

Oregon Jobs & Economic Growth Forum
USDA Listening Session
Albany, OR
January 21, 2010

INTRODUCTION: Lynn Voigt, FSA State Executive Director

- Forums follow President Obama's December 3 Job Creation roundtable at the White House. The USDA has been asked to follow-up by listening to communities to generate ideas for creating jobs and economic opportunities.
- RD and FSA are initiating conversations that will spur ideas for innovation, creativity, and economic development to help Oregon's rural communities and rural areas become stronger and more vibrant. Vicki Walker, RD State Director, and I are honored and proud to host these listening sessions on behalf of the USDA.
- Primary focus will be listening to you – real Oregonians – on ideas to accelerate job growth in rural Oregon. Ideas that make a real difference to rural Oregonians are not going to come from Washington, DC – they'll come from you.
- We must find ways to create wealth in Oregon's rural communities so that they are self-sustaining, repopulating, and thriving economically. That will involve both productive agriculture and forestry.
- We'll keep notes of your ideas, and they will be passed through Secretary Vilsack's Office and on to the White House. Ideas and suggestions can also be shared on-line and by e-mail. Your ideas will be heard.

OPENING REMARKS: Vicki Walker, RD State Director

Unemployment rates: Albany – 14%, Oregon – 11%; both higher than national rates
Husband laid off from *Register-Guard* newspaper in August; daughter unemployed; feels Oregonians' pain.

Welcome elected officials:

Sharon Konopa – Mayor of Albany

Chris Edwards – State Senator, District 7

Karmen Fore – District Director, Congressman Peter DeFazio

Juine Chada - Field Representative, US Senator Ron Wyden

Brian Plinski – Field Representative, Congressman David Wu

Nikki Whitty – Board Chair, Rural Development Initiatives; Coos County Commissioner

Roger Nyquist – Linn County Commissioner

Dan Whelan – Field Representative, US Senator Jeff Merkley

Marguerite Nabeta – Office of the Governor Economic Revitalization Team

Will Tucker – Linn County Board of Commissioners

Alison Craig – District Aide, Congressman Kurt Schrader

Frank Morse – State Senator, District 8
Andy Olson – State Representative, District 15
Sherrie Sprenger – State Representative, District 17
John McArdle, Mayor of Independence

Introduction of Panelists and Facilitator/ Video by USDA Deputy Secretary, Kathleen Merrigan

PANEL SPEAKERS:

- Panelist 1:

- Economic forecast – tentatively upbeat, unemployment has peaked, but data is new. Jobless recovery. Firms reduced workers, but also cut hours and implemented furloughs.
- What will help economy?
 - Exports
 - Lower oil prices (how long this will continue is unknown).
 - Stimulus funds still making its way to Oregon. Funds will only work temporarily... local business must take over. Employment growth not expected until 2011-2012.
- What's thriving? Health & education services. Although healthcare employment is stalled, which is concerning.
- What's worse? Manufacturing of wood products, logging, and housing stock surplus.
 - In 3 county area (Linn, Benton, Lincoln) –16 daycare and health centers, 3 manufacturing, 22 restaurants have been created. 6 retail, 3 manufacturing, 3 newspaper businesses have closed.
- Challenges?
 - Distance for rural areas – need broadband.
 - Population density – must retain youth/get them involved.
 - Differences – fragmented production – producers do not work together. Farming interests vs. rural interests – population no longer attached to agriculture.
 - National reputation – people want to beat down rural America; not good at getting out rural America's message.
 - Amenity driven migration, but people are not moving because wealthy people have also lost money.
- What's helping?
 - Local Foods Movement – farming can bring rural people and country back together.

PANEL SPEAKERS:

- Panelist 2:

- Investment dollars are needed for rural America.
- Myths dispelled
 - Economic activity still going on in Albany.

- Building activity still taking place (80 residential building permits granted this FY compared to 300 last year). More affordable homes being built, rather than luxury.
- Commercial interests by large national corporations (Lowes).
- Oregon Freeze Dry expansion – major contract that will involve employment gains. (\$22 million in stimulus helping region).
- Challenges?
 - Need to maintain services.

PANEL SPEAKERS:

- **Sharon Konopa: Mayor of Albany**
 - Activity taking place
 - \$8 million stimulus for wetlands treatment project – creation of 50-acre wetland to cool water prior to Willamette (sewer rates would have dramatically increased without it). Won't see employment hires until summer. Great green project.
 - Urban renewal district in downtown Albany. New restaurants opened, but limited “high-paying” jobs created.
 - Major retailers coming in – cause of concern for local businesses.
 - Seeing lower-paying jobs created. Need higher-paying jobs rather than minimum wage.
 - Good? Quality of life is wonderful because of OR land use policies.
 - Future?
 - More rural food supply (cannot rely on foreign food supply – need to be sustainable).
 - Local manufacture of corn production is dropping out – DC needs to help businesses retrofit infrastructure to help transition to new types of production.

QUESTIONS:

1. Speaker 1

- All businesses are different in growth.
- Appearance is there are not a lot of cross-section differences, but actually more mixed up than being presented.
- Lots of interests in ag software, local food businesses.
- Wants funding support to help local investments, matching funds.
- Doing food business boot camp – 40 people signed up. Needs more funding, interest is ample.
- State help is not present on start up and/or growth side. Needs matching funds.

2. Speaker 2

- Works well? – \$3 million investment in Oakridge using enterprise facilitation. Every business needs 1. product 2. marketing 3. financial management (no business creates all 3 on their own)

- i. New and existing businesses need specialist to help that employs these ** there is a strong need for entrepreneurial development help.

3. Speaker 3

- Liquidity crisis – no liquidity in rural counties to put things in place. Government restrictions too tight. Rural communities cannot work through paperwork. Government giving banks lower guaranteed rates, but producers are not being given same rates and guarantees as banks; 3% interest is too high. Need access to money.

4. Speaker 4

- SBA an unmitigated disaster.
- ARC program – not a single lender or business in Linn County participated or received funds.
- Stimulus money is not going to small business; all going to big business.
- Conflicting outcomes
 - i. OR timber policy is to treat state timber “like a national park.”
- Wetlands policies are inappropriate and hindering. More aggressive regulations of wetlands are taking away opportunities for Linn county.
- Biomass program (BCAP) – energy policy is taking away Durflac’s (local business) raw materials.
- Hopes administration is truly interested in comments made today because current regulations hurting rural communities.

5. Speaker 5

- Willamette Valley Biosciences Consortium helps create high-wage and high-growth jobs. Trying to transition unemployed workers to biosciences sector. Trying to bring industries together... collaborations working.
- State funding is gone for funding for commission. Biosciences consortium – grassroots activity has helped traded sector to grow.
- Need funding for more grassroots “coming together” opportunities. A real potential for growth.

6. Speaker 6

- Government says must communicate in semifor = “you guys speak a different language than we do.”
- Government has too many confusing regulations. Insurmountable obstacle to understand regulations.
- “Were a producer with no place to process.” Producer built processing plant. Waiting on USDA inspection of plant – arduous task to achieve USDA inspection. 120 local growers currently coming to their plant; 500 growers will be once inspection passes.
- Regulations limiting; people cannot get the product (Catch 22). Need to put people in place to help producers understand regulations in order to have local food production.

- Help needed to put business plans in place. Need financial help.
- Need common language. Need hand-holding. Need local people to help assist in process.

7. Speaker 7

- Owns company which employs about 80 folks. It's been hard to keep local people employed. Utilized USDA RD program.
- Is optimistic "glass half-full"
- Stimulus \$ are coming. Consortium will be administering \$4 million – goes to parks, cemeteries, employment of young people to keep talent pool in rural Oregon.

8. Speaker 8

- (Addressing Q4 - Obstacles to job creation in community?) "Business ultimately what takes unemployment down." How do we reconcile increased government spending that raises fees for local businesses and increases taxes? Software industry in local community is doing well – legislators in Oregon are going to tax these businesses eventually. Businesses looking at moving to Washington because of the taxes. Pitting public and private sectors against each other (referring to Measure 66 & 67).

Response: Panelist 2 – Tension between need for public services vs. business freedom to build capital – ongoing battle. Measures 66/67 – both points of view are legitimate. Used Haiti as example of lack of policy; i.e. many buildings collapsed in the earthquake because of the lack of good building codes.

Response: Panelist 1 – Oregon has a very low business taxes, business friendly environment. Business depends on public services and goods to succeed. Public education needed to create future growth.

9. Speaker 9

- Represents 11 small cities. Area is all mill towns.
- Need to cherish natural resources. Documentary showcased one of the mill towns as a poster child. Western Oregon Planned Revision – sustainable reasonable growth (WOPR)... was very reasonable. "We are robbing rural Oregon of jobs due to protection of forests." Need to look at timber as renewable resource and viability of small cities is the most important. "Once these towns are dead, we will not be able to rejuvenate them."

10. Speaker 10

- Questioned the idea that the city of Albany is considered rural.
- Tried to hire youth, but found regulation too cumbersome. Telemarketing option taken away. Youth cannot work past certain times in evening.
- Regs and bureaucracy has limited means of selling services

- Building dept cuts – surface indication that govt not responsive to needs of community.
- Local officials need to change, but limited b/c of national regulations they have to follow.
- Minimum wage is not living wage – can't put it on backs of business to make minimum wage a livable wage.

Response: Panelist 2 – clarified that changes are being made; government is listening.

11. Speaker 11

- Farmers Market participant, Internet selling, wholesale sales.
- Daughter is now GM of company – insisted that they apply for (VAPG) Value-Added Producer Grant of USDA Rural Development. Company created business plan, feasibility study, application. “Lots of work. Needed help and coaching through the process. Directions not straight-forward.” “Jeff Diess has created great staff.” Ended up receiving grant after lots of revisions. Investment agreement was right at time of collapse of economy. RD gave maximum flexibility. Felt company advanced because of participation. Terrific program.
- Technical assistance needed. Writing skills and assistance critical to helping farmers. Overall, great program, take advantage of RD staff.

12. Speaker 12

- Grass seed farmer, diversified in other business related to grass seed. Employs 10 to 30 people each year.
- Has lost ability to be financially stable.
- Has guarantees from FSA, but usually too far down the list when money needed.
- Operation of \$4-5 million; circulates it all back into the economy.
- Need support from FSA to continue going. Need help getting money from past crops. The problem is not mismanagement of producers. FSA needs to be more adaptable and willing to help. No willingness to help with flood assistance in past.
- Stimulus money not trickling down to agricultural producers. (Farmers not categorized as “small business” but farmers are small business owners)
- Grass seed is a green industry... green plant giving off clean air.
- Need recognition and help – industry needs help. Rural America is still a lot of ag.

Response: Lynn Voigt – third year in a row that grass seed is not moving.

BREAK

PANEL SPEAKERS:

- **Bob Repine: Assistant Director, Energy Incentives, ODOE**
 - Stimulus funds (\$14 million to public buildings and amenities) Oregon has request for second half for private funds. Every county has received funds for: schools, public buildings in need of improvements. Oregon participating in another grant – \$75 million. Requires 5x leverage criteria; will get notification in March.
 - Good? Effective partner in job components sector throughout Oregon. Biomass in Eastern Oregon. Company in OR changes straw into sheetrock material.
 - Bad? Creating our own problem – we are successful at what we are doing, but outgrowing the availability of trained employees. We are outpacing job creation in the grant money received.
 - What will help?
 - Weatherization opportunities – workforce is not growing as quickly as it can, but OR has more resources in weatherization opportunities.
 - Want to be lending partner with USDA; we have difficulties with the technical aspects of getting funds. History of program needs to be revisited in today's economy.
 - Opportunities – plentiful in recycling. Recycling of plastic bottles here in OR instead of shipping to India to burn as fuel.
 - We should strive to look at global industries – we can compete globally. “Why not create wave turbine manufacturing and replacement parts industries?” Art of balance needs to take place.

PANEL SPEAKERS:

- **Brent Searle: Oregon Dept. of Agriculture, Special Assistant to the Director**
 - Agriculture in Oregon – when farms and forests thrive, people stay in rural areas. 140,000 people employed through ag...ripple effect (1 in 10 jobs, 10% of economy comes from ag).
 - Vulnerabilities?
 - Profitability on farm is inputs and cost vs. access and price.
 - Biggest costs in Oregon ag – labor because of intensive farming practices; labor cost over \$1 billion in Oregon. Accessibility of legal labor force.
 - Fertilizers and energy costs will continue to increase; must adapt.
 - Finance side: money and bridge loans needed.
 - Water and climate – global issues.
 - Market side: affected by consolidation and access, and certification just to get into the market.
 - Opportunities?
 - Markets are international, domestic, and local. Export market crucial. Oregon produces too much of certain crops to consume all locally.

- Need more collaboration between APHIS, Market Access, USDA regulations. Markets hard to access for specialty crops, i.e. blueberries into Korea.
- Need more co-op help.
- Research – energy audits, tech adaptation, pest and disease (since OR is a port state). Control is a big cost. Homeland Security is now responsible; not doing as good as USDA once was. Need research dollars. Need to add funding training for grant writing.

PANEL SPEAKERS:

- Panelist 3:

- Sixth generation Oregonian in ag and forestry. Advocate of changing federal forest policy.
- Not working? Oregon energy policy did not treat existing legacy biomass companies equitably.
- Opportunities?
 - Cellulosic development of ethanol – reaching out to venture capitalists to invest.
 - Increase of exports to Asia, Korea, and China. Korea big organic market. Worldwide – middle class in China is largest growing market. Work on reviving a “sister-state” relationship with Fujian province. OR leads world in hybrid Poplar industry.

QUESTIONS:

1. Speaker 1

- Developed new wind turbine and generator (high bandwidth).
- Example of a Texas wind farm with 2800 jobs – 2400 of these jobs went to China.
- Manufacturing infrastructure and technology exist in OR now. (ex: Shepherds Flat). The government should insist that people employed from these industries come from Oregon/or U.S. Why exporting jobs?
- Why ignoring solar and wind resources? Why importing energy and exporting dollars? We need political will.

Response: Bob Repine – Business opportunities are to be had in emerging energy industries.

2. Speaker 2

- Lack of national forest plan has destroyed rural Oregon. National plan would put thousands back to work in logging, timber, watersheds, recreation, etc.
- 200 mills closed. Going to run out of water. WA Tri-Cities exist because of water – Oregon refuses to pull water out of Columbia. If we could draw water out, we could employ thousands more.

- Exports – we have exported millions of good high-pay jobs. Trade policy of U.S. is “horrible.”

3. Speaker 3

- Entrepreneurial – help access to dollars. Have had a revolving loan fund that has been successful. Matching dollars requirement is difficult.
- Provide tech assistance funding to help grow. Need help building model such as Oregon’s Regional Investment Program (building and retaining jobs). Requires flexibility.
- Need venture capital network. Economic development districts could help producer grants and move to energy incentives.
- Defederalization of federal investments. Technical transfer – help move out of university system to move forward and into private sector clusters.

Response: Panelist 3 – Liquidity issues; increased govt role in lending because banks not willing to take on risks? What level of risk is appropriate to taxpayers? Should government really do more lending?

4. Speaker 4

- Without local banker (RUS), telephone service in Monroe would be non-existent. RUS – involved in stimulus money.
- 60% of subscribers taking broadband services – broadband services will help bring more people to rural America and keep jobs going. All farmers, wineries, home businesses rely on these services. Where service is available (broadband) 1/3 are working from home at some level. Broadband is helping to create and keep jobs and save energy.
- 50 square mile area – service equitable to downtown cities.

5. Speaker 5

- Does energy audits.
 - i. Good – grants exist. BETC (Business Energy Tax Credit) and USDA RD programs are beneficial.
 - ii. Bad – lots of programs, but businesses don’t have time to keep track of resources. Too much time to research all the information.
 - iii. Ugly – filling out the applications.
 - iv. Recommendation – people do not know tax credits and grants are available. Need more publicity and public awareness – educate contractors, then communication via contractors. Applications are too cumbersome. Need for financing, especially for low-budget projects. Grants come after the fact; need up-front grants. Likes the Navigator booklet. Discovered USDA RD programs through her contractor; we need to market through Oregon Construction Contractors’ Board.

6. Speaker 6

- Forest service owns most of the land in Lincoln County.
- Lincoln County has the only electric charging station on Oregon coast. One charge from Portland – needs one charge to get back. Attracting high-income tourists that can afford electric car to use the station. Need to be innovative.
- Lincoln County has sister city in Japan. Developed a tourist economy using natural beauty of Oregon

7. Speaker 7

- Raises lamb for grass-fed market. Difficult to make a living.
- Decided to add farm stand. Opportunity to provide education to city dwellers about farms. Provides local connection. Helps to balance income. After stay, visitors more likely to shop at farmers markets.
- 24% of farms in UK offer lodging; great opportunity here in America.
- Need to educate small farmers how to do so.
- Has applied to USDA for grants
- In other countries, ag and tourism work together better. Wants to start a farm stay association – working through USDA.

Response: Brent Searle – neighboring farmers may be impacted negatively – trespassing, litter, zoning, increased traffic. Don't want farms to be destination resorts.

Response: Lynn Voigt – “Know your farmer, Know your food” – helping smaller farms educate the rest of world on understanding what farmers do. Support for local agriculture.

8. Speaker 8

- Comments to “think about all ag industries in Oregon, not just timber.”
- Stop the grant writing! Most people do not know how to write grants – need assistance from government.
- Renewable energy – working on project for last 3 years, just completing Phase 1; need money to move to construction phase. Wanted a digester using farm/food waste – very, very costly for individuals. Companies want to help, but take 30% profit.
- Hopes we can all support renewable energy – very important.
- Restrictions at state level – too cumbersome, “use common sense.”

9. Speaker 9

- What programs are available that considers small businesses?
 - i. Wool – no one wants wool.
 - ii. Hay – fertilizer and employment make unprofitable.
 - iii. Sheep and pig meat – USDA enforces that he cannot sell meat directly to consumer.
 - iv. Tourism B&B – building limitations and permits costly.
 - v. “Find niche market” – organics too expensive to start \$1000/ year.

1. Young person has dismal view of becoming a farmer.
2. Small farmer buys retail and sell wholesale – need to reverse.
3. Farm labor – minimum wage. Need to start intern program for small farms that USDA could help supplement.
4. Beginning/small farms – need equipment lease program. Cannot afford baler and other high-dollar equipment.
5. Look at restrictive permits.

10. Speaker 10

- a. Government chases each new industry. Huge mistake. Need to look at mature industries as not terminal (i.e. timber industry).
- b. Can't talk about rural jobs without talking about timber. RD and Forest Service need to talk about long-term timber management contracts. 100-year contracts would allow long-term sustainability and create wealth in private industry. Would generate opportunities for investment from private markets instead of always going to public assistance.
- c. Government is stifling – forest plan management through private companies would help.

11. Speaker 11

- a. Investments in facilities and workforce training – who's going to do repairs on electric cars? Need facilities for job training.
- b. Need simplification of application programs, recognition of competency of small communities, kinder registration deadlines, reasonable reporting requirements. \$45k grant costs \$100,000k due to reporting requirements
- c. Money – economic development loan funds – which is revolving, has been run by local bankers and needs to be sustained. Need revolving loan funds.

12. Speaker 12

- a. Funding – rules and regulations put upon producers of small farms a huge problem. When dealing with Congressional delegation, make point to put politics aside. When voting for ag industry, don't look at piece-meal legislation; look at whole picture because they have huge effects.
- b. Can help farmers navigate through processes. Located in Salem.

Response: Brent Searle – Resources: to find resources, ODA has grants and financial links resource on its website.

CONCLUSION