

Summer 2018

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Recommended Citation

Moore, Eavan, "Whither Skamania?" (2018). *Metroscope*. 139.
<https://pdxscholar.library.pdx.edu/metroscope/139>

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Whither Skamania?

by Eavan Moore

As long-standing financial concerns deepen in Skamania County, solutions are sought-after but thin on the ground.

When the Eagle Creek fire blazed up last summer, it made surreal viewing for residents of Skamania County, Washington, directly across the Columbia River.

“Our office is right on the river,” said Pat Albaugh, executive director of the Port of Skamania County. “You would just watch the flames shooting 300, 400 feet in the air and the trees exploding, and the whole sky’s orange. It’s apocalyptic. It was really, really weird, and mesmerizing, too.”

It was also just one of a string of recent difficulties for the county. Fire-related evacuations and road closures effectively shut down much of the Columbia Gorge, as did a winter ice storm earlier in 2017. That same year, Congress declined to renew the Secure Rural Schools (SRS) program negotiated by Senator Ron Wyden (D-OR) in 2000 to compensate for lost timber revenue. Skamania County had been receiving increasingly irregular payments under the program, which it relied on to fund basic services. A spending bill passed in March 2018 reauthorized SRS with retroactive payments for 2017, but the dollar amounts involved were not immediately clear.

Should the federal payments continue? What is needed to replace them? There’s no unanimity on either question, but there is a strong sense in Skamania that something urgently needs to change.

Commuter County

Although the county is part of the Portland-Vancouver-Hillsboro Metropolitan Statistical Area,¹ opinions are mixed over whether it has much connection with

1. Metropolitan Statistical Area (MSA): A region defined for statistical purposes by the US Office of Management and Budget, consisting of at least one core urbanized area of 50,000 or more inhabitants and surrounding communities that have a high degree of economic and social integration.

urban areas. “I think we’re only lumped into that because of the US Census Bureau,” said Albaugh. “It’s an easy commute from here to Portland, but I don’t think we have a whole lot in common.”

The majority of county residents do commute to other parts of the region for work. One downside, from Skamania’s point of view, is that residents who work in another city are also going to do their shopping in that city, particularly if there are stores there that their hometown doesn’t have. If a person gets out of work, stops at Costco or Fred Meyer, fills up on gas, and makes other transactions before coming home, that’s business revenue that doesn’t make its way to the county.

The kinds of jobs that people do have changed as well. Average wages in Skamania County declined along with the timber industry in the early 1990s. Now, the Skamania Lodge resort is the largest private employer in the county. Food and beverage and tourism jobs dominate the job market, and they pay significantly less on average. They are also cyclical, adding 200 jobs in summer and shedding them each winter.

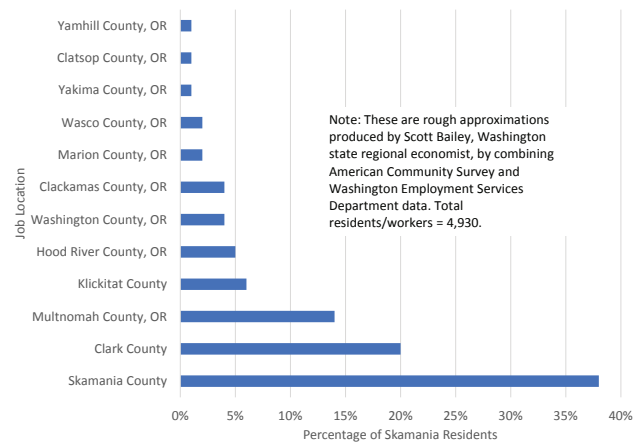
Taxes

When County Commissioner Tom Lannen wants to illustrate Skamania’s property tax position, he brings out an illustrative painted wooden stick. It marks off, with different colors, the county’s land uses. Eighty percent is Gifford Pinchot National Forest. Ten percent is private timberland. Eight percent is owned by the state. That leaves only 1.8 percent of the entire county subject to regular taxes.

“And that’s how we got the short end of the stick,” he finishes.

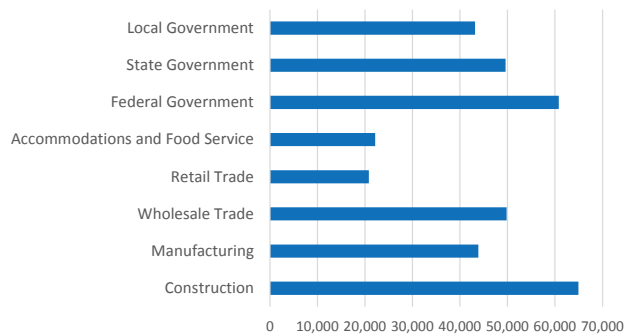
Most of those taxable areas, and most of the county’s 11,000 residents, are strung along the Columbia River in the county seat of Stevenson, the Carson unincorporated area, and the city of North Bonneville. The Port of Skamania is responsible for much of the economic activity in Stevenson and North Bonneville, where it owns 162 acres of land. Right now, the port’s tenants include a number of breweries and cider makers, including one that bottles for a few hundred niche labels sold on the West Coast.

Skamania County Commute Flows (2013)



Source: Washington State Employment Security Department

County Average Annual Wage (2016 \$)

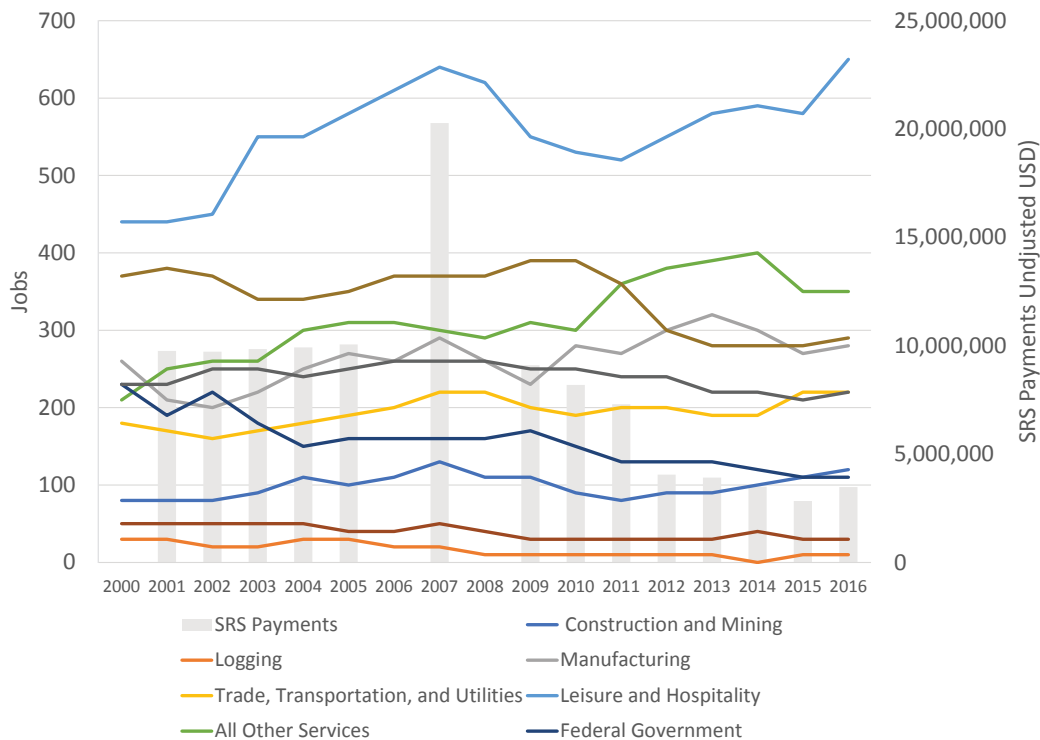


Source: Washington State Employment Security Department



County Commissioner Tom Lannen uses a stick to illustrate the county's 1.8 percent share of county tax revenues.

Employment and SRS Revenue in Skamania County, 2000–2016



Source: Office of the Washington State Treasurer

“As start-ups they're doing their best just to hang on... last winter we had all the ice storms... then we had the Eagle Creek fires...”

“Our tenants are mostly startups,” said Albaugh. “They come here because we have really inexpensive properties. As startups, they’re doing their best just to hang on, and last winter we had all the ice storms that pretty much shut everybody down for a few weeks. Just as they were trying to crawl out of that this last summer, then we had the Eagle Creek fires, which shut everything down for a good portion of the summer. Those have a major impact on really small businesses.”

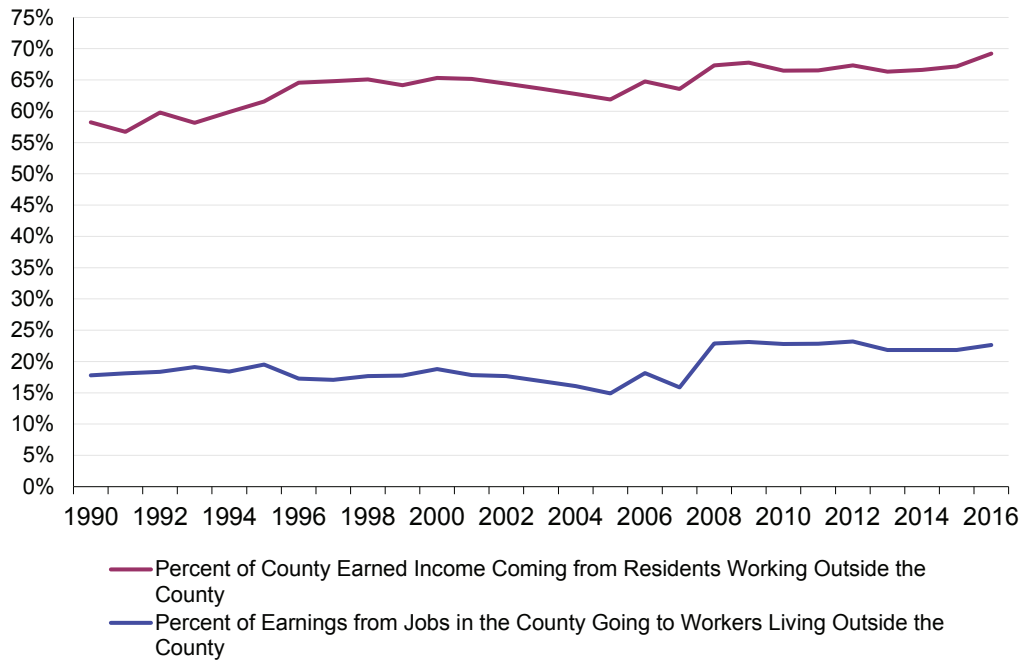
The Columbia River Basin is also simply a difficult place to undertake new development projects, because there are many layers of oversight. A National Scenic Area overlay limits new development to urban areas. The US Army Corps of Engineers manages the Columbia River Basin. The complexities of joint oversight have slowed the port in developing a multi-million-dollar business park in North Bonneville. Since 1999, the port and city have been working on an easement to connect the park to a road owned by the Army Corps of Engineers. “The Corps helped design the business park,” said Albaugh, “now connecting to the road is pre-

senting some challenges.” A recent draft easement lays out some next steps, he said, “and the parties are going through the rest of their processes.” The campus has sidewalks, fiber optic lines, and stormwater and sewer drains, and can open for business when the roads are connected.

Small Business in Stevenson

Tourists to Skamania are likely to pass through downtown Stevenson, a small, attractive stretch of independent businesses with mountain views in every direction. Melissa Still moved here from elsewhere in the Gorge to start Bigfoot Coffee Roasters in 2015. “I’m a traffic refugee,” she joked. She looked around, saw that Stevenson had beer and cider but no roaster, and decided to fill that niche with a coffee and souvenir shop tucked behind a gas station on Stevenson’s main drag. She was prepared for the up-and-down cycle of tourism dependency, but 2017’s ice storms and fire came as a rough surprise for a business owner still working on being able to pay her first employee.

Skamania County: Inflation-Adjusted Earnings Flows from Cross-County Commuters



Source: Washington State Employment Security Department

Melissa Still would love to be able to train people in the art of coffee roasting—or see any new skills develop, really. She thinks young people in the county don’t know how to cope with the new economy. “They’re not techy,” she said. “That’s not a judgment. They are blue-collar working folks that were left holding the bag without timber jobs. We need our own trade school.” Alongside practical skills like carpentry and bookkeeping, she thinks Stevenson could become the craft beverage hub of the Pacific Northwest.

Why don’t larger companies land in Skamania? According to Kari Fagerness, executive director of the Skamania County Economic Development Council, it’s partly a workforce issue. “When we do get industries interested in locating here, the challenge is finding workers that are already here, or willing to move here,” she said. Local residents don’t have the desired skills; workers elsewhere can find jobs that pay at least as much closer to where they already live.

“Now, if they wanted to move out here, there’s no housing,” she added. “There’s literally no housing. If there’s a rental house that comes on the market in Stevenson, it’s gone in a day.”

Contractors are willing to build \$400,000 homes for those who can afford them, but smaller houses priced for mid-level incomes aren’t turning up. Nor are apartment buildings being developed. It’s not just about potential relocations: people already working in tourism and recreation in Skamania have difficulty finding homes there.

Fagerness has learned this from conversations with employers and house hunters, but she is now seeking funding from real estate groups for a more reliable housing needs assessment, “so we can really identify where the gap is in housing and get some projects going based on that assessment,” she said.

Safety

Government jobs are some of the best paid in the county, and county government agencies have historically depended on SRS to function. In the two years before the Stevenson-Carson school district passed its first levy in 2012, the budget was cut by \$800,000 and the district lost its elementary school librarians and counselors. The Carson middle school closed. The levy was renewed in 2015, and a further levy passed in 2017, adding \$1 million to the 2017–2018 budget

and staving off cuts to music, visual arts, theater, and sports.

One of the biggest impacts of losing SRS—on tourists and locals alike—landed in the county sheriff’s department. “In the last five years, we’ve seen a 33 percent reduction in our patrol staff,” said Sheriff Dave Brown. “Because our staffing levels are what they are, we typically only have two patrol deputies working the county at any given time. For two hours every day, no one is on duty.”

On the ground, that means uniformed deputies are fitting in cases that would normally be investigated in plain clothes. It can be more difficult to interview a child sex abuse victim while in uniform, and it is impossible to do a controlled drug buy.

This situation also hampers the county’s ability to meet demand for emergency services. When an emergency call comes in, a deputy trained to manage search and rescue missions either leaves patrol duties or comes in to work overtime. Six of the seven staff who left in the last five years were search and rescue coordinators. Until now, the department has used an SRS fund to cover search and rescue on national forest lands. But that money will run out by the end of June, and the annual expense budget will cover the cost. “If things go the way I think they will, the bulk of responses and the financial impact is going to be put back on our local taxpayer,” said Brown.

That does not necessarily seem fair, given that it is generally not the local taxpayers needing to be rescued. “Because of the vast recreational opportunities in the county, we see upwards of one-and-one-half to two million visitors a year coming through the county,” said Brown. “Those visitors generate more than ninety percent of our recreational accidents and search and rescue calls.” In the first six months of 2017, Brown’s emergency services department responded to thirty requests for help: eighteen “overdue person” calls, eight searches, and four accidents. Some of these calls are competing with local emergencies. Brown is reluctant to charge for rescue service, but he is not alone in thinking that visitors should be better prepared.

The Eagle Creek fire has piqued new interest in Skamania among hikers looking for alter-

native trails on the other side of the river. This annoys some locals, whose favorite secluded spots are more popular now, and has mixed potential for the local economy. On the one hand, it could mean more revenue for recreation-related businesses. On the other hand, it could put more pressure on emergency services.

Tracy Calizon, the Forest Service’s community engagement staff officer for the Gifford Pinchot Forest, said that Forest Service employees had noticed an uptick in use in September 2017. Longer-term, she said, it’s hard to tell what the impacts of the fire will be.

“We’re anticipating that more people will know about the Gifford Pinchot National Forest as they think about other places to go,” she said. Those used to the relative creature comforts of the Gorge need to be aware that Gifford Pinchot has rougher roads and fewer amenities. “I think a lot of search and rescue... comes from people getting lost or not being able to rely on their cell phone for directions or not having enough food. Eagle Creek fire or not, I would like to encourage people to always be prepared when they come to the national forest.”

Timber

Brown, Lannen, and Albaugh all agree on one point: The county can and should be receiving more natural resource revenue. Under the Northwest Forest Plan, allowable timber sales by the US Forest Service are more than fifty-two million board feet a year. Over the last twenty years, the actual harvest has averaged half that—for a variety of reasons, but above all because of litigation. Between 1999 and 2002, there were almost no sales at all. The formation of forest collaboratives—multi-stakeholder working groups that meet to discuss and negotiate forest management practices—ended the period of intense litigation, but the process of working in a collaborative and putting trees up for sale is still slower than some would like.

Forest collaborative participants generally agree on the value of thinning existing plantations. More controversial is a practice commonly called a “regeneration harvest.” Northwest Forest Plan co-authors Jerry

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Franklin (University of Washington) and Norm Johnson (Oregon State University) suggest that deliberate tree-felling can create space for species that are part of a healthy forest ecosystem. In its most widely proposed form, regeneration work clears a large area to mimic the effects of wildfires, landslides, and other natural events. This creates early seral habitat that supports deer, elk, and birds that prefer open spaces.

The enthusiasm for regeneration harvesting concerns conservation groups. “What it looks like on the ground is a clear cut, to us,” said Matt Little, executive director of the Cascade Forest Conservancy (known from 1985 to 2016 as the Gifford Pinchot Task Force). He sees a difference between a moderate approach as recommended by Franklin and Johnson (two-thirds clearance of a unit, with some trees left in the cleared area) and current proposals to reduce hundred-acre areas of timber by 85 percent.

Lannen supports multiple approaches to increase timber yield, including thinning and regeneration harvesting. The Forest Service has published research on the rate of new growth in the forests, called the annual increment. In the Cascades, the annual increment is around 500 million board feet a year. Lannen believes that volume makes a case for a much bigger harvest. “One of the groups that we worked with said you ought to be able to take a hundred million board feet off the forest every year to support local economies, improve multiple species’ habitat, and not do anything severe as far as the covered lands for the spotted owl are concerned,” he said. “We call it the hundred million plan.”

Concerns over logging methods notwithstanding, Little agrees it is naive to think that recreation can replace timber as a sustaining economic force. “There has to be a multi-tier solution,” he said. “It has to be a combination of more thinning projects in the forest, supporting the Forest Service in their funding and projects, working with the counties to support continued [federal] funding, and trying to figure out new revenue sources.”

Fagerness said the local workforce development council was looking to address the employability of county residents, many of whom are just out of high school and unused to the working world. “We’re working with WorkSource, and People for People, which place workers,” she said. “A lot of what we’re seeing is the need for training on soft skills—how to make eye contact, and shake hands firmly, and show up on time.”

Investing for the Future

While SRS compensates counties for ongoing restrictions on federal land use, many think of it as a bridge for counties on their way to becoming self-sustaining. As the years went by and these counties continued to depend on federal payments, support for the program waned in Congress.

The disappearance of SRS has reportedly caused some new consternation in DC. Losing that funding automatically increased payments under another program called Payment-in-Lieu-of-Taxes, or PILT, which compensates counties for the untaxed federal land within their borders. About 62 percent of US counties receive PILT funds—and because the pool is a more or less fixed amount, some areas previously unaffected by the SRS issue are seeing their payments reduced.

In the face of SRS’s continued unpopularity, however, the Montana-based nonpartisan research center Headwaters Economics has proposed an alternative bridge in the form of a federal natural resource trust. There are different ways to implement it, but the general idea is that either resource revenue or federal appropriations would seed an endowment that would generate annual interest income for the counties.

“It’s not a new idea,” said Mark Haggerty, staff researcher at Headwaters. “Trusts are used by every state in the West for state lands. Any royalties and fees that states receive from timber or grazing or oil or gas, they put into a permanent fund.... We’re borrowing an idea from the states to do the same thing with federal land revenue.”

“One of the groups... said you ought to be able to take a hundred million board feet off the forest every year.”

If the fund followed the model most states use, it would distribute a fixed percentage of the ending fund balance every year, with the amount matched to the fund's growth rate. In one year, \$1 million invested in a trust could generate \$40,000.

If this is such a great idea, why hasn't it yet been implemented? One reason is that the White House Office of Management and Budget opposes any plan that would send investment income anywhere other than the federal treasury. Another reason is that permanent, consistent payments would weaken the hand of those who advocate for changes to forest management. To some, persistent county budget holes are a compelling argument for increasing the timber harvest.

In response to that argument, Haggerty asks: "What was the purpose of the payments in the first place? Was it to compensate counties for nontaxable federal land? Or was it really this promise that the Forest Service would cut down trees?"

Future Growth

As distant as Skamania County may currently feel in a cultural sense, its proximity to urban centers means that urban growth is starting to ripple out in its direction. Melissa Still remarked that her hometown of Fall City, in unincorporated King County, Washington, had rebounded from similar timber-related problems largely because of settlement by Microsoft employees and others in the tech industry.

Lannen thinks the county should be preparing for new residents. He foresees potential spillover into Stevenson-Carson from Portland, Vancouver, Hood River, and White Salmon. "Ridgefield is the fastest-growing community in the state of Washington right now," he said. "News to me, but, you know, those things happen. People are going to come this way, so I think we need to be actively thinking about it."

The idea of merging with Clark County for the sake of administrative efficiency has been raised but immediately panned. The sense in Skamania is that it would be neglected by a government based in Vancouver.

However, there may be a case for looking across other borders for solutions. "For us, the Gorge is

its own region," said Albaugh. "We more identify with the Gorge, but half the Gorge is Oregon. When we had that weather event, it would have been declared a disaster if we'd been able to combine our losses and damage with the losses across the river, but that isn't how it works."

He thinks that better transportation connections might also help Skamania County. There are two bus services in Skamania County and Hood River County, for example, but they don't connect. The Bridge of the Gods at Cascade Locks is the county's only road connection to Oregon. "If we're talking pie-in-the-sky things, I'd like to see more bridges across the Columbia River," said Albaugh.

Fundamentally, said Haggerty, the opportunities that Skamania County has to grow its economy have changed in the last couple of decades. Timber jobs will never provide the same levels of employment; automation has sharply reduced the number of people needed, even though it brought up the skill level and associated wages. "But the county's public land and the kinds of services the county provides contribute to a quality of life," he said, "that really can help it attract more businesses and more people, because of its proximity to the Portland Metro area. The local government being adequately funded is absolutely essential to their economic development opportunities."

Eavan Moore is a first-year student in PSU's Master of Urban and Regional Planning program and a graduate research assistant for Metroscape.

