
*Metropolitan
Briefing
Book*

2001

PRESENTED BY
THE INSTITUTE OF
PORTLAND METROPOLITAN STUDIES

COLLEGE OF
URBAN AND PUBLIC AFFAIRS

PORTLAND STATE
UNIVERSITY

Greetings,

The Institute of Portland Metropolitan Studies (IMS) was created to better connect the University to the issues and needs of communities in the six-county metropolitan area (Clackamas, Clark, Columbia, Multnomah, Washington, and Yamhill). IMS is committed both to provide service and to serve as a catalyst, bringing together people and information to address the most critical regional issues of our time. We have included the IMS mission statement, brief program descriptions, and a roster of IMS board members in this publication to give readers a clear sense of who we are and how we serve the region.

The Metropolitan Briefing Book was developed to provide elected and appointed leaders in the six counties with information about issues and trends common to all corners of the region. Our purpose is neither to create an agenda nor to reshape historic patterns of governance. Rather, IMS provides this information as a means of stimulating debate, discussion, and collaborative action. The institute stands ready to assist with making connections and finding new partners, putting the information we have provided to work on behalf of individual communities and the broader metropolitan area.

This issue of Metropolitan Briefing Book begins with results from the IMS 2000 Critical Issues Surveys. It continues with a fascinating discussion of the major changes in the region's demographic profile by Barry Edmonston with Carlos Vilata of the Portland State University Center for Population Research and Census. A team of researchers reports in "Metropedia" on the state of the regional economy. Next, Craig Shinn, co-manager of the recent State of the Environment Report on Oregon, provides a sharp focus on the findings of that publication as they relate to the regional environment and, finally, Gary Miller, author of a recent historical study of the Washington Public Power Supply System, provides timely insight and perspective on our energy situation.

Please call IMS directly if something here catches your eye. We would be happy to share with you whatever information we have and to help put that information to work through forums and other media. We sponsor a number of events yearly and put out a regular series of publications. We also want to hear from you about how we can make this publication better in the future. Finally, our thanks to our contributors, to our editor, Doug Swanson of the Portland State University Publications Office for his invaluable work, and to Jennifer Bell, our editorial assistant for all her efforts to put together an outstanding publication.

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I. Introduction

Biennially, the Institute of Portland Metropolitan Studies conducts a three-phase research initiative to define the most compelling concerns, problems, and dilemmas of the citizens of the Portland metropolitan region.

Gathered together under the title “The Critical Issues List,” the results present for policy makers, activists, and citizens alike a compelling agenda for the new year.

This year’s study was conducted by the Survey Research Laboratory (SRL) at Portland State University (PSU) under the direction of Margaret Beth Neal, Ph.D. In its present form, the SRL operates under the auspices of the PSU Office of Graduate Studies and Research. The methodology employed to ferret out the true issues for the region is a painstaking one that

emphasizes the importance of the views of both leaders and citizens. In the first phase of research, SRL conducted focus group meetings with opinion leaders in the Portland metropolitan region to determine a slate of the foremost public policy issues concerning the future of the area.

Armed with a list of such issues, SRL interviewers then conducted a random survey of the region’s citizens by telephone. The phone survey was completed during November 2000. It was designed to assess what residents in the six-county Portland metropolitan region feel are the important issues facing their communities and the region. The sample included 422 respondents randomly

selected from households that comprise the metropolitan region, including Clackamas, Columbia, Multnomah, Washington, and Yamhill in Oregon, and

*Overview:
The 2000
Critical
Issues List*

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In the final phase of the survey project, a mail-back survey instrument containing the same questions put to those contacted by phone was sent to that portion of the IMS mailing list residing in these counties. This list consists largely of elected and appointed officials, academic experts, and citizen activists. Of 3,831 surveys

mailed, 403 were returned filled out, a response rate of 10.5 percent. This was done to afford a glimpse of the congruence (or lack of it) of the vision of citizens of the region and their leaders. In short, as we ponder what lies ahead in the new millennium, this comparison of critical issues agendas may help us all design the work plan for our common future.

II. The 2000 Metropolitan Critical Issues List according to the general public, compared to 1998 (in priority order):

2000	1998
1. Access to Affordable Health Care	1. Quality education
2. Lifelong Quality Education	2. Reduce crime
3. Public Safety Concerns	3. Protect environmental quality
4. Strong Economy and Jobs	4. Manage regional growth
5. Protection and Enhancement Adequate & affordable housing	5. Fair state and local taxes
6. Visionary, Credible Leadership	6. Productive economy for jobs
7. Diverse, Integrated Transportation System	7. Maintenance of infrastructure
8. Containing Growth Within UGBs	8. Efficient transportation system
9. Valuing Diverse Racial, Ethnic Backgrounds	9. Range of social services
10. Diverse, Affordable Housing	10. Adequate & affordable housing

The 2000 and 1998 Critical Issues List according to opinion leaders:

2000	1998
1. Lifelong Quality Education	1. Quality Education
2. Strong Economy and Jobs	2. Productive economy for jobs
3. Diverse, Integrated Transportation System	3. Protect environmental quality
4. Protection and Enhancement of Environment	4. Manage regional growth
5. Containing Growth Within UGBs	5. Efficient transportation system
6. Visionary, Credible Leadership	6. Maintenance of infrastructure
7. Valuing Diverse Racial, Ethnic Backgrounds	7. Fair state and local taxes
8. Public Safety Concerns (tie)	8. Adequate & affordable housing
8. Diverse, Affordable Housing (tie)	9. Range of social services
9. Access to Affordable Health Care	10. Reduce crime

III. The One Critical Issue that Should Be More Important than It Currently Is

Respondents to the SRL phone survey were also asked the following question developed by the IMS staff: “We have been talking about how important you feel these ten issues are to you. Now, thinking about these issues, is there ONE issue that you believe should be more important than it currently is?”

Seventy-three respondents (17.3 percent) said they “didn’t know,” 15 (3.6 percent) refused to respond, and data were missing for 5 (1.2 percent). Of the remaining 329 individuals (78 percent) who gave a valid response, the percentage naming each issue is listed below compared to the top four 1998 responses:

2000	1998
28.3% education	19% transportation
14.3% health care	16% education
12.8% environment	16% growth
11.2% managing growth	13% crime

IV. Quality of Life

Respondents to the SRL phone survey were asked to rate their quality of life on a scale of 1-10, with 10 being the highest rating. The results revealed that respondents rated their overall quality of life as high. The mean rating equaled 7.96, and the median rating was 8.

V. A Discussion of Comparative Results: The General Public and the Opinion Leaders

In analyzing the 1998 survey, we wrote, "If there is one clear message in the 1998 results for both the public at large and their leaders, it is that metropolitan area residents continue to care deeply about the quality of education, just as they did in 1996." The same could be said in 2000, although not so emphatically. The issue of quality education, stated in both the mail-back survey and the telephone poll of the general public as "ensuring adequate funding for a lifelong, quality education (pre-K to 12, college, and graduate school) that is accessible to all, addresses different learning styles, and supports the regional workplace," remains very much on the minds of metropolitan area residents—the opinion leaders placed it once again at the head of their list as they did in 1996 and 1998. It was also at the top of the public's list of the one thing that should be more important. Many among the opinion leaders who named this issue as the one item that should be more important tended also to emphasize that it was the nexus of all concerns, that on which everything else depended. Nothing, they said, would be resolved without a strong education system. A respon-

dent discussing which issue should be more important than it currently is put the matter succinctly: "Education is the answer." Others were concerned that the education issue seemed to focus too much on the funding problem. This person wrote, "Item C . . . education . . . should focus on overall quality, rather than funding. Funding is simply one of the significant factors involved." A similar view held that "education quality and access is the issue, not just funding." Still others (more than was usual in previous surveys) singled out higher education (rather than taking the obvious focus on K-12) as needing more funding.

But if the opinion leaders are still deeply concerned about education, in 2000, for the first time since 1996, it ranked second with the public, the universe of respondents in the phone survey. While a rank of No. 2 is impressive, it is nevertheless revealing that education dropped below health care in the minds of the public as the most critical of the issues confronting the metropolitan area. There are no doubt several explanations for this. One possible reason for the decline is that in the minds of some in the public education fared well in the battle for legislative funding in the last session (1999) of the legislature. Indeed, Republican politicians felt so confident of the stability of K-12 funding and the comfort of their constituents with that view that they backed increased funding to higher education against the wishes of the governor and the legislature's Democrats, who remained concerned for primary and secondary schools and struggled hard, but ultimately unsuccessfully, to give K-12 a bigger appropriation.

While the opinion leaders continued to share the view of the governor and the Democrats, respondents to the phone survey were clearly more worried about something that had previously not been on their minds (at least as far as they surveys were able to reveal)—the state of health care provision in Oregon. There may be two reasons that the issue, framed in the questionnaire as “access to affordable health care for all sectors of the community,” appeared at all in this year’s survey and then immediately vaulted to the top position. One was that in the race for the presidency, which was just ending as the survey was taken, the major candidates, Vice President Al Gore and Governor George W. Bush, campaigned heavily in Oregon and Washington, emphasizing health care as a major plank in their respective platforms. Although their solutions to the problem posed by health care provision issues were dissimilar, they both focused on the escalating cost of prescription drugs, which they painted as a looming crisis for the elderly and others on fixed incomes and for middle class families as well. Moreover, the well-publicized struggles of HMOs to maintain their economic viability as a managed care option (as well as the prevalence of HMO horror stories concerning rules set by non-physicians-accountants and other bureaucrats rather than health-care professionals—that straitjacket doctors), and the equally well reported travails of the Oregon Health Plan, may have suggested to metropolitan area residents that health care is something requiring urgent attention.

The second ranking issue named by the public was lifelong quality education, indicating, once again, that there is a clear realization in the public that education is a key to the region’s future well being. It is possible to interpret this year’s slightly lower ranking as a sign of some general satisfaction that progress has been made in building and maintaining a strong educational establishment in the region. However, the small decline also indicates that the public is not yet ready to declare the battle for excellence in education won.

The second ranking issue for the opinion leaders was “developing and maintaining a strong economic infrastructure that provides stable, family-wage jobs, and a fair and equitable tax base to support public services.” This concern occupied the same position for them as in 1998. In 1998 both the national and regional economies were strong, although the regional economy in 2000 ended the year somewhat stronger than the national, with unemployment in the metropolitan area at 3.9 percent and 3.6 percent for November and December as against 4.1 percent for these months nationally. Nevertheless, at the time responses to the mail-back survey began to arrive at IMS, there had begun in the fall a number of cursory signals that the state and national economies were slowing. These included the dramatic collapse of the technology sector as reflected in the NASDAQ stock market, which was intensively reported in December, and the diminished forecast for tax revenues that came from the office of the

Oregon state economist. Given the significance of high technology to the regional economy and the lingering effects of the Asian financial crisis of 1998, which included a meaningful loss of orders for local businesses, a fact underscored in the state economist's remarks on the release of his projections, it is easy to see how such portents could persuade respondents that this issue demanded immediate attention.

In any event, opinion leaders saw this issue as pivotal. "A strong economy to provide funds for [the] transportation system, schools, and health care and government services," recommended one person. "Jobs, industrial development, land, and infrastructure," another asserted was, as a package, the key to regional well being.

One view that the public continues to hold strongly, though not so strongly as in the past, is the idea that the region is menaced by crime. Respondents to the phone survey held that "police, fire, and other public safety concerns" is the third most urgent issue facing the Portland metropolitan region. This was No. 2 in 1998 and 1996. The slight decline in the position of this item indicates perhaps that the region's steadily declining crime rate has caught the attention of the public, but it may be that the steady diet of television news broadcasts that lead with stories of lurid crimes continues to make people uneasy. Yet in fact the perception that crime is a problem is not without foundation. While crime declined markedly over the last decade, statistics for the Portland-Vancouver MSA for 1999 indicate that the region's crime rate per

100,000 inhabitants remained high at 5,215.5, higher than the national rate for metropolitan areas (4,599.8).

For the opinion leaders, crime climbed from its 10th place ranking in 1998 into a tie for eighth place with affordable housing. It should be pointed out that in 2000, the crime issue was more broadly characterized than in past surveys as an issue about public safety concerns including police and fire. "Police, fire, and other public safety concerns," was the exact phraseology. It is likely that the opinion leaders, responding to anxieties about fire protection needs and "other public safety concerns," were responding to a variety of problems rather than just crime which, by the evidence of its continued high ranking of this issue, was still the public's main focus. One indicator of that may explain the jump for this group. Few among them named it as the issue that should be more important than it currently is. Among those who did so name it, comments focused on concerns about the recent travails of Portland's police chief, who was in the news for a long period in the fall as a result of revelations of comments he had once made about homosexuals.

The No. 3 issue for the opinion leaders was "supporting an expanded, diverse, affordable, and integrated regional transportation system that reduces congestion and moves people and goods safely." This issue moved up from the fifth position it had occupied in the 1998 and 1996 surveys. Several developments in the status of the regional transportation system over the intervening two years since the 1998 poll seem to have caught the attention of the

opinion leaders. One is certainly the well-publicized ranking of Portland as the 12th most congested city in the United States, according to a 1999 report by the Texas Transportation Institute entitled the Annual Mobility Report. Others are the failure of mass transit initiatives in the last two election cycles that would have linked Portland and Vancouver and Portland and northwestern Clackamas County. While voters have clearly been less troubled by the loss of accompanying federal funds and the potential for serious escalation in strangling traffic snarls, opinion leaders look on the whole situation with anxiety, especially with the accelerated pace of population growth in the region and the potential for increased pollution at a time when emissions in the metropolitan airshed seem to have been stabilized.

For the respondents to the phone survey, the fourth most important issue was the economy and jobs while for the opinion leaders it was "containing growth within the Portland-Vancouver urban growth boundaries while maintaining quality of life both inside and outside the boundaries." This contrasts with the 1998 survey when both the public and opinion leaders were in accord on managing growth as the fourth most important issue. The divergence in this survey cycle is interesting. The public, perhaps prompted by random indications throughout the fall of 2000 of a generally slowing regional economy, have clearly begun to pay attention to the issue which had gradually come into sharper focus by the time of the polling in late fall. Only a few remarks about the topic were recorded by

interviewers, indicating that at the time of the polling this issue was just beginning to percolate through the public consciousness as a truly serious concern. "Jobs," one person who had it at the forefront of his mind said emphatically in response to the question about what should be more important than it currently is. "[We need] enough businesses to employ the public." Another, with possibly a more sophisticated view, called for "strategic planning for economic growth by attracting world class businesses to Portland."

On the other hand, opinion leaders, as already noted, had ranked economic and employment matters near the top of their agenda in 1998. In 2000, their fourth most urgent concern was the environment, which was framed as "protection, restoration, and enhancement of the environment, both urban and rural, by individuals and business." Publicity over the intervening two years about naming stretches of the Willamette River as a federal Superfund site, the continuing plight of Northwest salmon, and other developments probably contributed to their unease.

For the public, the environment was the fifth most critical issue. In 1998, they had ranked fair state and local taxes in this position. Comments to interviewers about environmental the issue reveal a growing concern on a number of fronts. "Ecology of the rivers, balance of uses and nature" one respondent answered to the question of which issue should be more important than it currently is. "Availability of environment," said another. "Pollution, control of flooding," said another. "Smog is bad," "water and air quality," another

observed. In an overarching summary of some of the random comments others made on this matter, one respondent observed, “The government should be a part of the restoration process of the rural and urban areas. We should reserve natural areas by not allowing them to cut down the trees. We need to restore the water quality and restore the rivers for the salmon run. The government should provide the funds for the restoration process.”

In the fifth position for the opinion leaders was containing growth. In 1998, they assigned this position to “fair state and local taxes.” But in 2000, the passage of Measure 7 in the general election was no doubt fresh in their minds as they responded to the survey. Thus, many of them may have been apprehensive as they mulled the consequences for land use law. One such respondent had marked containing growth as the one item that needed to be recognized as more important than it currently was “mostly because of my fear of M7 [Measure 7] impact.” Another respondent, taking a more oblique approach to the matter, nonetheless made a similar point: “. . . leadership” needs to be more important, this person asserted, “because Measure 7’s passage is a reflection of a need for community (state) dialog [sic] about bigger picture.”

Others were more direct: “Strict enforcement of growth boundary. We support virtually any means of achieving ‘negative growth’ to restore lands to undeveloped or agricultural state.”

Another wrote, “(Measure 7) G’s ‘fair and equitable’ tax base—use taxation to achieve planning/other goals.” Still another empha-

sized the importance of the urban growth boundary, saying, “UGB, a standard measurable means to expand without political debate.” “Quality growth and development inside the UGB,” someone else asserted. A few others were emphatic about this issue: “Move beyond ‘maintaining’ quality of life [in managing growth] to improving* the quality of life, including investment in art, history, cultural organizations.” “. . . There is not enough attention paid to growth, and it needs to begin now,” another said. Finally, a respondent gave a classic response, “. . . As we adhere to growth boundaries, we are facing uncomfortable ‘big city’ problems that make us losers and more like cities we all do not want to be like!”

The sixth most critical issue for respondents to the phone survey was “visionary, credible leadership at all levels that engages citizens in public decision-making,” an issue which did not appear on the list in 1998. This ranking matched that of the mail-back respondents. In 1998 the public had named “productive economy for jobs,” while the opinion leaders had put “maintenance of infrastructure,” a concern that disappeared (at least as a critical issue), in 2000, in that position in the previous mail-back survey.

Interestingly, the public had little to say about this issue, reflecting, no doubt, fatigue with the election campaign and the seemingly endless speeches in which they heard of little else from candidates but assurances about their leadership qualities. Such commentary on leadership by members of the public that was gleaned from the phone interviews tended

toward the trite. “Honest politicians, good economy,” one demanded. Another said that there should be “improved access” to leaders.

If the public seemed relatively indifferent to this issue, opinion leaders who commented in the mail-back survey were often intense, even passionate, about it. The opinion leaders commented that this issue should be more important than it is by almost 2-to-1 over the next such problem which, in their view, was education. One respondent, getting directly to a problem that some have asserted has undermined Oregon politics, said, “We need to develop trust in our leaders and in our political institutions; legislation by ballot initiative will be the death of us all.” Agreeing with that sentiment, another prescribed the creation of “intelligent, credible leadership and halt government by Sizemore initiative,” referring to the spate of initiatives on the statewide ballot over the past decade sponsored by the tax activist Bill Sizemore.

A number who singled leadership out defined it as central. In the words of one such person, “Leadership must always be primary.” Another said, “. . . All things start with strong leadership.” Reinforcing that view, another noted the strategic nature of leadership. “All of the issues are important—it’s hard to pick which are more important than others. I believe visionary leadership is one of the most important elements necessary to achieve the other goals listed.”

Others had a specific agenda in mind. “Visionary leadership is what makes Oregon unique. I would like that leadership applied to bridging the gap between the ‘two Oregons’

(urban vs. rural),” asserted one of these people. There were echoes of this in other observations: “D probably makes all the others possible. We need leaders who can see a vision for all of Oregon and the region as well as the neighborhood”; “. . . leadership . . . that engages citizens in public decision making and bridges the many ‘divides’ in our culture, leadership for all citizens, leadership that defuses polarization.”

Even more specific was this: “Item D especially regional & bi-state visionary leadership. Katz [mayor of Portland] and Pollard [mayor of Vancouver] have a good thing going, but Gresham and Washington County are not engaged.”

The sense that there is a leadership void in the region (and for that matter, the state), was remarked. One respondent went so far as to call for the development of “mentor programs for leadership training and long-term strategic thinking!” Another solution to the dearth of leaders seemed to one person to be the “development of a sense of community service and individual participation in local issues.” Yet another respondent had a quicker, although more fanciful, solution to the scarcity of leaders, born perhaps of frustration with the current crop. “While I ranked D near the bottom,” he wrote, “none of the other issues/challenges will be investigated without outstanding leadership. Bring back Neil Goldschmidt and Tom McCall!!”

“Supporting an expanded, diverse, affordable, and integrated regional transportation system that reduces congestion and moves people and goods safely and efficiently,” was

the seventh ranking critical issue for respondents to the phone survey. In 1998, an efficient transportation system ranked eighth. In 1996, it was the least of the public's critical concerns—10th on the list. To reiterate for the sake of comparison, the opinion leaders ranked this issue third this year and fifth in 1996. While the movement on this issue is parallel—upward in importance in the minds of both groups—the public continues to lag behind leadership in their appreciation of the significance of the issue.

Those in the public who remarked in their interviews on this issue were often seemingly more focused on roads and cars than on mass transit or any other alternatives. They were interested primarily in their own ability to move around the region in their automobiles and less concerned with looking at automobiles as an aspect of a total transportation system. Again and again in the recorded remarks it is clear that many in the public think almost exclusively of automobiles when they think of the system. "Make the freeway system more accessible," said one interviewee. "I-84 and I-5 north must be changed drastically, also the Sunnyside area—205 and 224." Another was explicit: "Improve the quality of the freeways and don't put more money in public transportation." "Highway improvement," still another said was key and another observed that "restructuring the roads is very important," although it was not clear what that actually meant. "Traffic bad, buses slow," another commented. "Traffic laws," said one respondent about our severest problem, pin-

pointing at once vaguely and succinctly the continuing fixation with the automobile.

Those members of the public who directed their comments to other aspects of the issue were general in their remarks. "Transportation efficiency," was a key concern of one such person. Others mentioned pollution as an unfortunate by-product of transportation problems, but nobody mentioned alternatives to cars.

For the opinion leaders, "recognizing, valuing, and involving persons of diverse racial and ethnic backgrounds in our community and government decisions," ranked seventh. This was perhaps the result of a growing sense of the increase in minority populations throughout the region, almost certain to be confirmed by the results of the 2000 U.S. census. Although remarks on this subject in the mail-back survey were sparse, those that were made displayed an intensity suggesting their authors were passionate about the issue. One respondent connected it with another aspect of public policy making. Citing diversity as the one item that should be more important than it currently is, this person wrote, "I believe that the No. 1 land use goal of citizen involvement invests all citizens with ownership in their government and community. With this investment comes a stake in creating strong regions." Another called it simply, ". . . critical for our long term success as a community." A third regarded it not so much as critical to the decision making process, but nonetheless as critical to the region's successful functioning that "access to services for the illiterate populations, the poor, immigrants,

migrants, [and] mentally ill” be guaranteed.

For the public, the eighth ranked issue was managing growth. The significantly lower ranking given this concern by the public undoubtedly speaks to the discrepancy in perception about the implications of this item for the region and that, in turn, may speak volumes about the passage of Measure 7 in the November election.

Among mail-back respondents, the eighth ranked issue was a tie between “police, fire and other public safety concerns” and “diverse, affordable and subsidized housing close to jobs throughout the region.” In 1998 as well as 1996, the eighth place was also held by affordable housing. Although the rank of this issue has held steady over six years, the heartfelt written comments on this matter suggest that it weighs more heavily on the minds of some opinion leaders than in previous years. One individual, sounding the note of equality, called for “affordable housing for all families in Portland.” “Housing options, affordable to all income levels,” said another. “Affordable housing is needed in all communities,” another respondent wrote. “If it’s seen as ‘subsidized housing’ . . . “ this person continued, “it will be marginalized. As a public concern it needs a broader focus.” “Jobs/housing diversity balance,” someone prescribed for the region. Another said, “Clearly, affordable housing should be given more resources than it’s currently receiving.”

At least one person sounded a warning. “Rising housing costs are a serious problem, and very little effort is being devoted to creat-

ing affordable and/or subsidized housing,” this respondent warned.

Public safety was tied with affordable housing in the view of the opinion leaders.

Traditionally, this issue has seemed far less urgent to community leaders than to citizens at large. However, a number of mail-back respondents commented on this issue as the one that should achieve more notice than it currently receives. Indeed, although the crime rate per 100,000 inhabitants in the Portland region has declined steadily between 1995 and 1999 (from 6,738.1 to 5,215.5, according to federal reports, a drop of about 23 percent), the rate per 100,000 population has stayed considerably higher than the national figure (from 5,275.9 to 4266.8 nationwide), although the national percentage dropped 19 percent—was lower than the region’s over the same period). The persistence of a higher crime rate than the nation may have been of some concern to opinion leaders. At the same time, for some respondents, the issue of social justice seems to be entwined with the issue of public safety. The fact that this was on their minds at the time of the surveying is, perhaps, also a result of the intense publicity given the contretemps earlier in the year over remarks made by Mark Kroeker, during his service in Los Angeles before becoming Portland’s chief of police, on the subject of gays. Still, only a few people were concerned enough over this issue to comment on it. One called for “. . . independent, citizen-led review of/audit of police.” Another respondent, clearly concerned about the ability of police to cope with

the amount of crime, wrote, “Increase police force, beat cops, etc.”

In ninth place among those surveyed by phone was diversity. Here, apparently, is another example of an issue on which the leadership is on the cutting edge or seriously out of phase with the thinking of ordinary citizens. Respondents to the phone survey mentioned this issue hardly at all—either positively or negatively.

For the opinion leaders affordable health care was the ninth and final issue. A few commented on the necessity of this issue achieving more notice than it currently enjoys. Interestingly, their concern, judging from the recorded comments, seemed to suggest that they were more concerned with the idea of social justice than the economic dimensions of the problem. One respondent wrote, perhaps cynically, that “health care is a big problem that is not discussed since there is so much greed in the system.”

The 10th most critical issue in the minds of the portion of the public surveyed was “diverse, affordable, and subsidized housing close to jobs throughout the region.” This item occupied the same position in the 1998 rankings by the public. Clearly, the observation made in the 1998 report on the reasons for the public’s relative lack of concern for the state of the regional housing inventory and its cost holds true today. Then it was noted that “this issue remains a matter of importance, but one on the periphery of deepest public concerns, owing in part, no doubt, to the current low mortgage interest rates and the general

prosperity.” At the time the research for the 2000 list was carried out, the regional economy was beginning to be viewed as marginally compromised, but wages and the housing situation were thought to be (and remain at this writing) strong. The public may have continued to have no reason to worry about the issue of shelter. Indeed, in the comments made by survey respondents in the public phase, there were almost no comments at all about the housing situation and only one person spoke obliquely on the issue, regretting the fact that “too many huge houses [are] being built, cutting down trees, laying concrete, [putting up] apartment complexes,” apparently at the expense of the modest single family dwelling that has long characterized the Portland area. Others mentioned homelessness, but not in conjunction with the amount and quality of housing stock.

In the aggregate, the pattern of responses and rankings generated by the public and the opinion leaders in the current surveys suggest a general continuity with the previous two iterations, although with some striking alterations. If anything stands out in the thinking of the regional public, it is the obvious concern they have with their ability to access health care within their budget, an issue that was not even on the list in 1998 or, for that matter, in 1996. At the same time, in this they are ahead of the opinion leaders, who, at this point, do not see health care as a major problem. Is this evidence of an emerging crisis, a curious disconnect by the opinion leaders, or merely a sign that the issue is so ubiq-

tous and sensationalized in the media that it is unnecessarily unnerving the general public? The inescapable reality of escalating health care costs suggests it is not simply a matter of overdramatization by the media, but the question of the dimensions of the difficulty for the citizens of the region is clearly still taking shape.

Another new focus, which emerged in both groups in this round of questioning, pinpointed leadership, not a subject that had previously been a pressing concern. We will, it appears, have to wait to see if this is, indeed, a problem for the region, although currently there does not seem to be overt discontent with elected officials, in the way that such a concern would seem to articulate.

Obviously, both groups still rate education as a matter of intense interest, and the chronic state of flux in funding as well as the ongoing national debate about the quality of curriculum, vouchers, and the like, will keep this at the top of everyone's agenda for some time.

In all, the surveys suggest that, despite a few emergent issues and chronic concerns, the Portland metropolitan region continues to focus most intensely on the agenda that has defined it for the last decade.

VI. Appendix: Observations on the Methodology and Meaning of the 2000 Critical Issues List Results in the SRL Survey

In November 2000, a telephone survey of residents of randomly selected households in the six-county Portland metropolitan region

was conducted by the Survey Research Laboratory at Portland State University. This survey was conducted on behalf of the Institute for Portland Metropolitan Studies (IMS) for the purpose of determining residents' opinions concerning the most important issues facing the region. The results will be disseminated to policy makers and will be useful for establishing priorities for the region.

The specific issues that respondents were asked to rate in terms of their importance were identified through three different focus groups of key community leaders. These individuals were selected by the director of the IMS. The groups were held in the month of September 2000. The data from these groups were synthesized to determine the top 10 issues from the perspective of these leaders. Specific items describing each issue then were developed to be included as questions in the survey instrument.

The completed sample size for the survey was 422 respondents who were randomly selected from households in the six counties that comprise the metropolitan region, including Multnomah, Washington, Clackamas, Yamhill, and Columbia Counties in Oregon, and Clark County in Washington. (See Methods section at end for details about the study design.)

The respondents were questioned about their views of the importance of the top 10 critical issues facing the six-county metropolitan region, which one of these 10 issues they felt should be treated as more important than it was being treated currently, and whether

they would like to add any other critical issues to the list. Respondents also were asked about their quality of life, their voting behavior, and their demographic, social, and economic characteristics. The responses to each question are presented below. Results are presented in terms of percentages for categorical-format data and means for scaled-format data. SPSS-PC software was used to analyze the data.

Description of the Sample for the Telephone Survey of the General Public

The following describes the respondents with respect to their various demographic, social, and economic characteristics. Percentages reported are for those respondents who answered each question (the “valid percent”). In general, non-response (“don’t know” and refusals) on these items ranged from 1.6 percent to 4 percent of respondents, except for the question on household income, for which no response was obtained for 14.8 percent of respondents. The output containing the frequency distributions is attached (see Appendix B).

- a. The distribution of the sample by county mirrored the distribution of the population in the six counties. Of the 422 respondents, 414 provided data concerning their county of residence; two respondents said they “didn’t know” and eight refused to say. Of the 414 who provided these data:
 - 36.8 percent of respondents lived in Multnomah County, versus 38.7 percent of the population
 - 22.0 percent lived in Washington

County, compared to 21.4 percent of the population

- 17.8 percent lived in Clackamas County, compared to 17.7 percent of the population
- 5.1 percent lived in Yamhill County, compared to 4.5 percent of the population
- 2.7 percent lived in Columbia County, compared to 2.4 percent of the population
- 15.6 percent lived in Clark County, Washington, compared to 15.7 percent of the population

(Population size data were obtained from the sampling software used, ASDE Survey Sampler.) Thus, there was no sampling bias with respect to county of residence.

- b. Gender: 37.5 percent of the survey respondents were male; 62.5 percent were female.
- c. The average age of respondents was 47.4 (range= 18 to 97, s.d.=16.99)
- d. Respondent’s average level of education was some college or an associate’s degree. The highest level of education completed by 6 percent of respondents was some high school; for 17 percent of respondents, the highest level of education completed was high school; 36 percent had some college or held an associate’s degree; 21 percent held a bachelor’s degree; and 20 percent had completed some graduate study or held a graduate degree.
- e. 51 percent of the respondents had total

annual household incomes of \$50,000 or below, while 49 had incomes above \$50,000. More specifically, income was ascertained as falling into one of seven categories; 9.4 percent of respondents reported incomes of less than or equal to \$15,000, 9.2 percent reported incomes of \$15,001 to \$25,000, 13.1 percent reported incomes of \$25,001 to \$35,000, 19.2 percent reported household incomes of \$35,001 to \$50,000, 25.0 percent had household incomes of \$50,001 to \$75,000, 11.9 percent reported incomes of \$75,001 to \$100,000 and 12.2 percent reported household incomes over \$100,000.

- f. With respect to employment status, 52.8 percent of respondents were working full-time, 10.7 percent were working part-time, 4.1 percent were going to school, 7.1 percent were homemakers, 1.5 percent were disabled, 18.5 percent were retired, 4.1 percent were unemployed and 1.2 percent were looking for work.
- g. With respect to marital status, 56.0 percent of respondents were married, .7 percent were separated, 13.2 percent were divorced, 8.1 percent were widowed, and 22.0 percent were single and had never been married.
- h. 2.4 percent of respondents reported that they were Hispanic, and 97.6 percent said they were not Hispanic.
- i. Race: The vast majority (93.6 percent) of respondents were white, 1.0 percent were African American, 1.2 percent were Native American, .2 percent were Asian/Pacific

Islander and 3.9 percent chose “other” as the group that best identified them.

- j. When asked whether or not they had voted in the election that had just taken place in November (2000), of those who responded (98.6 percent of respondents), 87.3 percent reported that yes, they had voted, and 12.7 percent said they had not.

Method and Limitations of the Study

The study design called for a minimum of five callbacks to each telephone number in the sample, or until it was determined that the number was not working, did not belong to a residence, a respondent refused to participate, or did not speak English. To obtain the 426 completed interviews, a total of 5,483 calls were made to 2,139 telephone numbers. Of these 2,139 numbers, 418 remained active at the time the study was concluded (i.e., the minimum number of five attempts had not been reached), leaving 1,721 numbers. Of these, 299 (17.4 percent) were nonworking, 50 (3 percent) were nonresidential, 18 did not speak English (1 percent), and 33 (2 percent) were persistently unavailable, leaving a total of 1,321 numbers. Of these, interviews were completed with 426 (32 percent); 895 households (68 percent) refused to complete the interview. Because four respondents reported living in a county other than the six counties included in the study, however, they were eliminated from subsequent analyses. Thus, the final sample size for the study was 422.

Quality control measures included the training of interviewers on the particular survey instrument used and monitoring the calls

made by each interviewer. All calls were made from a supervised, centralized interviewing facility. A Computer-Assisted Telephone Interviewing (CATI) system was used; thus, data were entered at the time of the interview, eliminating the additional error associated with having to record responses twice—initially at the time of response and then later as they are entered into a database. In addition, the CATI software prohibited entry of out-of-range values.

A limitation of the study is the relatively high rate of refusal to participate. We believe that the rather low response rate occurred in large part due to the timing of the study, which came in the last three weeks of November. At the time of the survey, the national presidential election results remained unresolved, and there was impatience with this, as well as skepticism concerning the fairness of the election. Perhaps even more importantly, in the weeks leading up to the election, households in this region received a barrage of unsolicited politically related telephone calls, including long messages from public figures and media stars urging respondents to vote for particular candidates. In addition, a number of political opinion polls were conducted by telephone. These factors, we believe, negatively impacted the response rate to the present study. Because of the

response rate achieved, the results from this survey should be interpreted and used with caution.

Another limitation is the size of the county sub-samples. Although the respondents were distributed proportionately to the counties' populations, because of the small size of some of the sub-samples, it is not advisable to conduct analyses separately by county.

Finally, all surveys such as this are subject to sampling error (the difference between a sample of a given population and the total population; in this case, households in the six-county region). For a 95 percent confidence level with +/- 5 percent sampling error when the size of the population is 1 million, a completed sample size of 383 is needed to not exceed this amount of error when respondents' answers are split evenly (50 percent one way and 50 percent answer the other way). The amount of sampling error is less when respondents' answers are split 80/20. A 95 percent confidence level means that there is a 95 percent probability that the results from this study (which used a sample of members of the target population) would fall within the stated margins of error if compared with the results achieved from surveying the entire target population.

Introduction: The New Economy Observatory

For the past several years the Institute of Portland Metropolitan Studies has engaged in an analysis of the performance of the Portland-Vancouver metropolitan area economy and the major industrial clusters within our six-county economy. That project, the results of which can be downloaded from the institute's web page (www.upa.pdx.edu/IMS/) has provided a unique and strategic overview of the economy in metropolitan Portland.

That work has revealed several clear messages for policy makers about the future of our economy:

- Intellectual capital is key to our present prosperity and future success. We succeed today because of the talents of our people, not the cost of our water, electricity, or land.
- The environment for creative accomplishment and entrepreneurship should be a critical public concern. High-quality neigh-

borhoods, great schools, environmental quality, the availability of venture capital, and building and sustaining the Portland "brand" are inter-related issues that need to be addressed with a coordinated strategy.

- The industries of the future will extend and modify current local strengths. The seeds of what we will become are already planted here.

- Our most important industries are rooted here. Contrary to popular belief, they are not footloose. Place matters, and the relationships that make key firms successful here are not transportable.

Nonetheless, our work also points out forcefully that this is a time of transition and unprecedented economic change.

Our desires for a more diverse economy have been met, but the result is fast becoming a new economic mix that has implications for much more than simply the economic life of the city and its region. Rapidly changing technology and shifting markets make this an

*Metropedia:
Trends for
the Region*

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exciting and challenging time to achieve and maintain prosperity.

Although easily taken for granted, the region's economic prosperity is no accident. Other metropolitan areas have waited for a downturn to catalyze serious interest in understanding the forces that shape their economic destinies. This metropolitan area, we think, is more inclined to make conscious choices about how to shape its future.

In response to the dynamic nature of the economy in our region, and in light of our findings, the Institute of Portland Metropolitan Studies has created the "New Economy Observatory." The mission of the New Economy Observatory (NEO) is to provide economic development professionals and local decision-makers with strategic information regarding the:

- Performance of the region's economy, both in absolute terms and relative to other competitor metropolitan regions;
- Nature and formation of new businesses, the cutting edge of change in the new economy;
- Institutions, actors, and processes that support or impede the creation of new knowledge-based businesses in the region; and
- Inter-relationships between the region's quality of life and distinctive character, and the number and kind of new businesses being created.

We have consciously chosen the term "observatory" to name this initiative. By definition, an observatory is intended to provide both descriptive information and analysis useful for explaining the dynamics of the system under study. There is currently no central clearinghouse for monitoring and analyzing the emerging knowledge-based economy in this region. We believe that NEO is critically needed both to help inform local economic development efforts and to benchmark this region against others attempting to make the same kind of economic transition.

Metropedia: A Walk through the Trends

One of the first products of the New Economy Observatory is a review of some of the major trends shaping the economy and economic policy discussions in the region. We are calling this portion of the project "Metropedia," modeling the name loosely on the notion of an "encyclopedia" as, among other things, "a comprehensive reference work containing articles on numerous aspects of a particular field."

In this case, we are interested in "numerous aspects" of this metropolitan area. Our goal with Metropedia is to provide members of this metropolitan community with a wide-ranging view of the things shaping our current conditions and future choices. What follows is the first generation what we intend to be a growing and changing product. Let us know how we can make Metropedia more useful to you and your community in the years ahead.

Metropedia Version 1.0

For this first version of Metropedia, we've focused on growth and change in the region's economy and population. As reflected in recent news stories, the pace of job growth has slowed significantly from the rates experi-

enced in the early 1990's (see Figure 1). In fact, the rate of growth in 2000 is less than half of what it was in the period 1994-1997. Nonetheless, job growth in 2000 was positive and slightly ahead of the rate experienced nationally, recovering after two years of rates

Figure 1. Job growth has slowed from the breakneck pace of the mid-90s*

Figure 1.

* Percentage change over previous year.

Source: Bureau of Labor Statistics

of growth below the national average.

Over the past three decades, regional per capita income, expressed in "chained" dollars—dollars adjusted for inflation and referenced to a base year—has continued to increase, except for declines during the 1979-82 recession, and briefly in 1990-91 (see Figure 2). Though the per capita income in this region has been consistently above the

national average during this time, Oregon has also significantly outperformed the nation during the 1990s.

Paralleling the increase in per capita income in recent years, now 8 percent higher than the national average, average wages have also increased in the 1990s, and have also outpaced the nation (see Figure 3). However, despite per capita income and wages above

Figure 2. Regional income has rebounded from 1980s slump*

Figure 2.

* Per Capita Income in 1998 chained dollars

Source: Bureau of Economic Analysis

national averages, poverty in Multnomah County, the only county for which updated poverty numbers are available, has closely tracked national rates of poverty and may, in fact, exceed the national average (see Figure 4).

The 2000 census results, not yet available, will provide the best indication of the true progress made by the lowest income households in the region during the decade of the 1990s. The central paradox of the 1990s is proving to be relatively booming, for this region, economic growth and persistent poverty. This issue will be examined more closely by NEO in the coming months.

Closely related to increasing incomes and wages is the fact that the Portland-Vancouver metropolitan area is becoming one of America's most highly educated metropolitan

regions (see Figure 5). Years of education have consistently proven to be an accurate gage of earning power. Today approximately 32 to 34 percent of the region's population possess a bachelor's degree or more, compared with an average 28 percent for all U.S. metropolitan areas.

Closely related to this "brain gain" in the region is the dramatic increase in patenting activity (see figure 6). Higher incomes, a more educated population, and dramatic increases in patenting are all emblematic of our transition to a "knowledge" economy. The vast majority of this patenting activity is associated with high tech, particularly the semiconductor industry. The growing talent pool in the high tech cluster, combined with new creative achievement as reflected in patenting activity, is paying off in the form of high-tech exports

Figure 3. Average wages are up*

Figure 3.

* 1998 chained dollars

Source: Bureau of Economic Analysis, Regional Economic Information System

Figure 4. Poverty rates

Figure 4.

Source: (1) US Census Data, 1990 (2) American Community Survey Profile 1996, 1997, 1998, and 1999
(3) Current Population Survey, Census Bureau, 1997 and 1999.

Figure 5. Metro Portland is among best educated*

Figure 5.

* Population 25 years and over with bachelor's degree or more. The line represents the USA Metro Areas average (1999). Source: Bureau of the Census, CPS

Figure 6. Knowledge economy evidence*

Figure 6.

* Number of patent grants. Source: U.S. Patent and Trademark Office

from the region (see Figure 7). High-tech exports now drive the region's trade with the rest of the world.

Meanwhile, the population of our metropolitan area is becoming more diverse (see Figure 8). Though this region is far less diverse

than the nation as a whole, it is also witnessing an increase in diversity at a rate far greater than the nation. Paralleling the decline in the rate of job growth, we are also seeing a decrease in net migration to the metropolitan area (see Figure 9). The decline in net migra-

Figure 7. High tech exports drive the region's trade*

Figure 7.

* Billions of dollars.

Source: Impresa

tion in the past year echoes the slowing employment growth noted in previous figures.

Finally, with the decline in the rates of immigration and job growth, the region is also beginning to see a lessening in the impacts of high growth rates in other realms. Housing price inflation has abated significantly from earlier rates (see Figure 10). In addition, actual housing prices in the metropolitan area now rank 36th among metropolitan areas in the nation (see Figure 11). Both changes in hous-

ing price inflation and this region's housing price rank signal that today's more moderate growth is reflected in an easing of the growth-induced effects on other metropolitan quality of life concerns. Whether this is a positive development will be determined in the coming years.

Figure 8. Our region is becoming more diverse

Figure 8.

Source: U.S. Bureau of the Census

Figure 9. Net migration has slowed

Figure 9.

Source: Population Research Center, Portland State University

Figure 10. Housing price inflation has abated*

Figure 10.

* Median home price percent change over previous year (3rd Quarter 2000). The figure in parenthesis shows the ranking. Source: The Dismal Scientist, Economy.com

Figure 11. Housing prices

Figure 11.

* Median home prices in thousands of dollars (3rd Quarter 2000). The figure in parenthesis shows the ranking. Source: The Dismal Scientist, Economy.com

This paper offers an overview of metropolitan Portland's population: current trends for population growth in its counties; the effect of births, deaths, and migration on population growth; how the age, sex, and ethnic composition are changing; and where residents live within the metropolitan area. Finally, the paper summarizes likely growth prospects and their implications.

While many people both inside and outside Oregon retain the image of the state as a place of picturesque coastal bluffs, Mt. Hood and other mountain peaks, and large forests, the state's population is primarily urban and has been for many decades. In 1999, two-thirds of Oregon's 3.3 million residents lived in towns and cities. And almost one-half

of Oregon's population lived in the metropolitan Portland area.

The metropolitan Portland-Vancouver area includes five of Oregon's 36 counties—Clackamas, Columbia, Multnomah, Washington, and Yamhill—and Clark County in the state of Washington. Figure 1 shows a map of the metropolitan area, including its six constituent counties. This paper presents data for both the total metropolitan area, including the Oregon and Washington portions, and for the Oregon portion only. We refer to the metropolitan

Portland area when limiting discussion to the five Oregon counties.

Population Change in the Portland- Vancouver Metropolitan Area

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Figure 1.

Figure 2.

BACKGROUND TO POPULATION GROWTH

Population growth in metropolitan Portland-Vancouver historically has exceeded growth for the United States, but the differential in growth rates has declined over time. Between 1990 and 1999, the United States grew by about 9 percent and metropolitan Portland-Vancouver increased by 21 percent. The ratio of population growth for metropolitan Portland-Vancouver compared to the United States in the 1990s was 2.4, meaning that the metropolitan areas have been growing at considerably more than twice the national average.

Recent Growth

The metropolitan Portland-Vancouver has steadily increased its population since 1990, growing from 1.5 million in 1990 to 1.8 million in 1999, and increase of 325,000 people or 21 percent. About 1.5 million or 82 percent of the total metropolitan Portland-Vancouver population resided in Oregon in 1997.

The metropolitan Portland population—limiting attention to the five metropolitan counties in Oregon—grew from 1.3 million in 1990 to 1.5 million in 1999, an increase of 18 percent.¹ During the same period, Oregon's population increased at a slightly lower rate of 16 percent. Because the metropolitan Portland population expanded slightly more

¹Clark County, Washington, experienced the most rapid population growth during the 1990 to 1999 period. The higher rate of growth in Clark County affected the total Portland-Vancouver growth rate. The total metropolitan growth rate of 21 percent includes the growth rate of 18 percent for the five Oregon counties and the 41 percent for Washington's Clark County.

rapidly from 1990 than the Oregon population, an increasing proportion of the Oregon population resides in the metropolitan Portland area (see Figure 2). At the beginning of the decade, in 1990, 45 percent of Oregon's population lived in the five counties of metropolitan Portland; by 1999, this percentage increased slightly to 46 percent.

Population growth can be viewed in either absolute or relative terms. Washington County was Oregon's fastest growth county in metropolitan Portland—in both absolute and relative terms. Washington County contributed 93,000 new residents to the metropolitan area from 1990 to 1999, for an increase of 30 percent. Multnomah County added 63,000 residents during the same period, although its 11 percent growth was the smallest change in relative terms of metropolitan Portland counties.² Yamhill County was the second fastest growing county in relative terms, increasing 27 percent and adding 17,000 residents.

Natural Increase

Population growth depends on changes in three factors: birth, deaths, and migration. The difference between births and deaths is called natural increase. In most populations there are more births than deaths, and the population grows from natural increase. If in-migration is insufficient to counter-balance

negative natural increase, the population declines. In most cases, however, both natural increase and net in-migration contribute to a growing population.

Both mortality and fertility levels have remained fairly steady in the metropolitan Portland-Vancouver area for the past two decades. The crude death rate (the number of deaths per 1,000 population) has remained at about 8 per 1,000 since 1980. Life expectancy at birth in Oregon is 73.2 years for men and 77.9 years for women in 1990, higher than the U.S. national average for men and lower than the national average for women.³ Life expectancy has increased from 67.1 years for men and 74.7 years for women in 1970.

The crude birth rate (the number of births per 1,000 population) has fluctuated within a narrow range of 14.5 to 16.5 since 1980: the crude birth rate decreased from 1981 to 1987, fluctuated up then down from 1987 to 1993, and has remained slightly over 14.5 since 1993 (see Figure 3).

At present fertility levels, the average couple in the metropolitan Portland-Vancouver area will have about two children by the end of their childbearing years. In order to replace exactly the population, couples need to have 2.1 children. Present fertility levels are slightly less than the replacement level. In the long run, the metropolitan population would decrease at a very slow rate if there were no net in-migration.

²Multnomah County increased at an average annual rate of 1.2 percent. This is a slightly higher rate than the U.S. national average of 1.1 percent.

³In the United States in 1990, life expectancy at birth for men was 71.8 years and for women was 78.8 years.

Figure 3.

Natural increase contributed about 33 percent of the metropolitan Portland-Vancouver area's growth during 1990 to 1999. The area's overall population growth of 325,000 was comprised of a natural increase of 110,000 and estimated net in-migration of 215,000.

The metropolitan Portland-Vancouver area population is relatively young, with a sufficient number of people in the childbearing years to produce a sizeable number of births, offsetting fertility levels that are somewhat less than the long-term replacement level. In recent years, there have been about 25,000 births and 13,000 deaths annually in the metropolitan area, adding 12,000 people each year through natural increase.

Fertility and mortality levels do not vary greatly between the six Oregon and Washington counties of the metropolitan area. The annual number of births and deaths, however, are affected by modest differences in

the age composition of the different counties. Overall, there are only slight differences in the rates of natural increase for the metropolitan counties.

Internal Migrants

Migration is the main factor affecting population growth in the metropolitan Portland-Vancouver area. Net migration into the metropolitan area has been positive since 1980, except for an estimated out-migration of about 9,000 people during the economic downturn in 1982-83. Economic conditions and employment opportunities have been relatively strong since about 1988 as evidenced by net migration levels at or above 20,000 for the past 10 years (see Figure 4, which shows net migration for the Oregon portion of the metropolitan area and for the total Portland-Vancouver area). There were particularly high

Figure 4.

levels of net in-migration to the metropolitan area during 1990 and 1991, with annual net migration exceeding 40,000 annually for the Oregon and for the Washington portions of the metropolitan area.

Migration accounted for about two-thirds

of the area's population increase during 1990 to 1999, and provided more than half of the increase for each of the area's counties (see Figure 5). Clark County, Washington, experienced a net gain of about 73,000 from migration during 1990 to 1999, with migration

Figure 5.

accounting for over three-fourths of its overall growth. Three other counties—Clackamas, Columbia, and Yamhill—derived more than two-thirds of their growth in the 1990s from migration.

Migration was important for all counties in the metropolitan region. Although Multnomah experienced the slowest overall growth rate, increasing 11 percent from 1990 to 1999, it received 31,000 net migrants, and migration accounted for more than one-half of its total population increase.

Migration into and out of the Portland metropolitan area affects both the age and racial composition. These effects are discussed below.

Immigration

International migrants to the metropolitan Portland area are distinctive. About two-thirds of immigrants in the 1990s came from only six countries: Russia and other countries of the former USSR (20 percent of all immigrants), Vietnam (18 percent), Mexico (11 percent), China (6 percent), Korea (4 percent), and the Philippines (4 percent). The unique aspect about the metropolitan area's immigration is the relatively high proportion of immigrants from the former USSR—primarily from Russia. The proportion of Russians among Portland's immigrants is more than twice the national average.

Migration does more than change the age or ethnic mix of the population. The presence of migrants with different skills affects economic growth, adding new workers to the

metropolitan labor force and, in some cases, providing needed skilled employees for local industries with job shortages.

Although foreign-born men are somewhat more likely to be in the high-education, high-paying jobs, they are also far more common in low-education, low-paying jobs. Compared with native-born men, immigrants are found in some occupations requiring high levels of education, such as college teachers and engineers, as well as some occupations requiring little schooling, such as tailors, waiters, and housekeepers and butlers. The picture for immigrant women is similar. Foreign-born women in the metropolitan area are disproportionately employed in a few high-education occupations, such as foreign-language teachers and physicians, but they also make up a large share of employment in many occupations that require little schooling: dressmakers, graders and sorters of agricultural products, waitresses, and private household service workers.

Factors Affecting Metropolitan Population Growth

Unemployment rates decreased from their peak of over 10 percent in 1982 and, except for an upswing in 1992-93, have remained below 5 percent since 1988 (see Figure 6). Improved employment opportunities have attracted in-migrants as well as retarding out-migrants that might have departed the metropolitan areas in search of jobs, if attractive employment had not existed here.

There have been shifts in the major eco-

Figure 6.

conomic sectors for employment in the metropolitan area. The most noteworthy changes since 1980 have been (a) increases in the service sector, (b) substantial increases in high-tech, and (c) decreases in lumber-related employment. Overall, more than three-fourths of all current employment in the metropolitan area are in services, trade, and government.

Income in metropolitan Portland area has been increasing since 1982. In 1998 constant dollars, taking inflation into account, average per capita income in the metropolitan Portland area increased from \$20,498 in 1980 to over \$23,531 in 1990. Since 1990, per capita increases have been noteworthy, reaching \$29,340 in 1998—the most recent year for which per capita income figures are available.

Factors Affecting Population Distribution

From a demographic perspective, family and individual residential location is influenced by income, age or life cycle status, ethnicity, housing choices, and location of employment. Given the employment decentralization observed in the metropolitan area, population decentralization was certain to occur. The consequences of the other factors are more ambiguous.

Over the 1990 to 1999 period, per capital income increased more rapidly than median household income in the metropolitan area. The difference between the two is attributable to the composition of households. The mix of households in the metropolitan area has changed since 1990 as the number of single-parent, childless-couples, and single-adult households increased⁴. By and large this

4: Assuming that the metropolitan area resembles trends for Multnomah County for the 1990 to 1996 period. A large household survey for Multnomah County in 1996 offers data for analysis of trends since 1990. Similar data are not available for the other counties in the metropolitan Portland area.

change amounted to a shift toward household types that traditionally had lower incomes. This shift retarded growth in household median income at the same time that earnings growth, while not as strong as in the 1950s and 1960s, remained robust. As a result, increases in income may have contributed more to decentralization of population than the median income figures would suggest.

Decentralization tendencies created by income change and employment dispersion have been partially offset by an influx of migrants and changing household size. For the metropolitan area as a whole, over two-thirds of 1990 to 1999 population was attributable to net migration. Most of this migration is made up of people from elsewhere in the United States who are presumably attracted to the metropolitan Portland area by the growing economy and job opportunities, the attractive environment, or both. About one-fourth percent of metropolitan Portland's migration is attributable to migration from abroad.

AGE COMPOSITION

Fertility and mortality levels and the volume and composition of migration affect the age composition of the metropolitan population. If there were no migration, then the current population would become steadily older because fertility levels are relatively low. In the long run—again, assuming no migration—the median age of the metropolitan population would increase from its current level of about 32 years to about 38 years in 2050. Migration into the metropolitan area has the

short-run effect of making the population slightly younger. In the long run, however, continued in-migration will increase the average age of the metropolitan population. This statement may seem counter-intuitive. But migrants eventually become older themselves. A steady stream of in-migrants, even if somewhat younger at the time of migration, will increase the number of people who age and will, eventually, increase the number and proportion of elderly in the metropolitan area.

The Population Pyramid

Figure 7 displays metropolitan Portland's population pyramid. Compared to the United States, metropolitan Portland is slightly younger, reflecting the larger number of young adults who have arrived recently in the area.

The age composition of the metropolitan population is important for a variety of reasons. The number and proportion of people by age affects schools, the labor force, health care, and the demand for recreation, entertainment, and stores. Figures 8 shows current trends in the age structure.

Slightly less than one-fifth of metropolitan residents, or 19 percent, are in the school ages of 5 to 17 years. In 1999, there were 330,000 metropolitan residents in the school ages, an increase of 56,000 from 274,000 in 1990.

Young adults in the population, aged 17 to 24 years, are an important population group. They are the primary age group for the college population, for getting married, and for entering the labor force. The young adult population increased from 140,000 in 1990 to

Figure 7.

177,000 in 1999, an increase of 37,000.

The working ages of 25 to 64 years are the main age group in the labor force. This age group also includes most parents in the metropolitan area. The population in the working ages grew from 804,000 to 987,000 during

1990 to 1999. It remained relatively constant as a proportion of the total population at 59 percent.

The elderly population includes people who are less active in the labor force and are important users of health services. Although

Figure 8.

the elderly increased by 16,000 from 1990 to 1999, growing from 183,000 to 199,000, they remained steady at 11 percent of the total population.

ETHNIC COMPOSITION

The metropolitan Portland population is a relatively homogeneous population compared to other major cities in the United States or in the Pacific region. Metropolitan Portland's minority population constituted 13 percent of the metropolitan population in 1997. For metropolitan areas with population greater than one million, the U.S. average in 1990 was 36 percent. Moreover, the metropolitan Portland population is considerably less diverse than such other metropolitan areas as Seattle, San Francisco, San Jose, Los Angeles, or San Diego.

The most significant trend in ethnic composition is the dramatic increase in the minority share of the metropolitan Portland population. There were gains in the minority population for every county in the metropolitan area since 1990. The overall minority population—including Asian Americans, Hawaiians and Pacific Islanders, Hispanics, African Americans, and American Indians—increased from 139,890 in 1990 to 200,020 in 1997, an increase of 43 percent (more than twice as fast as the overall metropolitan increase of 17 during the same period).

The sources of the growth of the minority population vary. Almost all the African American and American Indian residents in metropolitan Portland are native-born. Many Asian American and Hispanic migrants, how-

ever, are usually foreign-born, although native-born children often accompany them.

Fueled by internal and international migration, as well as fertility levels above the Oregon state average, Hispanics are the fastest growing minority population in the metropolitan area. The Hispanic population increased from 44,733 in 1990 to 77,100 in 1997, an increase of 72 percent during the period. Hispanics are currently the largest of the various minority groups in the Portland metropolitan area.

Asian Americans have the second-fastest rate of growth of minority groups, increasing from 46,644 in 1990 to 66,200 in 1997, an increase of 42 percent. Asian Americans have fertility levels similar to the Oregon state average. Metropolitan Portland receives a large number of immigrants from Vietnam, Hong Kong, Taiwan, Korea, Philippines, and Japan as well as Asian Americans who move here from other states. Asian Americans are the second largest minority population in the metropolitan area.

African Americans are the third largest minority population in the metropolitan area, numbering an estimated 47,200 in 1997, and an increase of 22 percent from 1990. There is a net migration of African Americans into the metropolitan area, but at a considerably lower level than for Hispanics or Asian Americans.

The metropolitan Portland area included an estimated 9,600 American Indians in 1997. There is modest net migration of American Indians into the metropolitan area, from Oregon and nearby states, but the American Indian population remains relatively small.

New Ethnic Categories

The U.S. Office of Management and Budget has directed the Bureau of the Census and other federal agencies to begin the transition to a revised federal classification scheme for racial and ethnic data. The new scheme will affect 2000 census data and will gradually become common for other federal data collection and presentation. There are two major changes in the new scheme. First and foremost, the census, surveys, and federal data collection forms will ask respondents to report more than one race or ethnic group, if they wish. Second, native Hawaiians and other Pacific Islanders will report themselves separately from Asian Americans; data will also be presented separately for Hawaiians and Pacific Islanders.

We lack current estimates for the number of Oregonians and metropolitan Oregonians who might report themselves as multiracial—that is, as identifying with more than one racial/ethnic group. Because most Portland and Oregon residents report themselves as white, the number who report themselves as multiracial in the 2000 census will probably be small, perhaps only 1 or 2 percent of the total population.

We do have estimates of the Hawaiian and Pacific Islander population from the 1990 census. Pacific Islanders are a very small population in Oregon, numbering only 5,000, of whom 2,300 lived in metropolitan Portland. Although we lack data on net movements from Pacific Island areas, especially American Samoa and Guam, it is likely that migration of Pacific Islanders from Hawaii and other

Pacific areas added to the metropolitan population in the 1990s. Pacific Islanders are likely to remain, however, the smallest of Oregon's and metropolitan Portland's minority populations for the foreseeable future.

Influence of Immigration

The size of the international migration influx to the United States in the 1990s rivaled the great waves of immigration experienced at the beginning of the century. Taking illegal immigration into account, the best available estimate is that the total inflow amounted to about 1.1 million annually since 1990. California received about 26 percent of these newcomers, and another 42 percent went to the other five major immigrant-receiving states of New York, Texas, Florida, New Jersey, and Illinois.

Oregon's share of total U.S. immigration has been relatively modest, with only about 5,000 to 6,000 immigrants arriving in the state each year since 1990. Over 80 percent of immigrants arriving in Oregon went to the metropolitan Portland area.

While the flow of immigrants into Oregon may not be large, other evidence suggests that many immigrants, especially those from Mexico, originally settled elsewhere before moving to Oregon. As a result, the growth of the foreign-born population includes both the 5,000 to 6,000 new immigrants as well as an unknown number of foreign-born persons who move to the metropolitan area from other states. At the current time, economic conditions in Mexico and nearby Central American

countries continue to produce a steady stream of migrants intent on relocating in the United States. A plausible assumption is that some of the new immigrants to the United States from Latin America may settle in Oregon, even if they initially live in some other state. The large and growing Mexican-origin population in California guarantees a source of future migrants who find Oregon attractive if job opportunities exist.

The social, political, and economic consequences of the inflow of migrants, both native and foreign-born, are substantial. The major social consequence is that an area that has been ethnically homogeneous is becoming less so. While active political participation for some ethnic groups will take time, general minority participation in city, state, and congressional campaigns has increased in the 1990s. Economically, the influx of new residents has increased younger minority workers in the metropolitan labor force, adding low and semi-skilled workers as well as managerial and professional workers.

IMPLICATIONS FOR FUTURE GROWTH

Assuming a continuation of current state and local area conditions and policies, population in the metropolitan Portland-Vancouver area is expected to grow from 1.5 million in 1990 to 1.9 million in 2000, 2.0 million in 2005, and 2.1 million in 2010 (see Figure 9). The Portland-Vancouver metropolitan area is expected to increase by 14 percent over the next 10 years at an annual population growth

rate of 1.3 percent.

The age composition of the metropolitan population will change under the impact of low fertility, increasing life expectancy, and continued net in-migration (see Figure 10). Although all population age groups will increase between 2000 and 2010, the percentage distribution of the population by age will change.

- There will be a decrease in the proportion of the population less than 18 years of age, reflecting a continuation of current low fertility levels.
- The proportion of young adults, aged 18 to 24 years, will decrease slightly.
- The proportion of the population in the working ages, 25 to 64 years of age, will increase modestly during the next 10 years, reflecting continued in-migration of younger persons.
- The population in Oregon who are currently between 55 and 64—and who will retire as they reach 65 years of age and older during the next decade—were born from 1935 to 1945, a period of very low fertility during the Great Depression and World War II. Oregon's population, similar to the U.S. population, will not experience rapid increase in the older population until the larger birth cohorts of the Baby Boomer began to retire. The first large group of Baby Boom births occurred in 1946 and will become 65 years of age in 2011. After 2010, therefore, there will be sharp increases in Oregon's older population, steadily

Figure 9.

Figure 10.

increasing the older population in relative and absolute numbers for the following 20 years, from about 2010 to 2030.

- The proportion of persons 65 years of age and older will decrease until about 2005 and then begin to increase.

The accuracy of these forecasts depends upon a series of assumptions concerning national and regional events. The forecasts will be monitored and revised over the next years on a cooperative and coordinated basis with Portland State University's Population Research Center and the state of Oregon's Office of Economic Analysis and State Employment Department.

The pace of population growth in the metropolitan Portland area has slackened appreciably in the past several years, following strong economic and population growth during 1989 to 1993. Prospects for future population increases are moderate, although an eco-

nomic recession or shifts in international and national markets for Oregon's exports could adversely affect the metropolitan economy, resulting in decreased employment opportunities and population growth.

Compared with trends of previous decades, the forecasts for population growth in the next 10 years, 2000 to 2010, are moderate. It is difficult, however, to be overly pessimistic concerning the future of the metropolitan economy given its present strengths and the growing ties of the state economy with overseas markets. In the past, metropolitan Portland has thrived in good times and, except for dramatic shifts in the state economy in the 1980s, has survived fairly well in bad times. At the present time, there is little evidence that the metropolitan area has lost its favored status among West Coast cities for future continued moderate population growth.

On October 6, 2000, three members of Congress from California called the Northwest's electrical power allocation system "archaic and unfair in the increasingly deregulated, market-driven economy of the 21st century." Rep. George Miller, Sen. Barbara Boxer and Sen. Dianne Feinstein addressed these remarks in a letter to U.S. Department of Energy Secretary Bill Richardson. They asked him to "direct BPA to defer signing new long-term contracts for low-cost federal electricity until Congress has had an opportunity to review . . . the potential implications of these new contracts on the availability of federally subsidized power for a broader constituency in the western United States." In other words, with energy rates skyrocketing and a power shortage looming, a power grab is on.

Bonneville Power Administration spokesman Ed Mosey responded that a sudden halt to negotiating Subscription power contracts, a long and delicate process, would

bring "complete chaos." The letter from the California delegation was prompted by the decision by BPA to withdraw firm power contracts it had with various California utilities and municipalities, a decision based on the threat of blackouts in the Northwest in the

coming winter and subsequent years. With the nation's lowest electricity rates, the Northwest has long been accused by interests outside the region of unfairly benefiting from federally subsidized power obtained from a string of dams up and down the Columbia River. As the Western states fall into a rancorous regionalism, as wholesale costs of power fluctuate wildly daily and hourly, and as court dockets fill up in a frantic effort to protect various constituencies, officeholders and policy makers in Oregon and Washington will face extremely complex and

intractable issues.

Such a dynamic issue would seem to be the subject of vigorous public concern, yet for such a ubiquitous factor of modern life as electricity, it is a remarkably uninteresting topic. Discussions involving any details of the

Northwest Power Planning in Flux

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issue are more likely to induce sleep than attention. That is, until recently. For the Portland-Vancouver metropolitan region energy issues are critical, as emphasized by almost daily news reports of a burgeoning energy crisis. Changes in rates and regulation of power affect not only the heavy power users—metals, pulp and paper, agricultural irrigators and high technology—they will affect every citizen, either directly or through the ripple effect after industrial layoffs. And steep rate increases or mandatory curtailment of power deliveries would certainly threaten such layoffs. Further, any downturn in the economy will be magnified by rising energy costs at a time when consumers will more closely examine utility bills.

These issues have a long history. In the 1960s, power planners were facing continued economic growth and the concomitant need for more and more power. A treaty with Canada was signed that allowed for seamless operation of the Columbia River hydroelectric system. In 1964, Congress authorized the high-voltage Intertie transmission system connecting the Pacific Northwest and the Pacific Southwest. As part of the package of legislation, however, the Northwest's legislators demanded that this region have first call on electricity produced within its boundaries—the Regional Preference Act. Excess power would be sold back and forth, but not to the detriment of the Northwest. (This is the legislation that now offends the California delegation.) This era of cooperation was the Golden Age of power planning in the Northwest. It

was also an era of robust economic growth that required ever more energy.

But the traditional source of added electricity—the Columbia River and its tributaries—was no longer available for two reasons. First, the best sites had already been developed. Second, a vigorous resistance to further damming emerged, as officials learned in the case of Hells Canyon on the Snake River. If more power was needed, it would have to come from thermal generation—coal, oil, natural gas, or nuclear. The result was the Hydro-Thermal Power Program (HTPP). This program was the product of an intensive planning effort by the Joint Power Planning Council, a cooperative body composed of public and private utilities, large industrial customers, and led by the Bonneville Power Administration. Based on what turned out to be vastly overestimated electricity demand forecasts, these groups agreed on a schedule of plant construction to meet anticipated regional needs.

The HTPP included the Centralia and Boardman coal plants, Trojan, Skagit, Pebble Springs nuclear power plants, and at least five other nuclear plants to be built by the Washington Public Power Supply System (now Energy Northwest), a joint operating agency made up of Washington state public utilities. Planners envisioned at least 20 nuclear power plants in the Northwest. Two were eventually built—the Trojan plant near Ranier, Oregon, and Columbia Generating Station near Richland, Washington—along with the two coal plants. The rest ran into the insuperable barriers of economic recession—

astoundingly high inflation, interest rates, unemployment, and construction costs. The Skagit and Pebble Springs plants were defeated early by growing anti-nuclear sentiment. Four of the five nuclear plants of the Washington Public Power Supply System were eventually terminated, two of which were in advanced stages of construction. In 1983, the Supply System defaulted on \$2.25 billion in revenue bonds, the impact of which is still felt in power planning today, psychologically if not financially.

To the disbelief of many, that ambitious slate of plant construction was never needed. Flawed forecasts on one hand and reduced consumption on the other hand cut the growth of demand. Also, power planners who had based their professional careers on continued and steady growth found to their amazement that energy conservation actually worked. It was far cheaper to invest in energy efficiency than in huge new power plants. The 1980s saw not an energy deficit but an energy surplus, which lasted into the 1990s. In an effort to rescue a wounded planning process, in 1980 Congress created the Northwest Power Planning Council (NWPPC). It had the mandate to not only produce long-range regional power plans and forecasts, but also to foster energy efficiency and conservation and to mitigate damage to fish and wildlife caused by the extensive damming of the Columbia River and its tributaries.

After the collapse of nuclear plant construction and its nightmare of litigation, Bonneville and the region's utilities retreated from aggressive region-wide power planning.

The Power Planning Council was supposed to pick up this responsibility, but it has gotten itself so entangled in the hideous morass of the Salmon Wars that its power planning function is virtually invisible. Now, after a decade and a half of almost no new plant construction, the power surplus is gone. But there is little incentive for any utility to build additional power plants. New nuclear power is apparently no longer socially acceptable for the foreseeable future and coal plants do not pass environmental muster. Gas-fired combustion turbines have been popular recently, but each unit is limited to around 360 megawatts (compared to the 1,200 megawatts of Columbia Generating Station, the nuclear plant near Richland) for technical reasons. Deregulation of the wholesale energy markets has frozen the traditionally conservative utility industry in its tracks. Long-range planning is not possible when a utility cannot know what the price of its product will be. This is doubly true if and when the retail energy market is deregulated. A consumer could choose whatever provider was cheapest that billing cycle and the owner of a new plant could be stuck with huge fixed costs and a disappearing customer base.

This is what Bonneville Power Administration was faced with in the early 1990s. Stuck with high fixed costs, largely from its financial backing of two failed nuclear power plants that would never produce a watt of electricity, BPA was in danger of pricing itself out of the market. Added to these fixed costs was the requirement that Bonneville pay for stunningly expensive efforts to manage

Columbia River fish runs. Its larger customers began to look elsewhere for cheaper power. The remaining customer base of smaller public utilities and rural cooperatives was faced with paying for the fixed, or "stranded," costs, which would have to be passed on to consumers through retail rates, a profoundly unfair development for the small utilities that had nowhere else to turn. They would be asked to shoulder the huge burden that had been accepted as a region in 1968. The cry was for Bonneville to become more competitive, to cut costs to the bone to keep its customers. Bonneville responded aggressively to these demands, cutting costs and seeking other business opportunities. But the prospect of a federal agency competing directly in the marketplace caused some alarm, particularly among those entities that were BPA's competitors.

The danger for the Northwest was that without quick action, the region would be overrun by national events. Fundamental restructuring was inevitable, it seemed, as Congress was littered with various deregulation bills. Locally, true competition had to be assured at the same time maintaining the traditional reliability of the regional grid managed by Bonneville. Also, and equally important, a deregulated competitive market would not necessarily result in the critical public policy objectives of environmental protection, energy efficiency, development of renewable resources, guaranteeing affordable service to rural and low-income consumers, and fish and wildlife restoration. These public policy objectives and obligations had to be incorporated

into any new system. Added to these daunting challenges was the seemingly endless resort to the legal system to sort out any dispute. The court dockets are as full now as they ever were after the collapse of nuclear construction. Ultimate utility decisions are no longer made in the boardroom but at the Ninth Circuit Court of Appeals.

At this point, the governors of the four Northwest states took action in an effort to fix a broken system. In January 1996, the governors initiated a Comprehensive Review of the Northwest Energy System, with a steering committee of 20 members representing the divergent stakeholders in the power system. A few observers dug up the old notion of breaking up and selling off Bonneville, but that idea has never survived a serious political examination. In addition to thousands of outstanding contracts, BPA has long-term bond and federal treasury obligations running into the billions of dollars. It has treaty obligations to Canada and permanent obligations to the region's Native American tribes. And a call for volunteers to assume the financial obligations of fish mitigation would witness a collective step backward. Bonneville alone spent at least \$3.483 billion on fish and wildlife between 1978 and 2000 with little to show for such an expenditure, according to the utilities that have to pay the bill in higher BPA wholesale rates.

In December 1996 the steering committee produced a report with recommendations, and the governors appointed a Northwest Energy Review Transition Board to oversee implementation. In March 1997, the Northwest

congressional delegation, following closely the deliberations of the Comprehensive Review, notified the governors that they had formed a Northwest Energy Caucus to work with the Transition Board on legislative requirements. The governors also asked the Northwest Power Planning Council to form a Cost Review Management Committee to assist Bonneville in finding even more cost savings above those already achieved under the leadership of BPA Administrator Randy Hardy, who announced his resignation in July 1997. The Cost Review Committee continued its work as the political process of finding Hardy's successor plodded along. It is not the plum position it had once been.

Events could not wait on this process and several developments blew through the West:

- De facto restructuring of the electrical utility industry did not wait for cost studies or rely on political rhetoric, but proceeded according to the demands of the market. Throughout the Western states a vibrant market emerged for electricity and this resulted in the creation of the California Power Exchange.
- Following a recommendation from the Cost Review Committee, Bonneville has decided not to sponsor new generation.
- Market price for natural gas shot up. Natural gas producers in western Canada built two large-capacity gas transmission lines, one to the upper Midwest and the other to the East Coast, where the market for natural gas was much more lucrative. Suddenly, the darlings of the electric utility

industry—combined combustion turbines powered by natural gas—needed revised economic feasibility studies. By mid-2000 the price of natural gas was from three to four times what it was in 1997 with no relief in sight.

- The work of the Transition Board to implement the recommendations of the Comprehensive Review was suddenly halted in March 1999. Transition Board chairman John Etchart received a letter from 16 members of the Northwest Energy Caucus complaining that they had not been consulted before the board staff began drafting a specific legislative proposal. The board was accused of making policy judgments best left to those elected to do so. The letter stopped the Transition Board in its tracks.
- The market turnaround that saw the wholesale price of electricity quickly climb quite suddenly left Bonneville as the source of choice for power-hungry users. Rather than having to make concerted efforts to keep customers, BPA reverted to the need to establish a system of allocating its federal power.

Unfortunately for the Northwest, the relatively quick market turnaround occurred in the midst of the transition to a deregulated energy market and the region was not ready. The situation is similar to that of the mid-1960s, when power shortages loomed and there was no structure in place to offer incentives to potential builders of new generating plants, the power from which would be much

more expensive than hydropower. This prompted a panicked grab for cheap BPA power without an acceptable system in place to allocate it. The Hydro-Thermal Power Program, with its massive nuclear construction juggernaut, was intended to provide added power as needed. When that program collapsed, the Regional Power Act of 1980 was intended to end the tense squabbling for cheap federal power between investor owned utilities, publicly owned utilities and direct service industry customers.

Now, when power shortages are again at the region's doorstep, there is no central agency to take a strong leadership role as the new century begins. Bonneville, after its painful lessons, does not seek that role. The Northwest Power Planning Council, notwithstanding its name or its statutory mandate, is too stunned by the fractured and fratricidal Salmon Wars to assume any useful leadership role. Half-done deregulation and universal acrimony have stalled the Comprehensive Review and cooperative planning is hard to find. The question of allocation of cheap federal power lumbers along at a glacial pace, while the region comes ever closer to serious power shortages. Additionally, a new draft Biological Opinion issued in September 2000 by the National Marine Fisheries Service would result in a loss of an additional 90 average megawatts from the Columbia River system by mandating changes in water flow to assist downstream migration of salmon. This would add \$12 million to \$15 million to the annual cost of around \$220 million of lost power from operating the hydro system to save salmon.

The many uncertainties led BPA Administrator Judi Johansen to temporarily suspend signing additional Subscription power contracts in August 2000. Prices on the California Power Exchange were extremely volatile, with the California Independent System Operator issuing sequential Stage Two alerts during the hot summer and state officials calling for federal authority to impose a bid cap on the market. Regionalism raised its ugly head again, with fish advocates demanding that water allocated for Columbia River salmon not be used to generate additional electricity for the deregulated California energy market. Then in September 2000, Bonneville announced its decision to withdraw firm power contracts with California customers, citing regional preference concerns. Recently, officials from Pacific Gas & Electric and the California Municipal Utilities Association called for plans to essentially re-regulate California's power industry. At the same time, the Northeast-Midwest Congressional Coalition has made the unsubstantiated accusation that Bonneville has "profiteered at the expense of California customers." Wild charges notwithstanding, elected officials and industry observers from throughout the nation are now questioning the wisdom of deregulation.

In Oregon, the legislature passed SB 1149, a bill to restructure the electrical utility industry. The Oregon Public Utility Commission signed off on rulemaking to implement the law and large commercial customers will begin the transition to open access in 2001. This is uncharted territory that will require the diligent attention of policy makers and utility

regulators. While some utility officials, like those at Portland General Electric, are calling for the replacement of the regulatory and ratepayer relationships with commercial relationships, others, like the Citizens Utility Board of Oregon, point out that this is just the time when regulators must earn their pay by protecting consumers from the vagaries of impersonal market forces.

Dirk Borges, general manager of Canby Utility, believes that one important issue will be the struggle between power marketers/traders and grid operators over the appropriate allocation of transmission capacity for reserves to protect the regional grid. Marketers will pressure to reduce these margins to allow more power be made available. Engineers resist this out of fear that too thin a margin will eventually result in a blackout. Such a blackout could be catastrophic, both economically and socially. Is the market the appropriate mechanism to make this judgment?

Mick Shutt, corporate communications manager for Clark Public Utilities in Vancouver, advises vigilance in protecting Bonneville and regional preference from the challenge from the huge California congressional delegation. It is difficult enough for utility officials to respond to customer needs in a rapidly changing industry. When political threats are added to the mix power planning becomes extremely difficult. Elected officials locally and nationally need to coordinate and cooperate to assure the vital stability of the regional power system. They must also devise a method to facilitate the addition of new

electrical generation in the midst of a turbulent industry.

Portland General Electric has devised an innovative program of voluntary cutbacks by PGE's industrial customers in times of critical power shortages. However, issues of price and reliability will continue to be on the regional radar screen, according to senior vice president for power supply Walt Pollock. And at some point the 20-year-old Northwest Power Act will be superseded by new legislation. Public utilities have first access to cheap federal power, based on decades old legislation that may no longer reflect the needs of the region's citizens. Ratepayers served by investor owned utilities like PGE deserve to share the benefit. "Questions of the distribution of low cost hydro power will be on the table, which will invite an investigation into the equitable sharing of this valuable resource," Pollock predicted.

The notion that issues of energy are constantly changing was reinforced with BPA Administrator Judi Johansen announcing her resignation as 2000 came to a close. Her replacement is not expected to be named for several months, although Stephen Wright, her acting replacement may become permanent. In the meantime, as the nation awaits deregulation legislation, Congress may be preparing to march in all directions at once. The debacle of utility deregulation in California has finally caught the attention of the public, the news media, and elected representatives. In January 2001, California Governor Gray Davis pronounced deregulation "dead," but the governor is in the uncomfortable position

of having accepted \$450,000 in campaign contributions since 1998 from the two utility giants who are crying for relief. The Wall Street Journal noted in a December 28 article: “California has created an unusual problem for editorial writers. Too much blame! We are dizzy trying to decide how to allocate it.” Deregulation in California has been “a masterpiece of short-term thinking.”

While stunned power planners try to keep up with events, electric and natural gas utilities throughout the West are asking for steep rate increases to pay for rising wholesale energy costs. These filings come just when the national economy seems to be faltering—a fact not lost on Governor Kitzhaber and Governor Locke. Future economic growth in the Northwest will depend on reliable and affordable energy costs. But where will new sources of electrical power come from? There will be a renewed rallying cry for more conservation, but will that be enough to meet rising

demand? Will proposals for new power plants be met by not just NIMBY (not in my backyard), but by BANANA (build absolutely nothing anywhere near anyone)?

There have already been many unanticipated consequences of energy deregulation, a process—if it can be called that—which is far from complete. Divergent stakeholders energetically lobby within a very complex and fluid environment. Policy makers in the greater Portland/Vancouver metropolitan area will be faced with these issues for the foreseeable future and must work hard to keep up with daily developments. For a force of such direct and universal impact as electricity, these issues will be permanently on the region’s agenda.

Here in the Northwest, here in the Portland metropolitan area we care about the environment. What we say, what we do, and even why many of us came to the region underscore the importance of our spectacular environment. We care about it for different reasons and enjoy it in different ways. We have worked hard to ensure a healthy environment now and in the future. While we see improvements, we also see limits to our success. All too often our debates over where we are and where we want to be relative to a healthy environment are challenged by a lack of credible information. This constrains our ability to decide where to focus our considerable commitment to the environment and how to make wise decisions about our social, economic, and environmental future. The State of the Environment Report is intended to provide much-needed, scientifically sound, widely accepted information on which we can rely. It can be used as a baseline for evaluating past decisions and for planning future actions to improve our economy and environment.

The State of the Environment Report

(SOER) is the first scientifically credible, integrated, comprehensive assessment of Oregon's environment. While it does not answer the question of how healthy we want the environment to be, as that is a question for the region's citizens to decide, it does go a long way to answering the question of how healthy the environment

is. The report provides information about current conditions and trends across the state and identifies future risks to the environment. It identifies a series of indicators that we all can use to understand the health of the environment. The SOER concludes that while we have made great strides in resolving critical environmental problems of the past, and now we face new challenges.

The SOER report is a product of many hands.

A panel of scientist from universities throughout Oregon led by Paul Risser, president of Oregon State University, wrote the report using the best information available today. Many associates helped as the science panel drew on the substantial scientific expertise available in the region. The Oregon Progress Board organized an advisory committee composed

State of the Environment Report (SOER) Brief

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18 Indicators Submitted to the Oregon Progress Board

<p>Water Quantity 1. Degree to which stream flows meet ecological needs based on the proportion of in-stream water rights that can be met.</p> <p>Water Quality 2. Proportion of streams and rivers with good to excellent water quality according to the Oregon Water Quality Index.</p> <p>Marine Ecosystems 3. Number of at-risk stocks of marine fish and shellfish, as defined by state or federal listing as overfished or at risk of being overfished; or by listing as threatened or endangered under state or federal Endangered Species Acts.</p> <p>Estuarine Resources 4. Area of estuarine wetlands (tidal marsh/swamp habitat) compared to historical area (acres and percent).</p> <p>Freshwater Wetlands 5. Change in area of freshwater wetlands as compared to historical distribution (acres and percent).</p> <p>Riparian Ecosystems 6. The amount of intact or functional riparian vegetation found along streams and rivers. 7. Trends in the health of stream communities using</p>	<p>an index comparing invertebrate populations to those expected in healthy aquatic habitats.</p> <p>Freshwater Fish Communities 8. The percentage of wild, native fish populations, including salmon, that are classified as healthy.</p> <p>Forest Resources 9. Amount of commercial forest types in different structural stages compared to amounts in healthy forest systems. 10. Timber Harvest relative to sustainable levels (reference: estimated sustainable levels in plans and management intentions).</p> <p>Agricultural Ecosystems 11. Trends in soil quality and erosion. 12. Area of Land in agricultural production.</p> <p>Urban Areas 13. Percentage of assessed groundwater that meets the current drinking water standards. 14. Frequency that Air Quality Index exceeds the existing standards 15. The amount of carbon dioxide emitted</p> <p>Biological Diversity 16. Change in area of native vegetation sites 17. Percentage of at-risk species that are protected in dedicated conservation areas 18. Number of Nuisance invasive species</p>
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of leaders from business, the legislature, interest groups, communities, and concerned citizens. The State of the Environment Full Committee met quarterly to guide the multi-year project in a true civic science process. State, local, and federal agencies, private firms and nonprofit organizations shared in funding the report. It is a report that can serve as common baseline for the discourse we must have

about our environmental, social, and economic future.

The SOER recognizes the importance of evaluating the health of the environment in concert with economic and social goals. Social and economic aspects are presented as context in the SOER and reflected in ways to think about environmental health. Sustainability links social and economic and

environmental goals. The SOER focuses on environmental health as a step toward sustainability. The report describes the health of the environment in three ways: (1) maintaining natural ecosystems processes—healthy ecosystems have naturally functioning landscapes much as they would have before intensive land use and land conversion by humans; (2) sustainable production of goods and services for human use—healthy ecosystems can consistently provide goods and services that people desire; (3) compliance with environmental laws—healthy ecosystems meet the technical requirements and overall goals of environmental laws. These perspectives on environmental health, used together, provide a more complete picture than each alone. As a cautionary note, assessing the health of naturally functioning landscapes does not suggest or set as a goal a return to a predevelopment state. It does provide a measure of risk and disturbance. Similarly, laws are important as reference points of current normative agreement in society about what the condition of the environment should be.

The report is organized by key issues identified by the SOER Full Committee. Key areas, like aquatic systems, forest and rangelands, and urban systems, are reviewed and the status of these systems are summarized for the state as a whole. The state is also divided into ecoregions for a smaller-scale assessment of environmental health. Counties and watersheds are used within ecoregions to capture dynamics appropriate to those scales and units of analysis. The goal is to have a broad view and then an ecoregion report in which you

can find a summary of environmental health for the areas you care about most. For example, the Lower Willamette Ecoregion is home to the Portland metropolitan area. You may also have interest in the Blue Mountains, the Cascades, or the high dessert of the Basin and Range ecoregion. So what is the news?

For the state as a whole the good news is that Oregonians have succeeded in changing the rate of agricultural land loss and significantly reduced the rate of loss of estuarine habitats. In the region we have put in place policies and practices in forests, especially on public lands, that will improve the environment over time while contributing to our economic well-being. Protections in forested landscapes contribute to water quality and stream health. Changes in federal land management practice have increased protection of biodiversity in federal forests. We have improved our compliance with air pollution laws. Oregon has become a leader in sustainable agricultural practices and recycling.

Still all is not well. Throughout the state water is limited in supply at some point of the year. Water quality is frequently poor and poorest in urban areas. Oregon has lost wetlands. Riparian areas are degraded. Fish stocks are at risk. Invasive exotic species are an issue and biodiversity is a challenge. Waste and pollution are growing—and growing at rates at or above population growth. Climate change could be a significant threat. A significant conclusion of the SOER is that many key environmental problems we face over the next generation are concentrated in the lowlands where most people live and work—in urban-

Land in farms, Willamette Valley, 1950-97

[Insert figure 17 here]

ized areas and in the Willamette Valley.

Health of urban areas offers a challenge, because in these areas the environment is intentionally altered. The SOER suggests three general ways to focus on environmental health in urban areas given the disruption of natural processes implied by human activity. First, natural habitats are destroyed and new habitats are created. Second, the flows of water, organisms, and materials across the landscape are altered. Third, artificial materials are produced in concentrated amounts and many of them are not assimilated by natural

processes. While land-use planning has been successful in reducing the conversion of forest and farmland to urbanized uses, it has also concentrated conversion within Urban Growth Boundaries. While this conversion is intentional to meet economic and social goals, the consequences on environmental health must and is being accounted for in the built landscape.

Many cities are investing in new infrastructures to manage storm water runoff, protect open space, and minimize the impacts of urbanization on naturally functioning land-

State water quality conditions

Based on Oregon Water Quality Index, by land use type

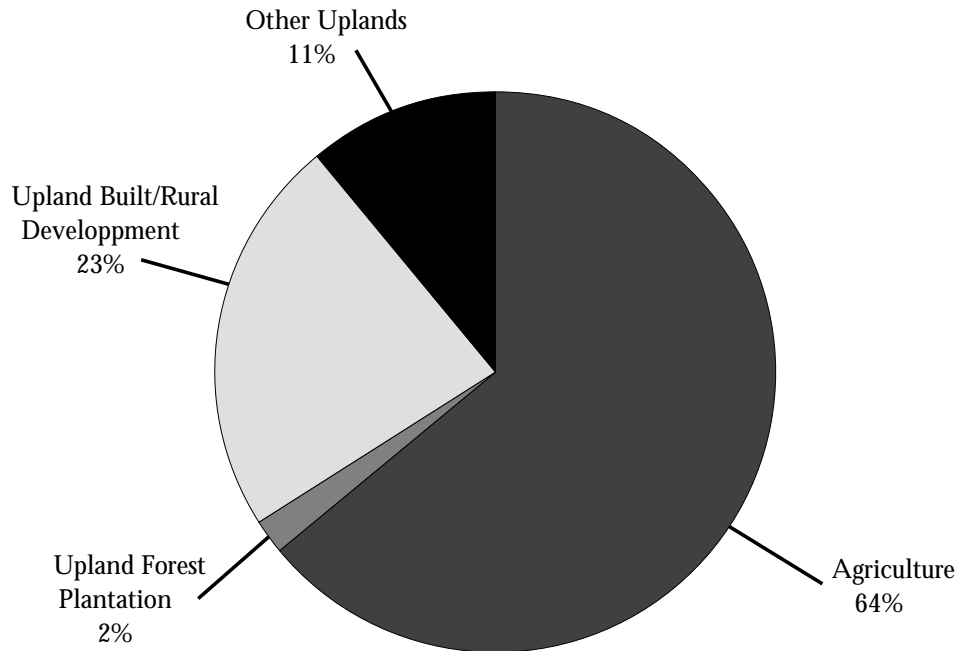
[Insert figure 11 here]

scapes. Urban areas concentrate and distribute pollutants. Many pollutants amenable to first generation, end-of-the-pipe regulation have been reduced to legal levels. Indeed, we manage some pollutants at levels we couldn't measure a generation ago. Still, from backyard pesticide application to CO2 emission, we face significant challenges. In fact, Oregon's emissions and discharges are growing at about the rate of population and economic growth. This is dramatic in the solid waste area where

recycling is increasing but so is the rate of waste being generated. In the metropolitan region significant steps are being taken to protect green space, restore and protect riparian areas, and restore and mitigate impacts on natural processes. Conceiving and creating a health urban environment remains a significant challenge.

In the Willamette Valley, the landscape structure and function has changed dramatically since 1850. There has been an 80 per-

Causes of net wetland loss to Willamette Valley Upland, 1982-1994



cent reduction in riparian areas since 1850. An estimated 72 percent of riparian and bottomland forest is gone, as well as an estimated 99 percent of wet prairies, 88 percent of upland prairies, and 87 percent of upland forests at the margins of the valleys. Such changes have put at risk some 50 native plant and animal species. Even with these significant alterations, the Willamette Valley is an important area for migrating and wintering waterfowl and an essential region for fish passage and restoration.

The Willamette Valley continues to pro-

vide a little more than half of Oregon's \$3 billion in agricultural sales. Over 100 commodities are grown including nursery stock, greenhouse plants, grass seed, Christmas trees, poultry, dairy, vegetables, small fruits and berries, and wine grapes. Oregon is a leader nationally in the adoption of sustainable practices. Still, water quality fails to meet state standards. Pesticides, heavy metals, dioxin, and other pollutants are present in the water and sediments of the lower river. Water quality combined with the habitat loss has had consequences for fish in the ecoregion.

The conclusions for the Portland-Vancouver metropolitan region are much like those of the SOER as a whole. We have made great strides in resolving first-generation environmental problems of the past, but we face new challenges. Many of the environmental challenges of the moment are concentrated in the lowlands where most of us live and work. To underscore this, the Willamette Valley is home to 70 percent of the people in Oregon, most of its industry, and about half of its farmland. The greatest opportunity for improving our environment in this generation is on lands we control: state, county, and private lands. Federal lands are important to our environmental health. The challenge on federal lands is to take action based on plans that are in place now or near completion. The report also finds that we must improve our environmental data systems to effectively measure our progress in environmental health. In short, the State of the Environment Report finds that current environmental problems reflect cumulative effects of many small, diffuse, individual decisions and actions. The SOER lays out clear challenges. The opportunity is ours.

One of the great challenges of this century lies in the Willamette Valley. Our home lands. Transformation of prairies, woodlands, riparian areas, and rivers of the valley have fueled our economy and marked our settlement for over 150 years. Yet this transformation has left a mark on our environment and a debt to pay. A stern test for our commitment is the question of whether we can improve the ecological health of the valley, measured currently by recovery of salmon and watersheds, while continuing economic growth and community development.

Science's role is to help us understand the health of our environment—democracy's role is to determine our future.

For more about the SOER: The State of the Environment Report is an Oregon Progress Board report available on line at www.econ.state.or.us/opb or contact the Oregon Progress Board at 775 Summer Street, NE Salem, Oregon 97310; 503-986-0036. Single copies of the SOER Summary Report are free of charge; bulk orders or copies of the full report are available at cost.

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College of Urban and Public Affairs
Portland State University

Mission

The Institute of Portland Metropolitan Studies (IMS) is a service and research center located in the College of Urban and Public Affairs at Portland State University. The mission of the institute is to serve the region and further the urban mission of Portland State University by:

- Providing access to the resources of higher education for area communities;
- Creating a shared understanding of the metropolitan area, its issues and prospects;
- Providing a neutral forum for the discussion of critical metropolitan policy issues;
- Creating partnerships linking faculty, students, and community groups to meet community and scholarly objectives; and
- Sponsoring public service research.

By acting effectively on this mission, IMS enables the University to better serve people and the communities of the region and helps them to be better equipped to meet the challenges of growth and change.

IMS accomplishes these ends by serving as a new front door for higher education and as an active participant in the civic life of the metropolitan area. It acts as a broker, making new connections between the community and higher education, and new connections between community interests from throughout the region.

Board and Programs

A 23-member board, drawn from throughout the six-county metropolitan area, governs the institute. The board establishes policy to guide the development of IMS and its programs and assists staff in securing the resources necessary to the fulfillment of its mission.

PROGRAMS

A Shared Understanding

Through its unique programs, IMS is a unique source of information about the metropolitan area and its issues. By disseminating new information and perspectives about the Portland region, the institute fosters an awareness of the common problems and solutions that citizens, decision-makers, and scholars should know. Students, faculty, jurisdictions, community-based organizations, and the media thus look to the institute for a wealth of information services, interpretation, and data.

- IMS publishes *Metroscape* magazine, a lively and thoughtful periodical with a regular atlas examining the most critical problems affecting the region.
- Metropolitan Briefing Book is a biennial guide to trends and issues in the region.
- The Catalyst is a quarterly newsletter that alerts a wide variety of citizen activists, elected officials, and administrators to the work of IMS.

A Neutral Forum

IMS, by virtue of its location in the University, has the ability to create a neutral forum for the discussion of issues and to act as a broker for new problem-solving partnerships that advance regional coherence and well being. Some recent and current examples of these initiatives include:

- *The Regional Roundtables*—A series of meetings at which the Portland area’s leading scholars present their interpretations of issues critical to the region, with commentary from other experts and opinion leaders and members of the public in attendance.
- *New Economy Observatory*—An IMS team has produced an update of the region’s key economic indicators, an analysis of the major employment clusters in two of Portland’s nine urban renewal areas, and an investigation of critical developments in the recent economic history of the region: the paradoxical persistence of poverty during prosperity and the significant rise in years of educational attainment in the region in recent years.

Community Building

The institute provides access to information and other resources necessary to enable communities to understand the environment for their concerns.

- *The Community Geography Project*—An effort funded by a grant from the Ford Foundation to help citizens use Geographic Information Systems

technology to identify and address key community issues.

- *Regional Industrial Land Study*—This study focuses on the concern of many in real estate, local government, and business about the dwindling stock of industrially zoned property. In its three phases it is undertaking clearly to delineate public and private concerns about industrial land, complete a technical analysis measuring the supply of industrial land in the region over the next 20 years, and to identify and evaluate the effect of potential strategies and policies that could rectify the shortage of Tier A industrial land.
- *Regional Investment Board*—The institute has provided a team for staff support and technical assistance in this joint Multnomah-Washington County project. The RIB is designed to develop and implement a plan to foster innovative industry clusters that will help sustain the development of the regional economy leading to the strengthening of the region’s communities.

Access to the Resources of Higher Education

The institute is a portal for communities and organizations to access the resources of higher education, both those of PSU and the region’s other colleges and universities.

- *IMS Membership Services Initiative*—IMS is developing, through a capstone course taught at PSU, a team of students and faculty who will research and advise small municipalities and agencies among its

members on a best practices in administration and policy making so that they can serve their constituencies more effectively and efficiently.

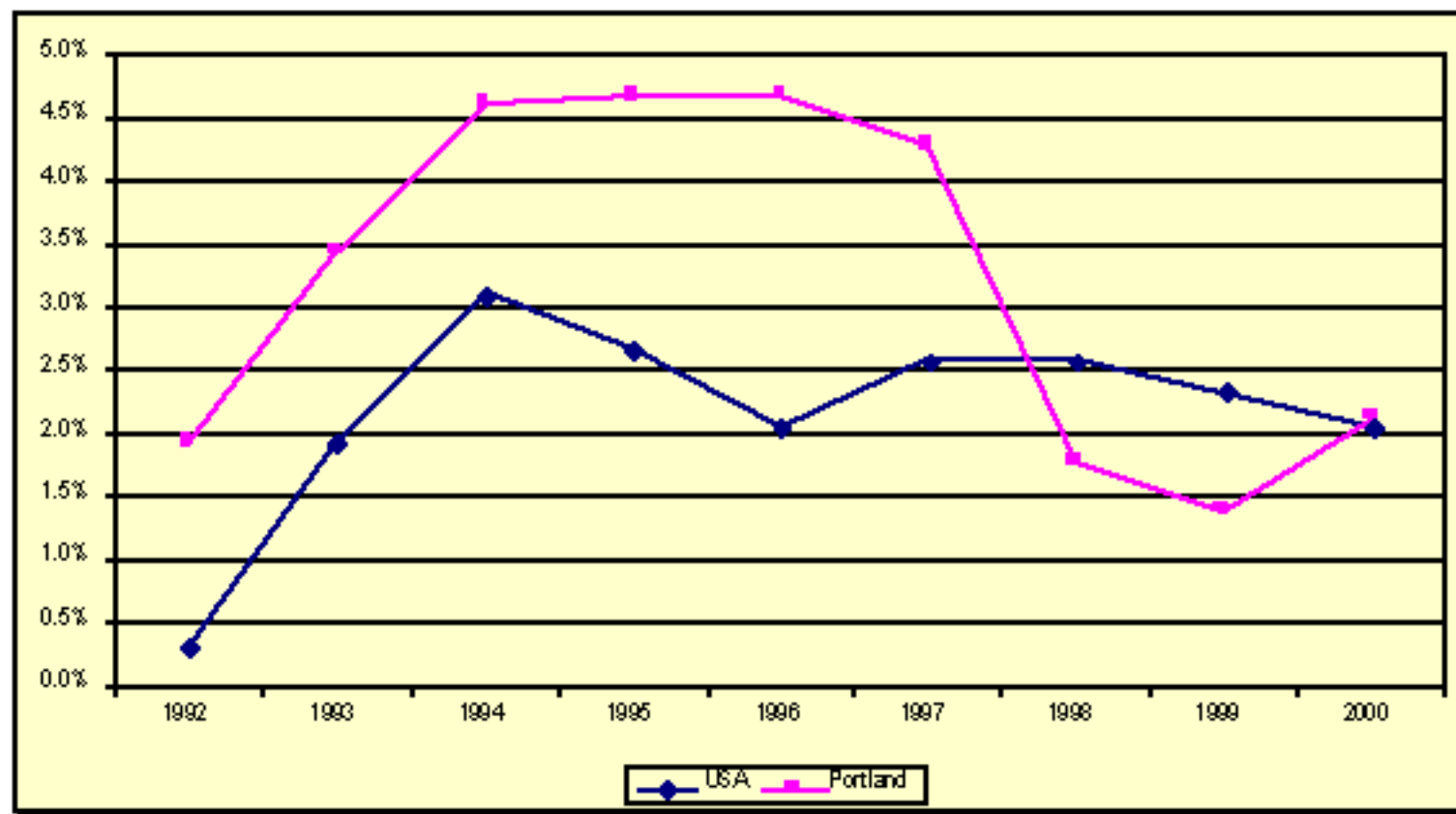
- IMS also provides internships, research referrals, and we make our resources and publications available through our Web page.

Many of the institute's products can be downloaded directly from our Web site. For more information about any of these projects, to be placed on the mailing list, and/or to receive a copy of our publication list, please contact:

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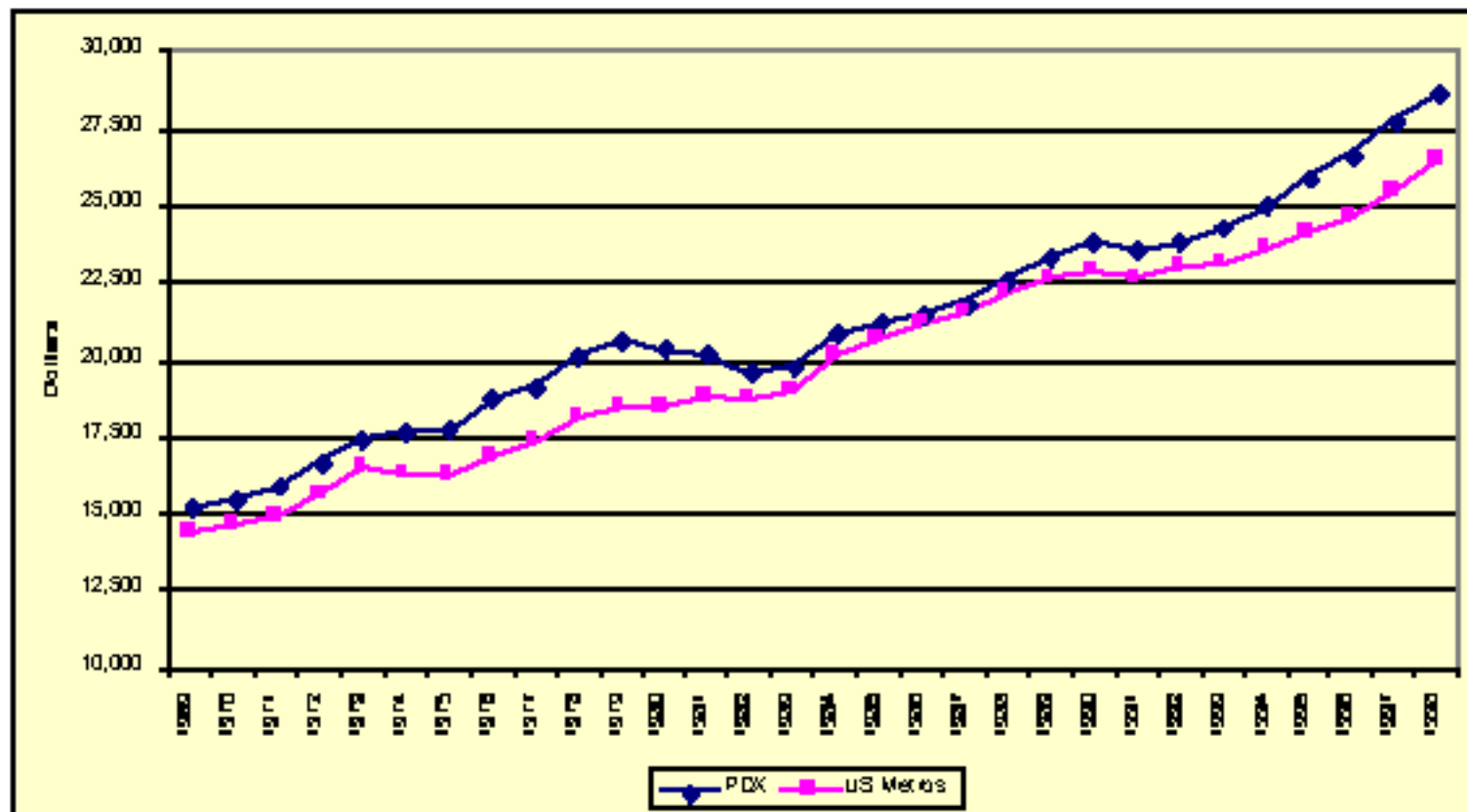
Figure 1. Job growth has slowed from the breakneck pace of the mid-90s*



*Percent change over previous year

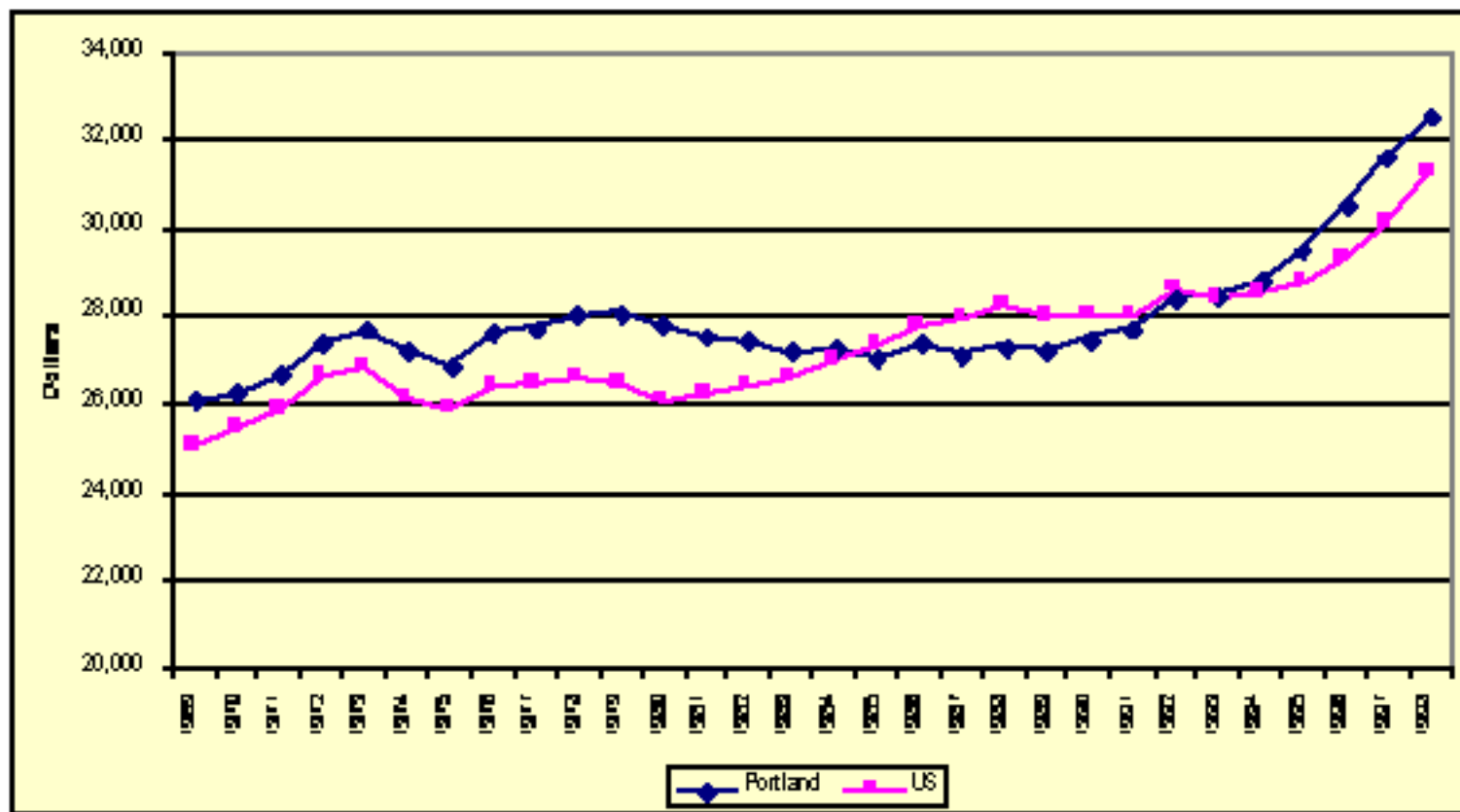
Source: Bureau of Labor Statistics

Figure 2. Regional Income has rebounded from 1980s slump*



* Per Capita Income in 1998 chained dollars
Source: Bureau of Economic Analysis

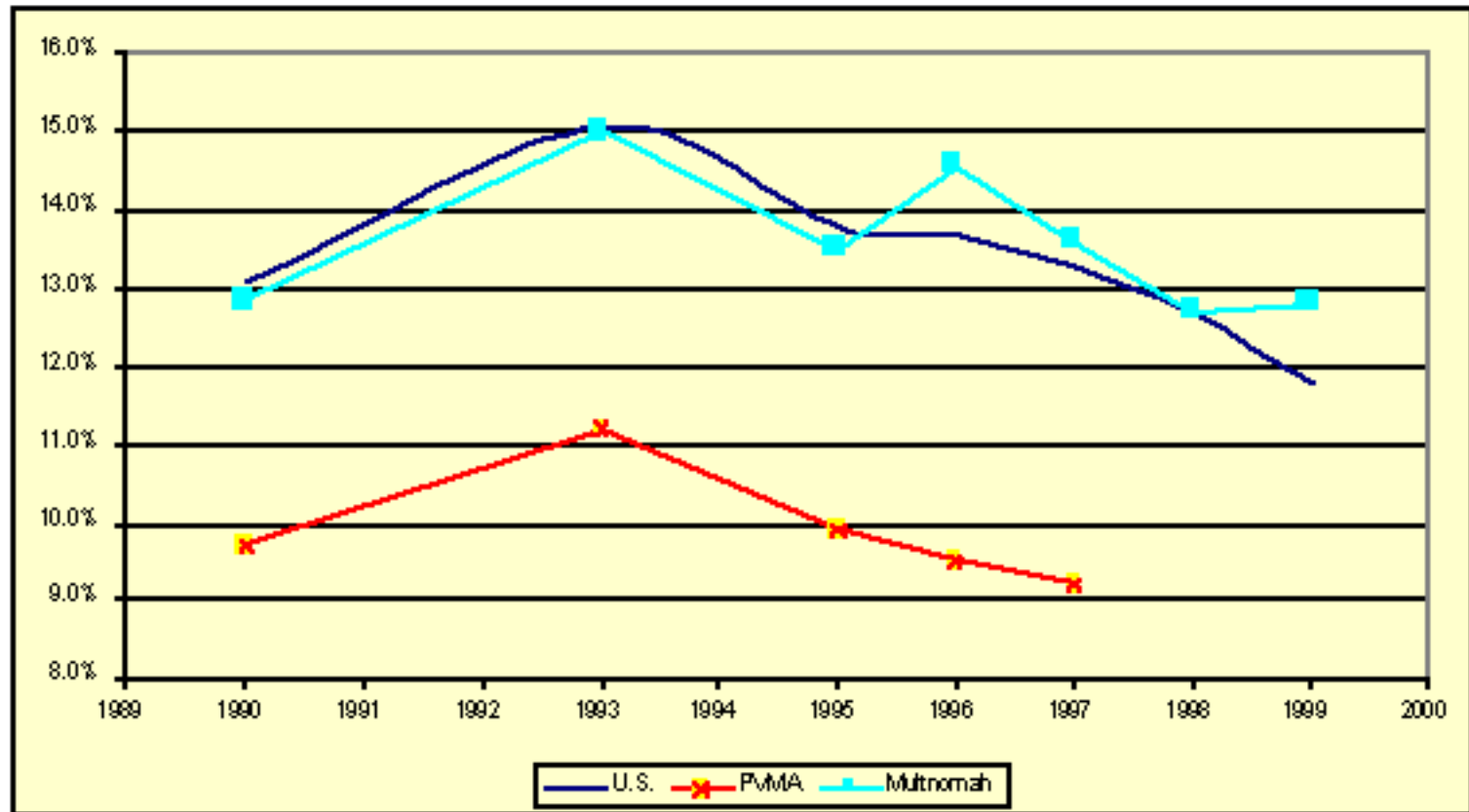
Figure 3. Average Wages are Up*



* 1998 Chained dollars

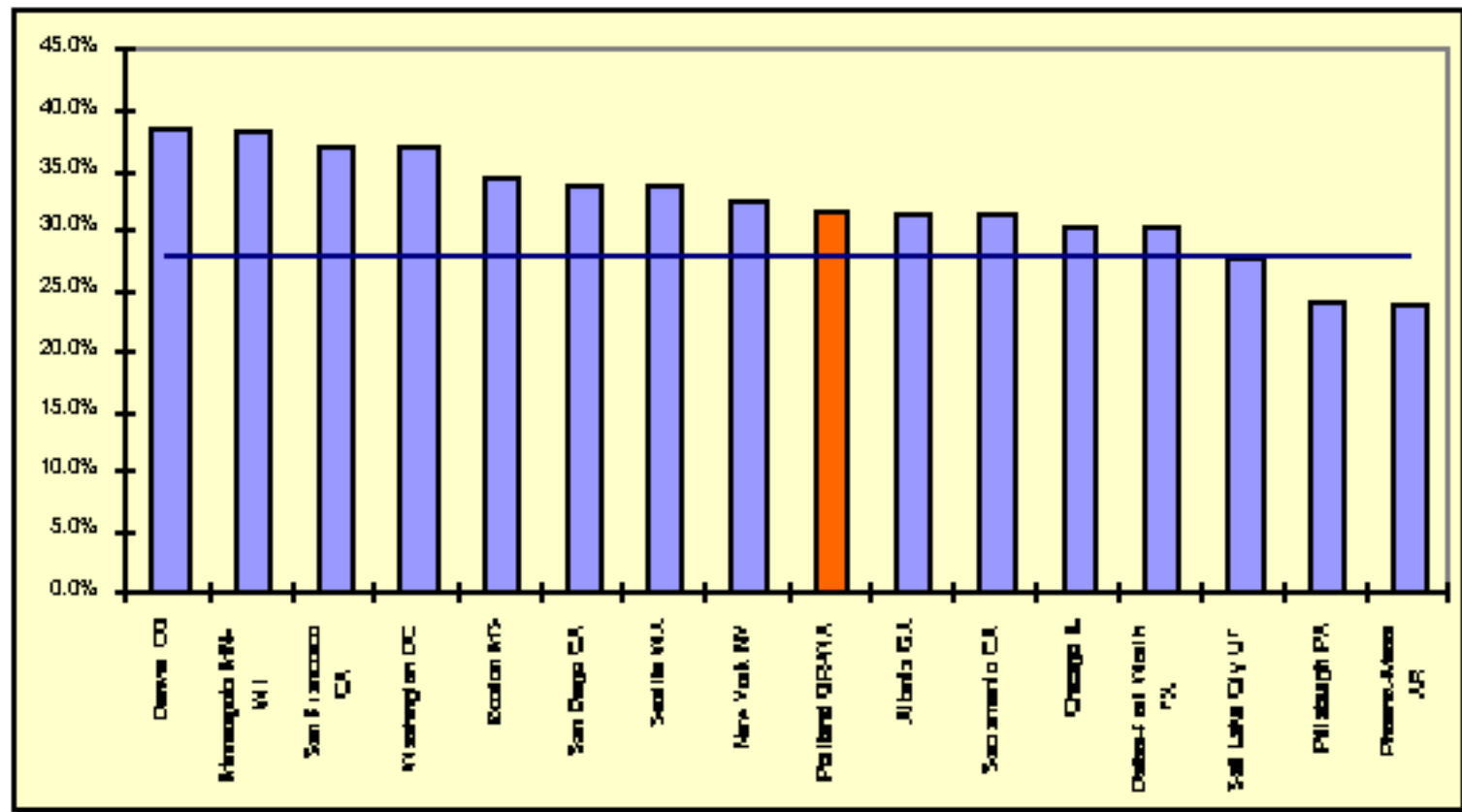
Source: Bureau of Economic Analysis, Regional Economic Information System

Figure 4. Poverty Rates



Source: (1) US Census Data, 1990 (2) American Community Survey Profile 1996, 1997, 1998 and 1999 (3) Current Population Survey, Census Bureau, 1997 and 1999

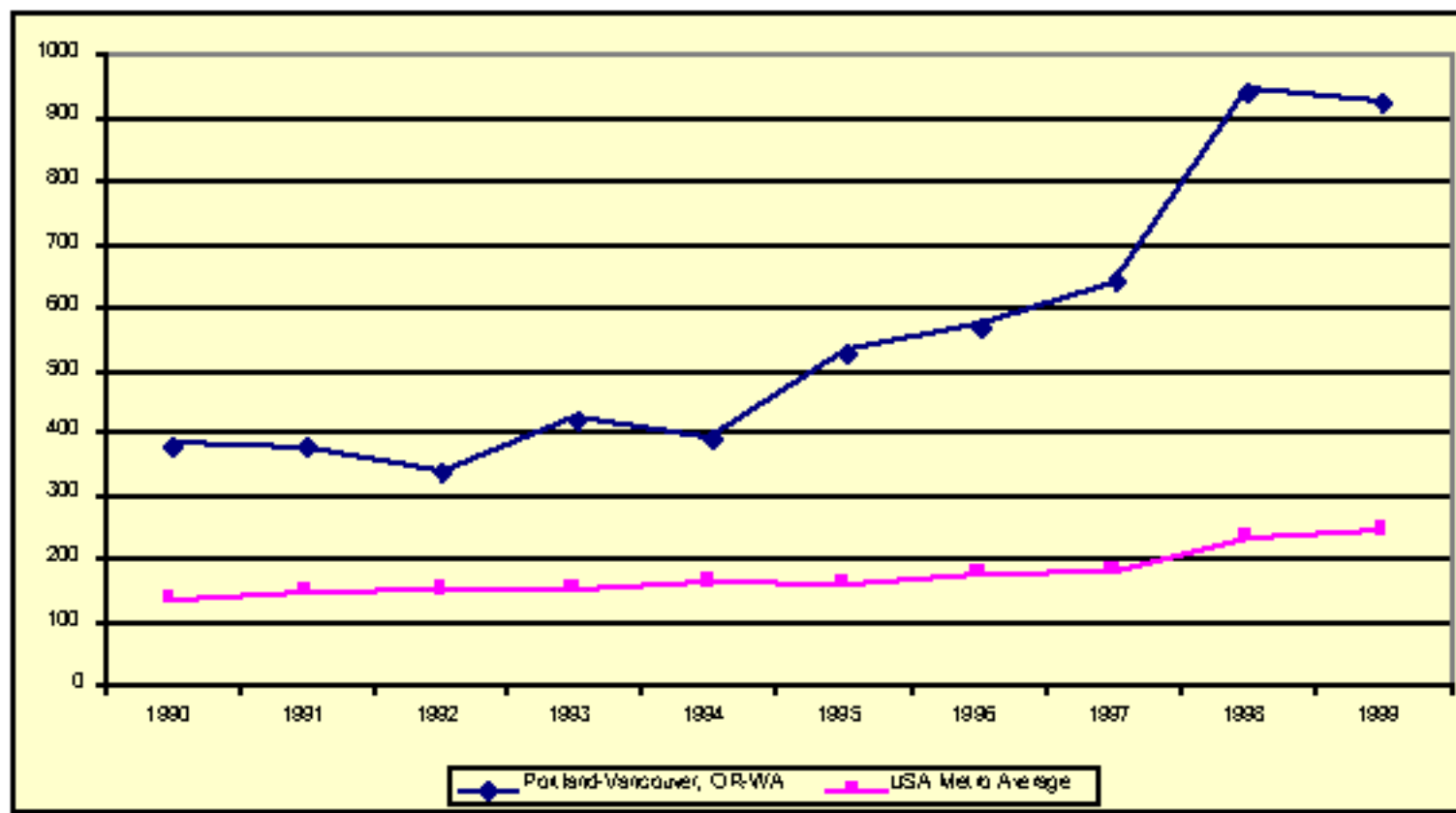
Figure 5. Metro Portland is Among Best Educated*



* Population 25 years and over with bachelor's degree or more. The line represents the USA Metro Areas average (1999)

Source: Bureau of the Census, CPS

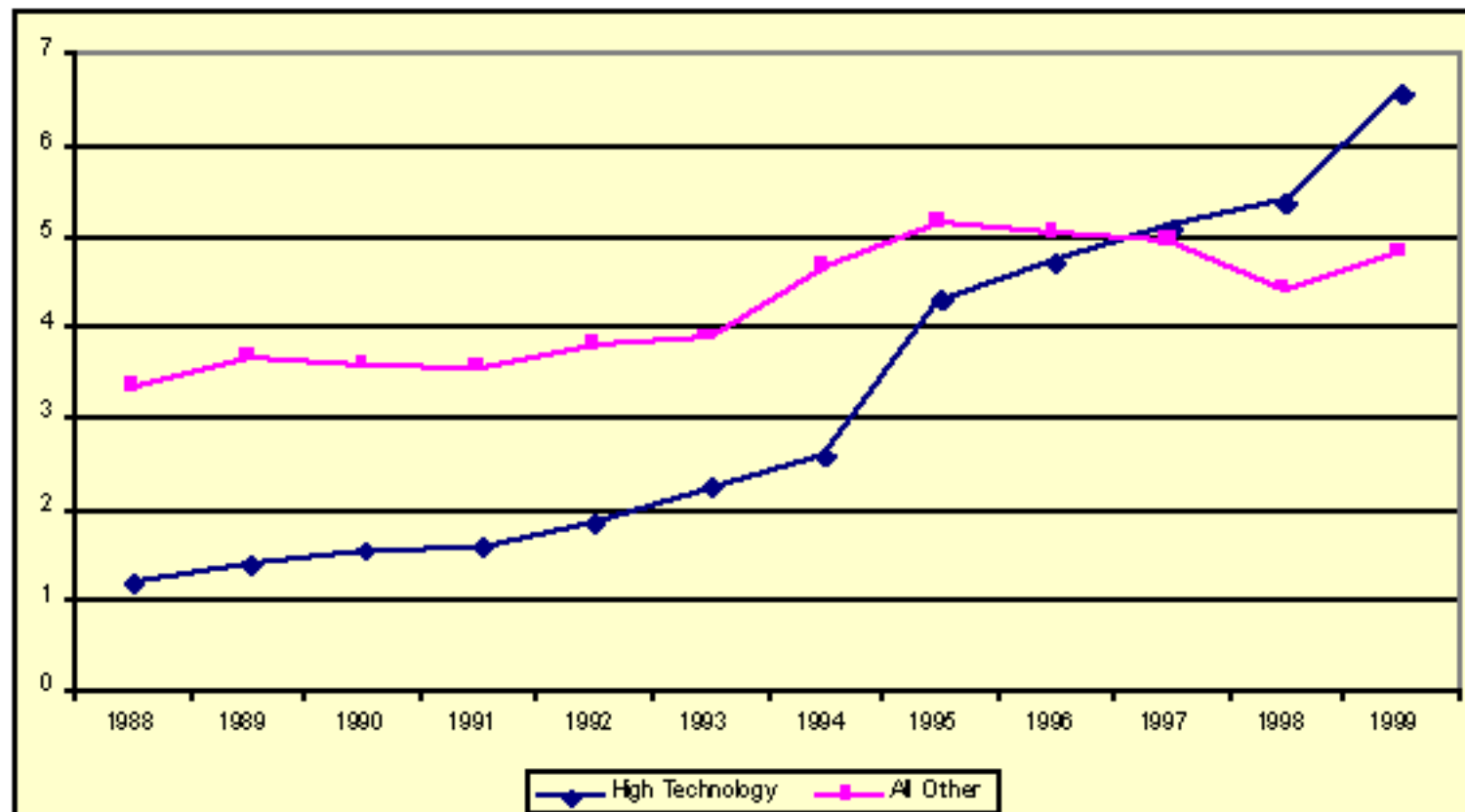
Figure 6. Knowledge Economy Evidence*



* Number of Patent Grants

Source: U.S. Patent and Trademark Office

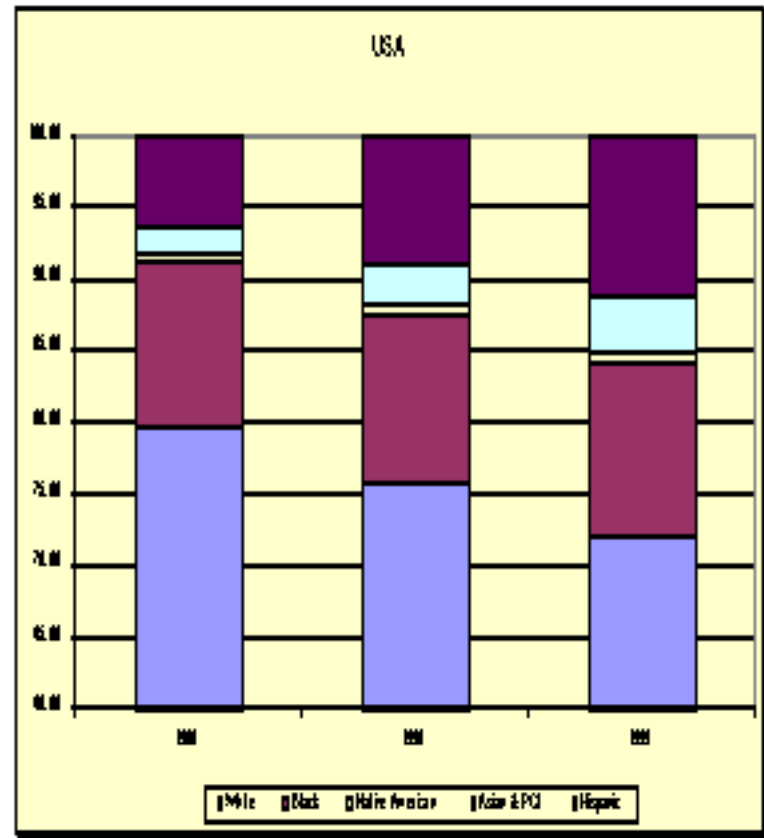
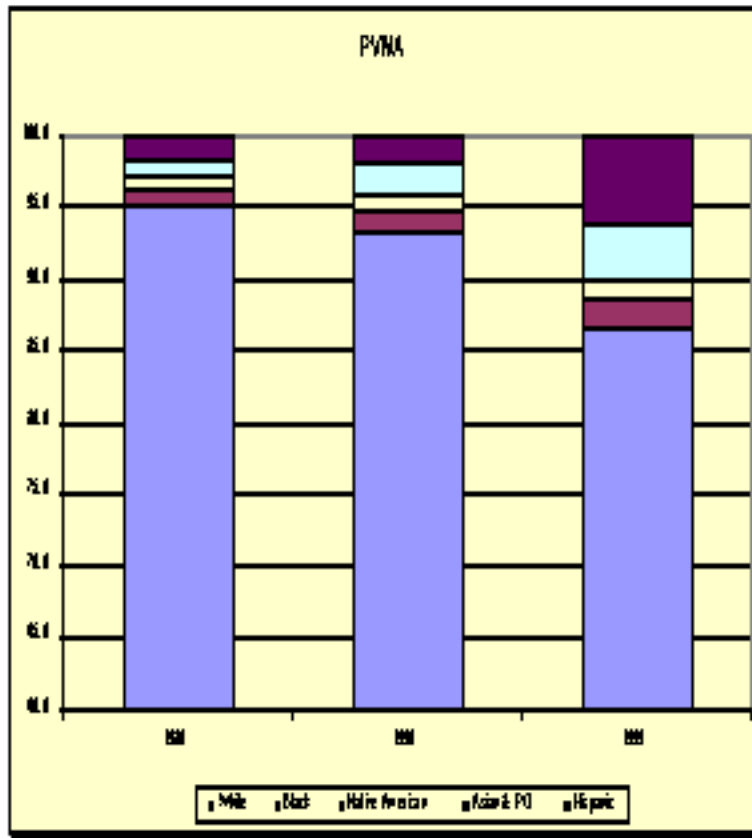
Figure 7. High Tech Exports Drive the Region's Trade*



*Billions of dollars

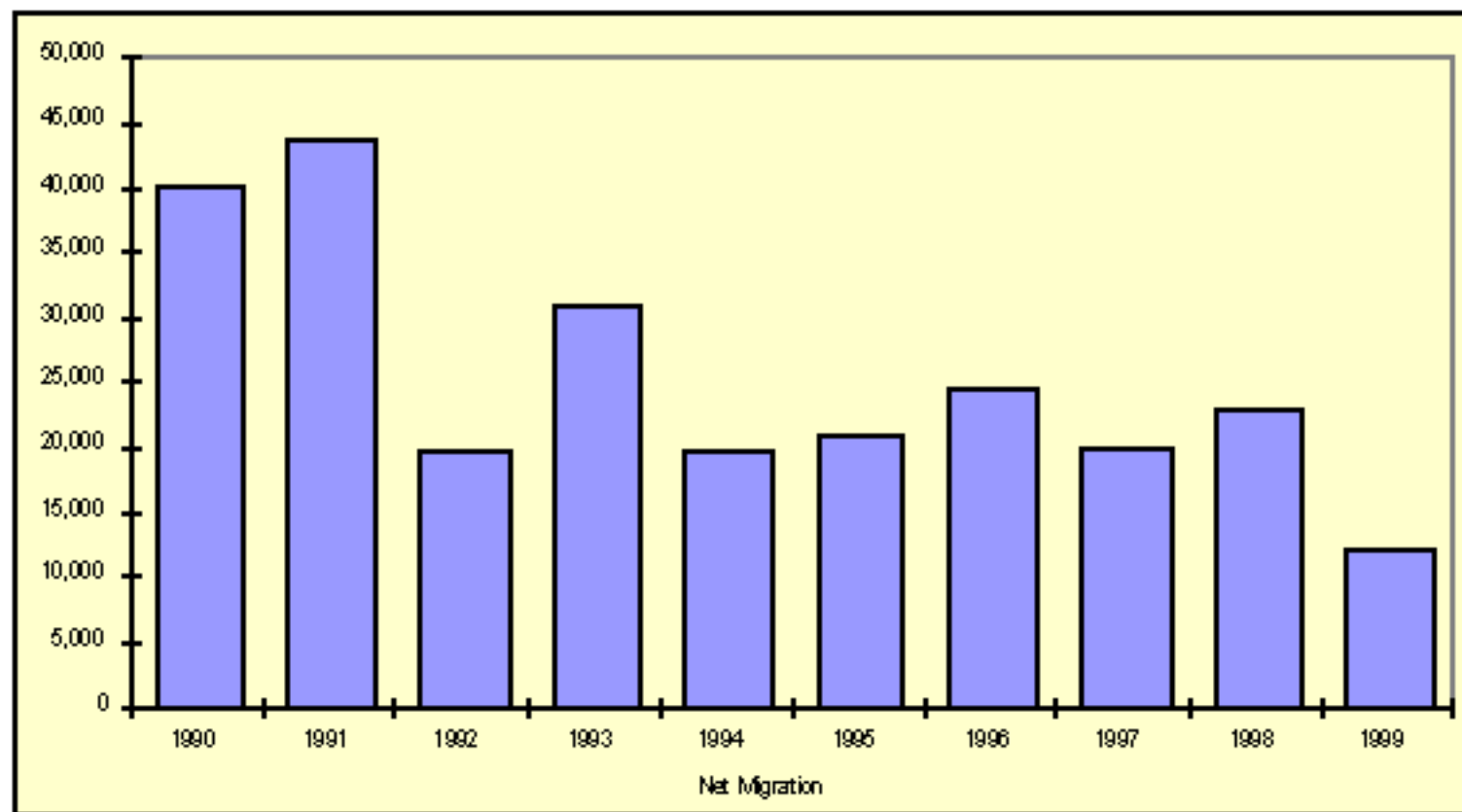
Source: Impresa

Figure 8. Our region is becoming more diverse



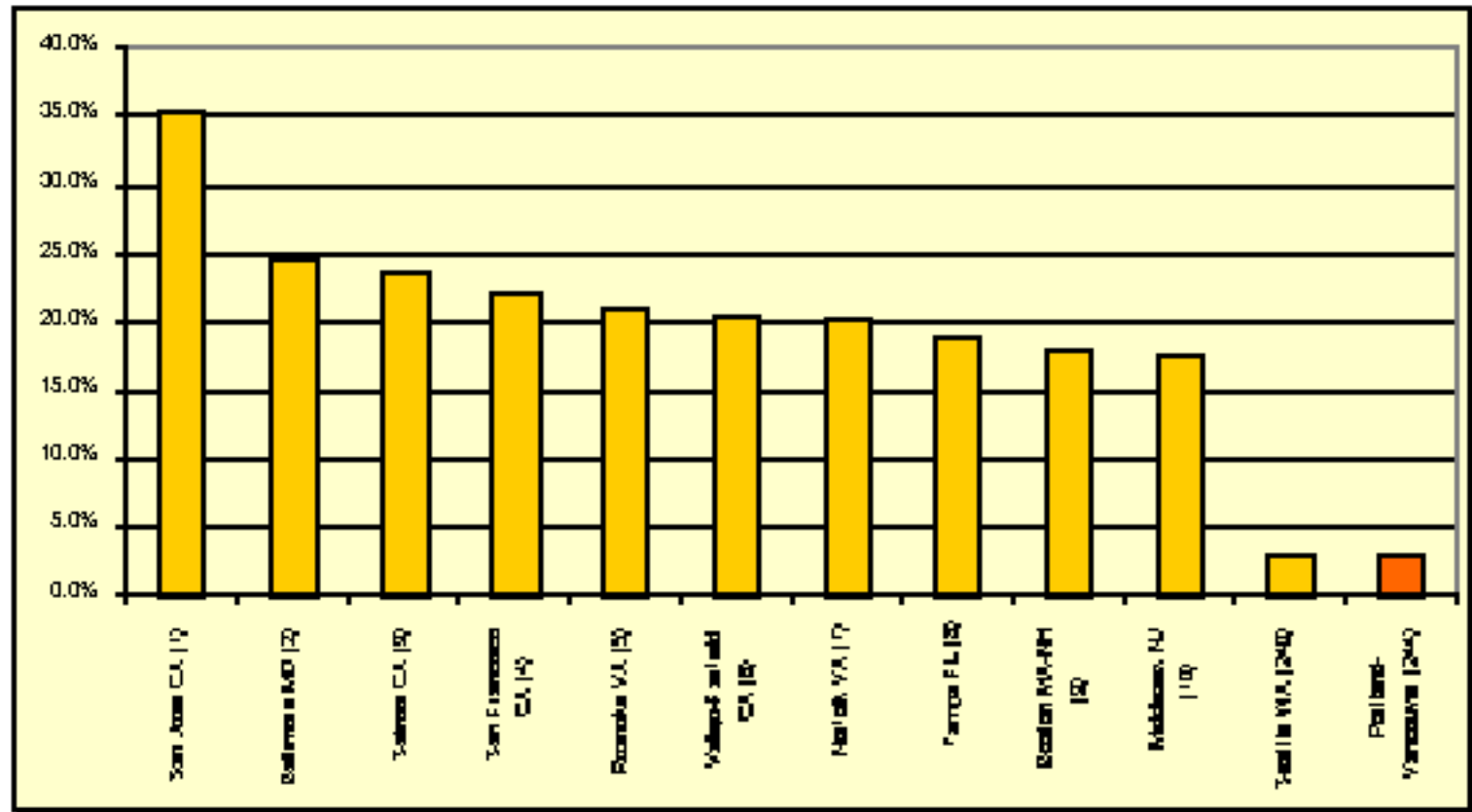
Source: US Bureau of the Census

Figure 9. Net Migration has slowed



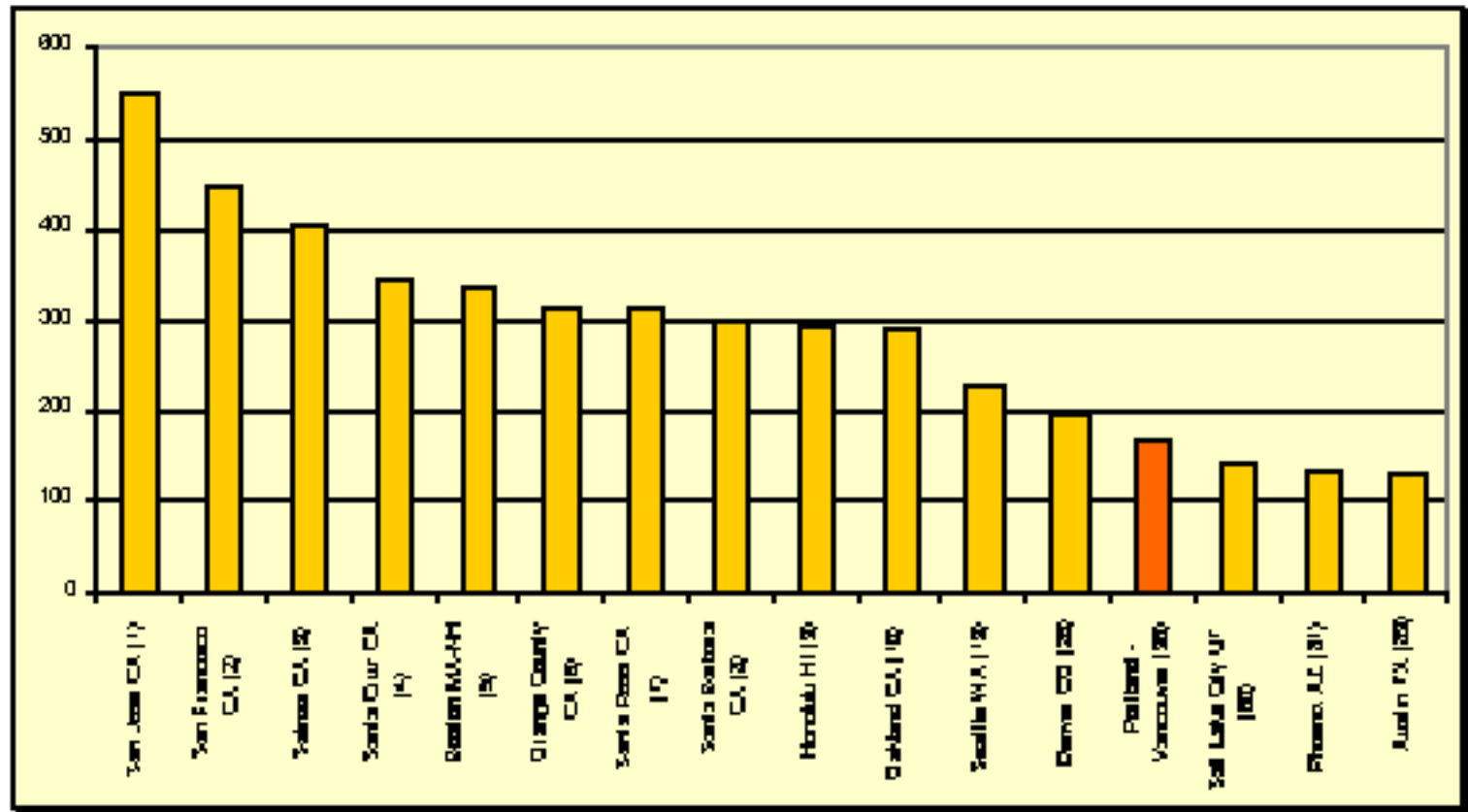
Source: Population Research Center, Portland State University

Figure 10. Housing Price Inflation has abated*



* Median home price percent change over previous year (3rd Quarter 2000). The figure in parenthesis shows the ranking.
 Source: The Dismal Scientist, Economy.com

Figure 11. Housing Prices



* Median home price in thousands of dollars (3rd Quarter 2000). The figure in parenthesis shows the ranking.

Source: The Dismal Scientist, Economy.com