

Goal 9

ECONOMY OF THE STATE

Cave Junction is one of the two incorporated cities in Josephine County; being the second largest after Grants Pass. As the only incorporated City, and the largest settlement in the Illinois Valley, Cave Junction serves as a service and governmental center for the Valley residents. The City also services a large number of travelers and tourists, as the Redwood Highway takes them on their way to the Oregon and California Coasts.

Many individuals and families have come to this area to retire, due to the natural beauty and tranquility of the surroundings.

Cave Junction has a tremendous potential for commercial and industrial growth. Presently, the major industries are lumber mills located in the north and southern parts of the planning area.

Illinois Valley Service Center

Cave Junction is located 30 miles from Grants Pass, in the Illinois Valley. There are no significant service centers between the 2 cities, and thus, Cave Junction acts as a main service center for Illinois Valley residents.

Government services includes:

1. Postal
2. County Annex
3. U.S. Forest Service
4. Josephine County Unified School District

Retail-Commercial services are many including:

1. Retail Sales
2. 2 banks
3. Professional Offices
4. Feed Store
5. Restaurants, etc.

The City also provides specialized services to industries, located outside the current City limits, but not necessarily the planning area, which include logging, lumber mills; agriculture and mining.

Expanding Governmental and Commercial Services

Interestingly enough, the official population figures for the Cave Junction area are believed to be low figures, a fact due to the private nature of the lives of many of the residents of the Illinois Valley. The U.S. Post Office conducted a survey in order to compile data (See Goal 2 Exhibits) in order that a new Post Office might be constructed. At that time, 1982, it was estimated that the Illinois Valley Population was 12, 866 residents.

Being the only incorporated City within "reach" of these 12,866 residents, Cave Junction is the logical commercial center for the entire Illinois Valley. Along with the City services Cave Junction has to offer, it has an ideal commercial location as it is the last major city that the traveling public will encounter on their journey to the Oregon and California Coasts.

The Oregon Caves National Monument draws substantial amounts of tourists to the area, along with the fishing and white water rafting on the Illinois River.

The City has begun to expand it's services by drilling a new well, and is also in the process of providing its residents with expanding sewer lines.

With a county wide population projection of 78,300 (PSU Figure) for the year 2000, the Immediate Urban Growth Boundary planning area would comfortably house 3400 individuals. This figure is representative of the planning area, and not the total population allocated to the Illinois Valley, which is approximately 12,866 at this writing.

The City has 53.88 existing commercially assessed acres at this time. Additionally, there are 33.18 acres of vacant commercial land available. This total, 87.06 acres is all located on the Redwood Highway, or the Caves Highway, with a few acres cornering on Laurel Road. There is one exception, a commercial piece housing Taylor's Sausage Plant, which is located at the west end of Schumaker and Watkins Streets.

The City has a projected need for 49.07 acres of commercially zoned land, which is indicated on the Plan Map.

Logging and Lumber Mills

According to a lumber study done by Anderson in 1978, the Lumber harvest will remain relatively constant through 1995.

Agriculture

According to the Oregon State University Extension Service, the value of agricultural production in Josephine County has increased from \$5.5 million in 1970 to \$12.83 million in 1978 (Josephine County Plan, Table E-18). However, the agricultural land located in the Southeast portion of the Cave Junction Immediate Urban Growth Boundary may not contribute significant value to that figure, due to the fact that irrigation water is now at a premium. The agricultural contribution to the economy of Cave Junction is not that of large scale farming operations, as there are only three working farms in the area. The vast majority of the farm land is in small holdings of a hobby farm nature, which is a result of the decreased supply of irrigation water. (See Exhibit L, Report of Dames and Moore, 1982, Aquifer Test Interpretation, Cave Junction Exploratory Well.)

Mining

This industry is in the future of the area. Increases in the demand for strategic metals such as Nickel, Chromium, and Cobalt; and in the price of Gold could cause rapid growth in the area. The location and extent of mineral deposits are shown in the section on Natural Resources. According to the Josephine County Plan, Economic Element, page 17.

Establishment of a production/refining plant in the Cave Junction area could become a reality if:

1. Experimental production techniques are refined;
2. State agency requirements and controls can be met;
3. Endangered biotic communities can be protected;
4. Problems with the watershed, landscape and visual quality can be resolved.

It has been estimated by people in the industry that such a plant would take at least five to ten years to develop and would provide approximately 100 mining-related jobs once the plant began operation. The economic effects of such a plant could be significant to the Illinois Valley and potentially the entire county.

Estimating further, a manufacturing to total employment ratio of 1 to 5 and a labor force participation rate of 40% would add 500 total jobs and 1,250 people to the area. Cave Junction is the only urban area which is available to absorb this population. In addition, Cave Junction is in a good location to provide industrial services such as truck and heavy equipment repair, warehousing, trucking, as well as housing and commercial services. Future expansion of the mining industry could have a very significant impact on the economy of Cave Junction.

Tourist/Traveler Service Center

Cave Junction is located at the intersection of the Oregon Caves Highway and the Redwood Highway. Visitors to the Oregon Caves National Monument, the Kalmiopsis Wilderness Area, portions of the Siskiyou National Forest, and the Illinois River will travel through the City. Travelers between Eureka, California and Grants Pass will pass through Cave Junction and stop for gasoline, food, or rest. A portion of the market for restaurants, motels, gas stations, private recreation establishments, and other retail commercial depends on tourists and travelers.

Recreation Lakes. Lake Selmac is a beautiful recreation lake in Josephine County. All lake and related recreational opportunities are available, except motor boating. In addition, dams are proposed at Elk Creek and Sucker Creek which will increase recreational use in the area.

The Oregon Caves. According to the National Park Service, annual attendance at the Oregon Caves National Monument range from a high of 122,817 in 1972 to a low of 100,777 in 1975 over the period from 1970 to 1975.

In 1981, attendance to the Oregon Caves National Monument increased dramatically to 136,085. The National Park Service has purchased a 7-1/2 acre site in Cave Junction for construction of an information center. This facility will ensure that most of the 100,000 plus visitors - to the Caves per year will stop in Cave Junction.

This highly profitable tourist attraction can only continue to increase business with the possible addition of organized bus tours and more full facilities.

Dispersed Recreation. The Rogue-Illinois Planning Unit Environmental Statement by the U.S. Forest Service, November 1978, projects a 200% increase in demand for dispersed types of recreation by the year 2000. A 175% increase is projected for developed recreation sites. This is likely to result in a similar increase in demand for services in Cave Junction.

Travelers on the Redwood Highway. As the only City between Crescent City and Grants Pass, Cave Junction is a logical stop for travelers. In the absence of any specific projections, it is likely that trips would increase with statewide population growth: this would amount to about 50% between 1978 and 2000 (3.7 million divided by 2.5 million).

Retirement Population

The climate of the Illinois Valley and the rural character draw many retired people to Cave Junction. In 1970, 19.3% of the residents were over 65, as opposed to 15.5% countywide. A recent survey by Pacific Power and Light Company showed that 40% of the immigrants to Josephine County were retired. Sixty percent of those surveyed rated the quality of life better in Cave Junction than their former locale.

Labor Force

The labor force in Josephine County as a whole is characterized by high unemployment. (This data is from the Oregon Employment Division and Portland State University; and contained in the Josephine County Comprehensive Plan.)

Unemployment Rate

State	7.4%
Josephine County	11.2%

Reference: Table E-2, Josephine County Comprehensive Plan

The unemployment rate is the percentage of the labor force which is not employed and actively seeking work. Countywide, this has varied between a low of 8.8% in 1978 and a high of 16.1% in 1975. The wide fluctuation reflects the cyclical nature of the wood products industry as it responds to the housing construction industry. The high "base" rate 8.8% must reflect that people want to stay in the area even though they cannot find work and that it is easier to "get by" with less money in a rural area.

In general, this shows a need for more jobs in general and for more diversified jobs to offset the "boom and bust" cycle in the wood products industry.

While Cave Junction has mainly a service economy, the money local people have to pay for services comes largely from the wood products industry.

Minorities and Women. Minorities comprise 2-½% of the labor force, the majority being Spanish American. The minority unemployment rate is 19%. Women make up 37% of the labor force and have a lower unemployment rate for minority women is less than the work force in general. (Table E-3, Josephine County.)

Summary of Economic Factors

Economic Base: Cave Junction's economy is based on providing services to the Illinois Valley and to visitors. Local industries upon which the City depends are logging and lumber mills, agriculture, tourism, and services to travelers in general. A large proportion of residents are retired, and therefore bring transfer payments such as Social Security and Retirement Benefits into the community. The economic contribution of the many small mines in the area has not been quantified, but has great potential. The City is lacking in any significant manufacturing base and needs greater diversity.

Materials: Forest and mineral resources are the raw materials in the area. Gold, Nickel and Cobalt are the resources which show great potential for economic growth in the Illinois Valley. Development of these mineral resources is becoming more and more likely and would have a profound affect on a small city such as Cave Junction.

Energy Availability: No electrical or other energy is produced in the Illinois Valley, so there is no comparative advantage with respect to energy. A dam at Sucker Creek has been proposed which would generate electricity. The good climate increases the solar potential relative to other locations in Oregon.

Labor Market: There is a pool of labor available as witnessed by the high rates of unemployment. It is likely that there are many people not counted in the labor force who would look for work if they thought jobs were available.

Transportation: This area is limited to truck transportation as there are no railroads and no commercial air service. The Smoke Jumpers Base just South of town has potential as a commercial airfield.

Market Forces:

- Local governmental and commercial services oriented to residents of the Illinois Valley can be expected to increase with population growth of the area (about 2-½ times).
- Logging and lumber mills may decrease slightly over the planning period.
- Agriculture, in terms of value of production, has more than doubled in the previous ten years and is likely to continue that trend.
- Mining has great potential and amounts to a whole "new" industry, since it has had little activity up until recent years.

- Dispersed recreation is expected to double in the next 20 years.
- Visitors to Oregon Caves and travel on Redwood Highway can only increase due to increased advertising, and accessibility.
- Increasingly, retired people are moving to areas where the environment is pleasant and the cost of housing is lower than the larger metropolitan areas. It is likely that this trend will continue.

Resources: In addition to the timber and mining resources discussed above, agricultural land in the Holland Loop area and the natural values of the area in general will continue to be important, the timber available for harvesting is declining, but the other resources are expected to increase considerably in value.

Land Availability

The area is ready to receive industry in it's attempt to diversify. All commercial land is convertible to industrial and under the conditional use approval process. Also, there is a significant amount of industrial land on Rough and Ready Flats just south of the city and the north near Kerby. Furthermore, the Illinois Valley Economic Development Association, a non-profit association, has been established to promote available land in the area.

Pollution Control: The City has no pollution control regulations other than those standards and regulations which have been established by State and Federal Government.

Conclusions:

1. The projected decline in the wood products industry will likely be more than off-set by the growth of mining in the Illinois Valley.
2. Although the magnitude is difficult to project, the uncertainty of supply of strategic minerals from foreign sources and the increasing value of metals such as gold, zinc and chromium make the development of a mining and processing industry likely. This could have a dramatic effect on Cave Junction's future growth.
3. As the second largest City in Josephine County and the only City in the Illinois Valley, Cave Junction is projected to continue its growth as a regional service center.
4. There is a good deal of suitable and available commercial land in the Immediate Urban Growth Boundary area. The City has determined that the best possible method of planning for future industrial use needs in the City of Cave Junction, where actual industrial lands represent only an total of 18 acres to the end of the planning period, is to zone all available land as commercial, leaving the zone change to industrial available through the conditional use process. (See Goal #14, page 117 "Industrial".)

Thus, the City has not eliminated the Industrial Zone, for which it has very little or no need at this time, it has simply provided for it under the Commercial Classification, due to the fact that the demand for commercial property is much greater because of the ever-expanding commercial needs of the residents of the Illinois Valley.

Policies:

1. Cave Junction encourages non-polluting industry to locate in the City in order to diversify the economic base of the community; Commercial lands can be reclassified as Industrial through the Conditional Use process.
2. The City will provide sufficient land through planning and zoning to meet needs for commercial, service and other non-residential uses.

Recommendations:

1. If a need develops in the future, the City will consider the adoption of a light industrial zone which would provide land for light manufacturing businesses, and also designate an area for uses such as mini-warehouses, maintenance and repair shops which are less compatible with retail commercial, government, and professional services.
2. The City can diversify its economic base to reduce its dependence on cyclical and seasonal industries such as tourism and wood products.
3. The City will plan for but not depend upon the possibility of a dramatic increase in population, should the mining industry develop significantly in the Illinois Valley, by its unique dual Urban Growth Boundary system, set forth in Goal 14.

TABLE E-2

OREGON RESIDENT LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT,
BY COUNTY 1977 ANNUAL AVERAGE

	Estimated Population	Civilian Labor Force	LFPR	Total Employment	Percentage Employed	Unemployment	Percent Unemployed
State Total	2,396,100	1,126,000	47.0	1,043,000	43.5	83,000	7.4%
Baker	16,050	6,440	40.01	5,950	37.1	490	7.6%
Benton	67,400	26,850	39.8	25,330	37.6	1,520	5.7%
Clackamas*	211,000	85,412	40.5	89,785	42.6	6,497	1.2%
Clatsop	29,800	14,340	48.1	13,070	43.8	1,270	8.9%
Columbia	33,300	14,510	43.6	13,160	39.5	1,350	9.3%
Cook	61,100	25,830	42.3	23,540	38.5	2,290	8.9%
Crook	12,100	5,560	46.0	5,000	41.3	560	10.1%
Curry	14,500	6,120	42.2	5,580	38.5	540	8.8%
Deschutes	46,800	23,680	51.0	21,900	46.8	1,780	7.5%
Douglas	83,700	37,150	44.4	33,770	40.3	3,380	9.1%
Gilliam	2,100	790	37.6	740	35.2	50	6.3%
Grant	7,500	3,320	44.3	3,050	40.7	270	8.1%
Harney	7,700	3,840	50.0	3,510	45.6	320	8.4%
Hood River	14,600	7,700	52.7	6,860	47.0	840	10.9%
Jackson	118,500	52,310	44.1	48,110	40.6	4,200	8.0%
Jefferson	10,100	4,550	45.1	4,260	42.2	290	6.4%
Josephine	50,900	20,220	39.7	17,950	35.3	2,270	11.2%
Klamath	56,500	23,890	42.3	22,060	39.0	1,830	7.7%

TABLE E-2 (CONTINUED)

Lake	6,680	2,910	43.6	2,670	40.0	240	8.2%
Lane	252,500	118,100	46.8	108,500	43.0	9,600	8.1%
Lincoln	28,700	14,270	49.7	13,250	46.2	1,020	7.1%
Linn	85,000	36,120	42.5	33,070	38.9	3,050	8.4%
Malheur	25,000	11,060	44.2	10,410	41.6	650	5.9%
Marion*	177,000	85,800	48.5	79,967	45.2	5,833	5.5%
Morrow	5,500	4,580	83.3	4,330	78.7	250	5.5%
Multnomah*	565,400	307,627	54.4	323,378	57.2	23,401	4.3%
Polk*	42,000	20,121	47.9	18,753	44.7	1,368	1.3%
Sherman	2,200	(See Wasco)					
Tillamook	18,800	8,250	43.9	7,680	40.9	570	6.9%
Umatilla	52,100	24,470	47.0	22,900	44.0	1,570	6.4%
Union	22,600	9,810	43.4	8,990	39.8	820	8.4%
Wallowa	6,900	3,250	47.1	2,920	42.3	330	10.2%
Wasco-Sherman	20,400	9,780	47.9	8,960	43.9	820	8.4%
Washington*	200,800	85,460	42.6	89,835	44.7	6,501	1.2%
Wheeler	1,920	840	43.8	760	39.5	80	9.5%
Yamhill	47,200	22,820	48.3	21,220	45.0	1,600	7.0%

SOURCE: Oregon Employment Division

*Computed on basis of "census share" technique from 1970 census.

This low participation could be a result of several factors, including a high percentage of those who (a) do not desire employment, (b) have a lower level of skills than those desired by an employer, (c) cannot find employment due to lack of jobs. Each of these factors plays a role in the employment situation within Josephine County. A variety of additional factors can be used to explain the low LFPR for Josephine County, including a sizeable senior population, an increasing juvenile population, and a high in-migration rate. (See Social Characteristics Chapter.)

In January, 1977, the County's potential labor force (age 15 and over) consisted of about 37,100 individuals, of which approximately half were female and half were male.

TABLE E-3

JOSEPHINE COUNTY WORK FORCE AND EMPLOYMENT
BY SEX AND MINORITY STATUS
April 1977

Sex and Minority Status	Work Force	Employed	Unemployed	Percent Distribution			Unemploy Rate
				Work Force	Employed	Unemployed	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Both Sexes							
TOTAL	19,450	16,950	2,500	100.0	100.0	100.0	12.9
White	19,336	16,856	2,480	99.4	99.4	99.2	12.8
Black	0	0	0	0	0	0	17.3
Other Races	114	94	20	0.6	0.6	0.8	19.4
Spanish American	377	304	73	1.9	1.8	2.9	18.9
Minority Group*	491	398	93	2.5	2.3	3.7	
Female							
TOTAL	7,159	6,474	685	100.0	100.0	100.0	9.6
Percent of Both Sexes	36.8	38.2	27.4	xxx	xxx	xxx	xxx
White	7,110	6,425	685	99.3	99.2	100.0	9.0
Black	0	0	0	0	0	0	0
Other Races*	49	49	0	0.7	0.8	0	10.4
Spanish American	144	129	15	2.0	2.0	2.2	7.4
Minority Groups**	193	178	15	2.7	2.7	2.2	

*Blacks have been included in this group to promote confidentiality due to the relatively small percentage of Black people in the county.

**Sum of Spanish American and all races except white. Some duplication possible since Spanish American may include some white races in addition to non-white races.

SOURCE: Oregon Employment Division. This table was compiled for equal employment opportunity purposes and are not necessarily comparable with revised labor force data published elsewhere.

Major wood products employers in the Grants Pass area are:

TABLE E-18

COMPANY	EMPLOYMENT		
	1979	1975	% Change
Diamond Industries	450	160	181.3
SWF Plywood Co.	365	200	173.3
Fourply, Inc.	250	250	-0-
Southern Oregon Plywood (SOPLY)	175	180	- 2.8
Timber Products (TIMPLY)	170	175	- 2.9
Spalding & Son	na	145	na

SOURCE: Oregon Department of Economic Development, Directory of Oregon Manufacturers, 1975 and 1979.

NOTE: The above numbers graphically show the impact of the 1974-75 recession on the larger companies.

Because lumber and wood products form a major part of the export base for Josephine County, the direct income generated is only part of the local income from timber harvest and processing. Lumber and wood products accounted for 12.7 to 17 percent of direct income received by Josephine County residents in 1970 to 1975. For the state as a whole, the percentage of direct wage, salary, and proprietorship income from lumber and wood products ranged from a low of 6.9% to a high of 8.6% during the same time period (BLM, 1978). Further, 24% of Josephine County's personal earnings were generated within the lumber and wood products sector (Table E-36). But of course, direct income from the industry is only part of the picture.

A "basic industry" such as lumber and wood products (and other manufacturing) generates significant secondary and tertiary employment and income in the County. This effect, referred to as the multiplier effect, is the result of income derived from the industry respent in the County for goods and services in such "nonbasic industries" as wholesale and retail trade; transportation, communications, and public utilities; finance, insurance and real estate; and services. The State Department of Economic Development recently estimated the "multipliers" for Josephine County at 2.5-3.0 for employment and 2.0-2.6 for income. Therefore, as an example, the total income impact in the County for 1976