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## Troutdale has a big job

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SMALL CITIES BIG CHALLENGES (2nd of 4 parts)

SUMMARY: City leaders are working to attract the next generation of businesses and manufacturing, and the revenue that follows

The city of Troutdale has always relied on a single, large employer to drive its economy: First it was a slaughterhouse, then a tannery, then an aluminum plant.

But those days are probably over; the city has grown and the state's economy has changed. Now, city leaders are wondering where the next generation of jobs --and revenue --will come from.

Their hopes are focused on the nearby former aluminum smelter site, which is being purchased by the Port of Portland. But the city also has other irons in the fire.

"The places that are waiting for one single big business to drop out of the sky and save them may wait for a long time," said Joseph Cortright, an economist and consultant with Portland-based Impresa, Inc., which advises businesses and governments. "Cities should pay much more attention to entrepreneurship and small businesses."

This is not news to Troutdale officials.

"Diversification is the way to go," said Rich Faith, the city's community development director. "We don't want to be a one-horse town."

City officials are working on other development and redevelopment projects, including the urban renewal at the former sewer treatment plant site and residential development in the southern part of the city. But several other properties, like Mt. Hood Community College's 40 acres and the county's 46 acres across from McMenamins Edgefield, sit vacant.

And leaders still hope the aluminum smelter site, just north of the Troutdale airport --which is in the process of being annexed to the city --will continue to be a key part of Troutdale's economic future.

Though the city's finances are in good shape now, the city faces the loss of valuable tax sources and revenue from building permits.

Attracting the right jobs and revenue may not be easy. Some decisions about development are beyond the city's control. In the case of the former Alcoa/Reynolds smelter site, the Port --not the city --will decide what goes there.

Faith and Mayor Paul Thalhoffer hope the Port will attract manufacturers --not warehouse or distribution operations -- to the property, because manufacturing brings more higher-wage jobs and more property taxes. More jobs also mean more residents, which in turn means more business and residential development.

However, the Port, which is to finalize the purchase of the 700-acre Alcoa property for \$17.25 million after final site cleanup permits go through, plans to dedicate the land to a mix of warehouse and distribution-related businesses, as well as to some manufacturing, Port officials said.

And even inside Troutdale, there is disagreement about what kind of development to seek. Some officials and

residents prefer "attractive growth," such as hotels or a wildlife refuge, over heavy industry.

"We're concerned about the type of industry, and the look of the industry. We don't want it to become just an ugly warehouse district," said city manager John Anderson.

The distinction between the Port's and the city's visions is crucial: It will directly affect the area's financial prosperity.

Like other Oregon cities, Troutdale is experiencing a "breather" from its budget struggles --thanks, in part, to Oregon's recovery from an economic downturn and the city's tight fiscal policy. But storm clouds are gathering:

- \* The county says it will phase out the business income tax, which last fiscal year accounted for about \$620,000 of Troutdale's revenue, or 7 percent of its general fund.

- \* A record high revenue from building permits, which last year accounted for 4 percent of the general fund, or \$330,000, may also be reduced as councilors debate whether to slow down the city's high-density growth.

- \* The regionwide perception of the East Metro area works against it, making it difficult for Troutdale to attract certain businesses, according to Portland State University professor Carl Abbott. One of those perceptions, Abbott said, is that East Metro has a different labor pool than the western suburbs of Portland --less-skilled and less-educated. "East side is seen as more the mass-production side of things," Abbott said.

But, Abbott added, "Troutdale (which has the highest household income in East Metro) is a case of what people think they know about the community and what's actually there not being the same."

On the plus side, the area holds several advantages when it comes to attracting companies:

- \* Transportation --easy access to a major highway, rail and two airports.

- \* Affordable cost of living, important to bringing a large work force to an area, according to East Metro Economic Alliance President Travis Stovall.

- \* A good supply of developable land.

Troutdale officials are considering offering incentives to attract the right kind of development, but they fear the potential loss of revenue and have not taken any steps toward creating a special enterprise zone or other kinds of tax relief.

Such incentives have been successfully used by Hillsboro and Gresham to bring in specific kinds of industries. (For example, Gresham recently attracted RR Donnelley, a major company that prints phone books and Microsoft manuals, to one of its enterprise zones.

Cortright, the economist, warns that cooperation --not competition --is the key to success for the smaller cities east of Portland.

It's the health of the regional economy --and not that of one small city --that matters most to residents, he said.

"It's not meaningful to talk about a Troutdale economy, because people work all over east county," he said. "The bigger issue is not about whether jobs are created in Troutdale, but about how well is that community connected to the wider region."

That rings particularly true to former Reynolds and Alcoa worker Mike Anke, 52, who lives in Boring. He said area workers like him have high hopes for the former smelter site.

"I would prefer industrializing it and bringing back manufacturing to the area," Anke said. "There isn't a lot of manufacturing here. East county needs it to have more jobs."

Anke, who worked 24 years in the plant as a carbon setter and supervisor, said the shutdown of Reynolds Metals in

2000 affected a lot of people. He now commutes to work in Beaverton.

"Opening (a manufacturing plant) would make a difference to people like me."

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