an established player in the high-tech field.

For three decades, the city has hosted one of the world's largest Hewlett-Packard manufacturing sites, secured HP-related satellite companies and spawned several high-tech startups, many built on expertise from HP and the city's leading employer, Oregon State University.

In Corvallis, "All the eggs seemed to be in two baskets: HP and OSU," says Pat O'Connor, an economist with the Oregon Employment Department. So it's little wonder that the loss of 700 high-paying jobs at HP in 2005 (from an estimated workforce of around 3,000) shook the city with Richter-scale force.

While the downsizing would be difficult for most small cities to absorb, it poses

particular challenges for a community that's notoriously finicky about accepting new businesses. Corvallis prides itself on ensuring



that economic development enhances the quality of life that's landed it on several top-10 best cities lists, resisting big-box retailers and heavy industry.

Revitalizing the economy without spurring opposition has challenged local business and government groups to join forces to find solutions. And public attitudes may be shifting. "I think we

now have a community-wide commitment to attracting new business," says Patricia Mulder, former Corvallis Area Chamber of Commerce president.

Seeing Corvallis today, it's hard to imagine the outrage that ensued when HP decided to locate its 174-acre campus here in 1976. Fear that the city would become another Silicon Valley polarized the community. Opposition was so fierce that it prompted local government action: In 1977, Corvallis became the first Oregon city to require a public vote on annexations.

Over the years, HP became integral to Corvallis, promoting volunteerism and supporting community projects. HP officials cautioned the city not to rely too heavily on ink jets as economic drivers. But their advice was largely ignored and the community depended on an industry that lasted far longer than many insiders predicted it would.

DISPATCHES

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Jeld-Wen Foundation and the James F. and Marion L. Miller Foundation. The building is slated for completion during the first half of 2008 with a first wing opening next summer.

PORTLAND — On the heels of news that the federal government approved a \$557 million expansion of Portland's MAX light rail system to **Clackamas Town Center**, the mall announced plans for a major renovation. The \$115 million facelift will include a 20-screen movie theater and village-style shops. With the expansions of both the rail line and the urban growth boundary in Clackamas County, thousands of new residents are projected to move to the area. The mall overhaul is expected to be complete in 2007, well ahead of the rail line, which will connect Clackamas Town Center with the Gateway Transit Center.

PORTLAND — A newsletter that celebrates local food will launch in Portland this month. **Edible Communities** will co-publish the title **Edible Portland** in partnership with the Ecotrust Food and Farms Program. It's the first such partnership for the Ojai, Calif.-based food publisher, which has 17 other publications, such as *Edible San Francisco* and *Edible Cape Cod*. The first issue will be released on April 15, and will be distributed for free at grocery stores, farmers markets and cooking schools.

PORTLAND — A partnership between **Willamette University** and Wellesley, Mass.-based **Babson College** will bring executive education programs to Willamette's new Pearl District MBA education center. The first programs will cover topics including competitor profiling, leadership and succession planning and will begin this year.

CLATSKANIE — One of the equity partners in the liquid natural gas terminal project **Port Westward LNG** backed out but Greg Jenks, deputy director for the Port of St. Helens, which manages Port Westward, says the project is very much going forward. Including the LNG terminal, a natural gas plant in the works by PGE, an ethanol plant on the drawing board and a Westward Energy power

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The area hasn't felt many economic aftershocks from last year's layoffs — at least, not yet. The City of Corvallis Planning Department continues to process development applications at a brisk pace. Benton County has one of the lowest unemployment rates in Oregon — 5.2% in January.

And the housing market — usually a sure indicator of economic downturn — hasn't softened at all, according to Mysty Rusk, executive director of the Corvallis-Benton County Economic Development Partnership, a group that works to recruit new businesses. Housing demand remains strong in Corvallis, which has the area's highest home prices. In nearby Albany and Lebanon, where many HP employees live, sales of less-expensive homes are also booming.

What's going on? The housing market's strength is due in part to disillusioned stockholders increasingly investing in real estate.

High-tech companies also continue to take root and thrive in the community, including ATS Systems Oregon, ImTech, Korvis Automation and Tripod Data Systems.

OSU admissions have also seen a boost. Since 1996, the student population has increased from 13,700 to 19,000, requiring more faculty and staff. Benton County's large number of government jobs — 21.5% of workers in 2000 — also stabilizes the economy.

And generous severance pay for former HP employees opened up options such as early retirement, training for different fields and even starting new businesses.

Still, action is needed to mitigate the economic impact of job loss. After HP announced its first layoff of 570 employees in May 2005, OSU economist Bruce Sorte predicted a \$112 million loss in gross sales from the mid-valley economy, assuming 300

former employees would leave the area.

Most efforts to stimulate the local economy focus on what Corvallis knows best: high tech. The industry comprises about 25% of Benton's County's \$4 billion economy. "High tech is sustainable and a clean industry, which is a priority for a lot of people in Corvallis," says Mike Corwin, chair of the Economic Vitality Partnership (EVP), a coalition of 16 business and government organizations.

Last year EVP launched a strategic planning campaign called "Prosperity That Fits." Using surveys and public forums, EVP is developing an economic development plan with community-wide appeal by late summer.

Meanwhile, the Chamber of Commerce is actively recruiting technology companies that currently reside in higher-priced areas such as Seattle and the Silicon Valley. "To them," said COC President Mulder, "Corvallis is very affordable."

Corvallis has one of the largest tracts of industrially zoned land in the state, though it is covered by a planned development overlay that allows citizens to appeal its development.

Reflecting the shift from an agricultural to a high-tech economy, OSU plans to build a research park on the site of its former poultry farm. And research generated by the Oregon Nanoscience and Microtechnologies Institute (ONAMI) is expected to produce new high-tech startup businesses.

But a continued focus on high-tech prompts some to point out the importance of diversification and warn against courting the industry too exclusively. "We could easily just die on the vine here," says Mulder. "We need to be very proactive in promoting the tremendous assets of this town."

— Sarah Minier Johnson

WINE

Warmer weather, hotter grapes?

ASHLAND — Southern Oregon University climatology professor Gregory Jones received an award for outstanding service at the recent Oregon Wine Industry Symposium. Jones, who got interested in studying the impact of climate on wine making around the time that his father, Earl Jones, was planting his first grapes at Abacela Vineyards in Roseburg, is known for his expertise on

the potential impact of global warming on the wine industry.

"Grapes are grown in fairly narrow climate zones," Jones says. "In a highly variable climate a particularly cold year or hot year means that it's challenging to make wine." In the Willamette Valley, Jones says, recent warm years have made for some outstanding pinot noir grapes and wines, but in another generation or two, the region's grape growers might be better off turning to some warmer-weather varieties such as the tempranillo grape that originated in Southern Spain but grows well in Southern Oregon.

In the short term, global

warming could spell a competitive advantage. "Climate has allowed us to ripen our fruit better, but in California, it's pushed them over the top," Jones says. Ample sunshine and hot temperatures mean more sugar, which becomes alcohol, in the grapes. "They have to remove alcohol to make the wine palatable."

— Christina Williams