

Packwood, Lewis County, Washington

Conducted by Lisa Tobe

NEAI Projects*

Year	Applicant	Project	Funding Source ¹	Amount
1994	Lewis County EDC	East County EDC Office	EDA	\$40,657
1995		East County Jobs Program	EDA	\$60,000
1997		East County Business & Tourism Development	EDA	\$70,000
1999		Packwood Community Action Plan	FS-RCA	\$7,500
1994 1996	The Lending Network	Business Loan Program Start-Up Revolving Loan Fund	RD-IRP	\$1,130,000 \$1,530,000
1994	Lewis County	East Lewis County Public Restrooms and Septic	FS-RCA	\$103,200
2000		Packwood Waste Water Feasibility Study	FS-RCA CDBG	\$46,000 \$24,000
1996	Centralia College	East County Campus	FS-RCA	\$250,000
1997	Water District 3	Water System Improvement	RD (loan/grant)	\$465,150
2000	Destination Packwood Association	Packwood Mill Feasibility Study	CERB	\$15,000

* Project funding reflects initial loan and grant totals. Final funding amounts may be different.

Background Context

Packwood, an unincorporated community, lies in the Cowlitz River Valley along U.S. Highway 12 in eastern Lewis County, Washington. Covering an area of approximately 1,375 acres, the community is surrounded by the Gifford Pinchot National Forest and lies within five miles of Mt. Rainier National Park. Packwood is approximately 90 miles east of Chehalis, the county seat. The metropolitan areas of Seattle and Portland are each a two to three hour drive away, and Interstate 5 is over an hour away. Primarily residential, Packwood also has a number of small businesses, an elementary school, fire station, water system, branch library, post office, Forest Service Ranger Station, and county-owned airstrip.

Brief History

Prior to European-American settlement, the Cowlitz tribe's aboriginal territory encompassed 2.4 million acres, including the area now called Packwood. The Salish speaking Cowlitz, whose tribal name means "spiritual seeker," were historically divided into four divisions: Upper Cowlitz, Lower Cowlitz, Lewis River Cowlitz, and Mountain Cowlitz (Ryser ww.cwis.org/Cowlitz/html). With an estimated population of 350 in 1840, the Upper Cowlitz or Taitnapam occupied a settlement known as "Chawachas," the present day location of Packwood (McClure 1997). The first interactions with Anglos began around 1833, when the Cowlitz began trading

1. Key to Funding Sources: CERB=Community Economic Revitalization Board. CDBG=Community Development Block Grant; FS=Forest Service (U.S. Department of Agriculture); RCA=Rural Community Assistance program; RD=Rural Development (U.S. Department of Agriculture); IRP=Intermediary Relending Program; EDA=Economic Development Administration (U.S. Department of Commerce);

fur with the Hudson Bay Company at a trading post at Cowlitz Farm.

As more Euro-American families arrived to settle in the area, they requested that the government open Cowlitz land to them. Territorial Governor Isaac Stevens held the Chehalis River Treaty Council in 1855 where he proposed a treaty in which the federal government would pay the tribe \$0.90 per acre for their property in exchange for relocating to a reservation on the coast. The tribe refused to sign the treaty, and a short war erupted between the tribe and the United States. Despite the absence of an agreement between the two entities, a presidential proclamation opened up Cowlitz land for public sale in 1863 (Irwin 1994).

In 1861, Billy Packwood and James Longmire traveled along the Nisqually River to find a shorter route to Yakima than by Naches Pass. Although unsuccessful in this venture, Billy Packwood returned to the area annually to work a coal claim he made during his first visit. Between 1880 and 1890, an increasing number of Anglo settlers moved into the area (McClure 1997). By 1890, 20 families lived along the Cowlitz River valley bottom. In 1890 large numbers of Appalachian highlanders migrated to the area from Kentucky, Tennessee, Virginia, West Virginia, and North Carolina. Most of these new immigrants were attracted to the area by the availability of land and seasonal employment, which they supplemented with small-scale farming and subsistence hunting and fishing (McClure 1997). According to McClure (1997:5), "Within a generation, the lifestyle, folklore, philosophy, and religious traditions of the Appalachian region had become the foundation of the local culture."

In 1897, President Cleveland established Rainer Forest Reserve (later the Rainer National Forest) with the passage of the Forest Reserve Act. All of the lands in the Cowlitz Valley were withdrawn from homestead entry. In 1897, the federal government hired a local settler to be the first ranger in the Cowlitz Valley (McClure 1997). The land was re-opened to homesteading in 1906. In 1907, the Forest Service created the Sulphur Springs Ranger District as a smaller administrative unit, and in 1923 moved its station's headquarters to Packwood (then called Lewis).

In 1910, the Valley Development Company hired 125 men to construct a dam at Packwood Lake as well as a penstock and flume line to divert water to a hydroelectric plant. To capitalize on this influx of workers, August Snyder and Hugo Kuhnhausen mapped out 10 acres of land to establish a town they called Lewis, in honor of the Valley Development Company president. In 1910, the first post office opened in town, and in 1929 the White Pass Highway was completed to Packwood. To decrease mail delivery confusion ("Lewis" was also the name of the county), and to honor what many considered the first Euro-American man to see the area, the town of Lewis was renamed Packwood in 1930 (McClure 1997).

In the 1930s, the timber industry gradually replaced the earlier agricultural focus of the upper Cowlitz Valley area. In June, 1935, Wes and Henry Kerr began operating the Kerr Bros. Mill in Packwood. They installed an electric plant, which supplied electricity to Packwood. This mill operated until 1944 when Paul W. Billings, Uno Ostrom, and J. W. Russell bought it and subsequently built an all-electric mill adjacent to it. Completed in 1947, the mill (now known as Packwood Lumber) employed 29 people (Panco 1989).

While the government cancelled all road contracts during World War II, timber sales increased dramatically. The military's high demand for wood changed Forest Service policy, which had allowed only small special use sales (McClure 1997). The end of the war revived road construction, and in 1951 White Pass Highway, connecting Interstate 5 to Yakima, was completed. Timber, road construction, and the local citing of the Forest Service facilitated Packwood's post-war growth.

In 1954, an active group of residents developed a community history and action plan. Long-term residents noted the general sense of collaboration and participation during this process. Some of their goals included building a library, recruiting a doctor and a dentist, and adding another church. All of these goals eventually became a reality. In the 1960s the town organized a volunteer fire department.

Over the years, Packwood Lumber grew and improved its equipment. By 1960, the mill employed 85 people and produced 100,000 board feet

of lumber per day (Panco 2000). In December 1963, Ostrom and Neidermeyer sold the mill to Walt and John Cotton. Packwood Lumber reopened in March 1964. The Cotton brothers ran the mill until 1972, when Pacific Lumber and Shipping (PLS) bought the business.

Two other significant changes occurred in Packwood in the 1970s. First, in an effort to improve the relationship between the county and the community, the County built a Senior Center for Packwood on land donated by the Packwood Improvement Club. Community elders use the center to receive meals and other services. Today, this center serves approximately 90 people weekly. During the same time period, developers began building houses in a subdivision, High Valley, about five miles outside of the downtown area. This development filled with a mixture of permanent and vacation homes, and in 1997 had a population of 462 permanent residents (primarily retirees) and 150 vacationers. As a private home association, residents own in common all its facilities, including the water system.

Since many residents work in other areas of Lewis County, county-specific industry statistics are relevant to Packwood's well-being. The county is changing from a resource-based, goods producing economy to a service economy. Lumber and wood products industry employment peaked in 1978 with 3,920 employees, and dwindled to 2,430 employees by 1990. This decline continued through 1993 with 2,250 employees. In 1994, the employment picture began to improve as value-added activities were implemented. In 1997 the declines began again (Washington State Employment Security 2001).

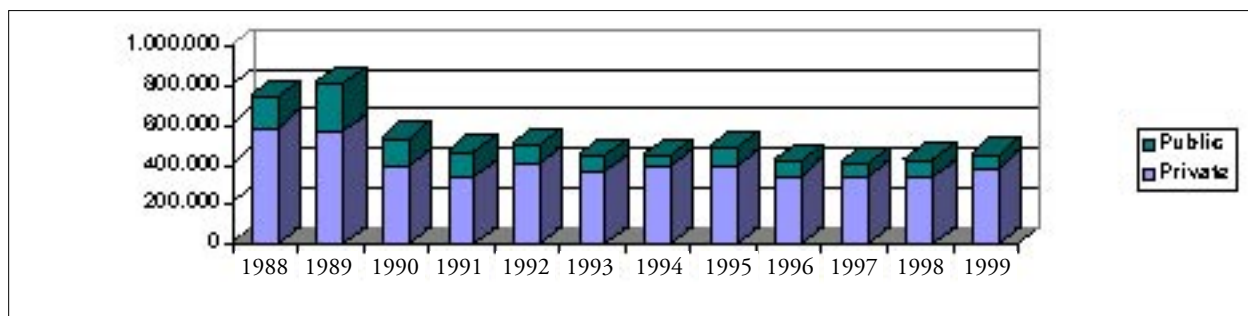
Employment in the county has shifted in other directions, with growth occurring primarily in the trade and service sectors. Service employment almost doubled between 1970 and 1990 and trade has more than doubled. Between 1995 and 1996, service and trade continued to grow at rates of 3.4 percent and 4.4 percent, respectively. This transition from natural resources to trade and services has contributed to a significant decline in worker wages (Washington State Employment Security 2001).

Packwood Lumber Mill Closure

In 1996, Packwood Lumber reached its peak employment of 205. Timber harvest in Lewis County experienced significant declines over the two decades from its peak of 813,640 mmbf in 1988 to a low of 407,890 mmbf in 1996 (Figure x). Most of this 50 percent decrease resulted from the minimal release of timber harvest sales from the Gifford Pinchot National Forest. Decreased harvests, along with increased mechanization and foreign competition played a role in the closure of Packwood Lumber in November, 1998. This closure came after the union representing the three mills in Lewis County decided to reject pay cuts. Packwood Lumber workers voted to take the pay cut, but were outvoted. The Packwood community lost 220 jobs (both mill and other timber jobs) with the closure.

Hampton Associates, a family-owned timber company originating in Oregon, purchased Packwood Lumber in 1998 as well as Cowlitz Stud in Randle and Morton. Hampton also owns two mills in Oregon and they purchased another Washington mill in February, 2002. Hampton laid off work-

Figure 1: Public and Private Timber Harvest in Lewis County 1986-2000



ers from the Randle and Morton mills while they completed a retooling process. The company, however, never reopened Packwood Lumber, because it was an inefficient mill tooled for large log cutting, which had less market demand. Unable to expand their kilns at the other two sites, Hampton has been using the Packwood Mill site to dry wood for their Lewis County operations. Many Packwood residents who continue to work in the forest products industry work in Hampton's mills in Morton or Randle.

Population, Household, and Employment Trends

As an unincorporated town, accurate population statistics are difficult to obtain. Using the Packwood zip code as a delimiter for 2000 Census information, the community has 1,209 residents. Changing zip code boundaries makes this impossible to compare to 1990 Census information. School enrollment provides another population indicator. The student population at Packwood Elementary has decreased by 40 percent, from 153 to 87, since 1990, with the most dramatic decrease (23 percent) occurring between 1997 and 1999. Several interviewees noted an out-migration of younger families when the mill permanently closed in 1998.

Current population statistics indicate that a high percentage of retirees have settled in the area. Packwood residents' median age averages 10 years older than the county average, at 48.6 versus 38.4 years. Roughly 22.4 percent of the people living in Packwood are 65 years old or older, compared to 15.5 percent for the county (2000 Census). In 2000, the average household size in Packwood was 2.2 people, as compared to the county (2.6), which reflects the greater number of retirees in the community (Census 2000). Packwood's population is 98 percent Cauca-

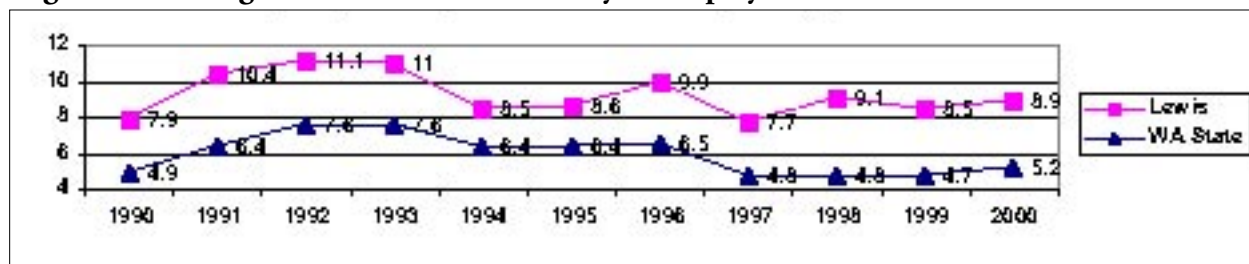
sian and two percent American Indian, similar to the county, which is approximately 94 percent Caucasian, four percent American Indian, and two percent Hispanic (Census 2000).

Less than half (43 percent) of the 1,290 housing units in Packwood are occupied, compared to the county occupancy rate of 89 percent. This reflects the high number of Packwood homes used seasonally as rentals or second residences (50 percent), while only four percent of county homes are used for this purpose.

While unemployment trends for the county tend to parallel the state between 1990 and 2000, the county's rates tend to be at least three points higher (Figure 2) with the largest gap (4.3 points) occurring in 1998. This may reflect a series of mill closures and permanent lay-offs in east Lewis County at the time. The County's unemployment rate peaked in 1992 at 11.2, decreasing to 8.9 percent in 2000.

The Washington Employment Security Department also collects information locally. Their most recently published data (1996) shows the Packwood zip code having 51 private firms employing a total of 656 workers. Average wage per employee was relatively high at \$30,598 (Table 1). Manufacturing provided almost three-quarters of the employment in Packwood in 1996 and 93 percent of the total wages paid. All other sectors have an average annual wage that is considerably below that of manufacturing. Forest products have traditionally formed the base manufacturing activity in Packwood. The closure of Packwood Lumber in 1998 decreased the local employment opportunities by 220 positions, which substantially decreased local area payrolls (E.D. Hovee & Company 1999).

Figure 2: Washington State and Lewis County Unemployment 1990-2000



Source: Washington Employment Security Department, 2002

Table 1: Packwood Area Private Employment (1996)

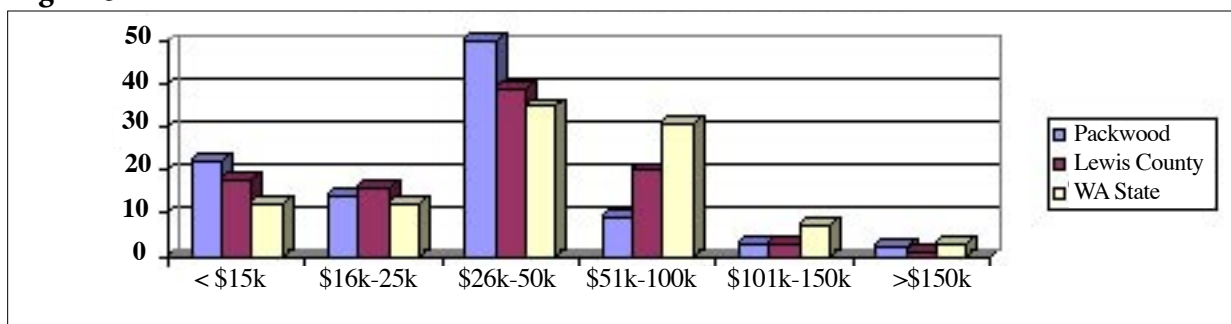
Industry	Number of Firms	Average Monthly Employed	Average Annual Wage	Total Wages Paid
Construction, Transportation/communications & Public Utilities	6	13	\$14,145	\$183,897
Manufacturing	6	482	\$38,863	\$183,897
Retail Trade	19	113	\$8,193	\$925,858
Finance, Insurance & Real Estate	4	8	\$7,208	\$57,666
Services	16	40	\$6,498	\$259,938
Total	51	656	\$30,598	\$20,072,329

Source: State of Washington Employment Security. Information is for private employers only, and excludes government agencies. Employment is by place of work for the 98631 zip code and for workers covered by unemployment insurance.

The state's median income (\$42,725) is 19 percent higher than the county (\$34,474) and 32 percent higher than that of Packwood (\$29,100). Household income distribution gives a more detailed insight into the Pack-

wood economy. Compared to county and state levels, Packwood has a larger number of families earning less than \$15,000, and a much smaller number of families earning between \$51,000 and \$100,000 (Figure 3).

Figure 3: Household Income Distribution



Source: ED Hovee & Company, 1999

Although economic data from the 2000 Census are not yet available for Packwood, school lunch data can be used as an indicator of poverty. The number of elementary school children eligible for free lunch has been variable throughout the 1990s, dropping to 35 percent in 1997 before increasing to 52 percent in 1999, the year immediately following the mill closure.

Key Issues

Growth Management Act

Washington State enacted the Growth Management Act of 1990 (GMA) to reduce the inappropriate

conversion of land to sprawling, low-density development. Focused on encouraging urban growth in urban areas, reducing sprawl, and meeting a dozen other quality-of-life goals, the GMA directs all cities and counties to take basic actions, including the protection of environmentally critical areas. If a county experiences a 10 year population growth rate over 10 percent before mid 1995 and 17 percent after mid 1995, they must complete the full set of requirements.

In 1993, Lewis County met the criteria for counties to fully implement the GMA. The County developed planning policies, urban growth areas,

Packwood, Washington



Packwood lies in the Cowlitz River Valley along U.S. Highway 12 in eastern Lewis County, Washington.

comprehensive plans, and development regulations before adopting their plan in 1999. To complete the initial planning process, the county utilized approximately \$380,000 per year from the state distributed among the county and its nine incorporated cities. This provided approximately \$42,000 per participant area, including the county's allocation for the unincorporated areas giving the county approximately \$300,000 between 1993 and 1998 to complete their planning process.

A group of Lewis County residents appealed the plan to the Western Washington Growth Management Hearing Board for several reasons, including problems with limited public input, parcel size, and industrial land use. The board returned a 91-page ruling that invalidated portions of the plan including its rural policies and development regulations. The state questioned the county's interpretation of the Limited Area of More Intense Rural Development (LAMIRD), which resulted in boundaries that the state found unacceptable. The county drew its LAMIRD boundary based on expected growth instead of development patterns as the state required. "They [the GMA hearing board] then indicated the boundaries they felt were demonstrable according to the statutory criteria," a

state employee said. As a result of these rulings, the County has chosen not to process development permits for properties in the areas under review.

The suggested LAMIRD boundaries and the curtailment on rural development permits further contributes to the perception among Packwood community members that Growth Management regulations inhibit economic growth in East Lewis County. Although the GMA provides for commercial and industrial development outside the LAMIRD, the County must establish standards to ensure consistency with rural scale and make adequate provisions for larger businesses. This may have implications for the mill site, the Packwood Business Park and at least two hotels on either end of the community. Realizing the importance of the comprehensive plan for the future of their three mill sites, Hampton Lumber has actively participated in discussions related to the new planning regulations.

Since the ruling, the county has been making concerted efforts to address the GMA's concerns, particularly focusing on public involvement, rural densities, and LAMIRD boundaries. The state has paid \$116,000 towards new planning work. Lewis County turned in their up-dated plan to the GMA

growth management hearings board and has had most of the plan approved, which includes revised LAMIRD boundaries and new provisions for businesses to expand in locate to the rural areas.

Issues surrounding the GMA have divided the community. “County commissioners at the time were trying to get a plan approved that would cause the least amount of disruption and control,” a Packwood resident said. “They were trying to go by the letter of the law but not give any more power or control to the environmental lobby.”

The LAMIRD boundaries issue in particular has engaged public involvement. GMA meetings held in Packwood have lasted several hours (up to 12) and have had high attendance (an estimated total of 300 people in two meetings). Many Packwood residents expressed anger about what they perceived as outside control over their community. “The court says that it is supposed to be a locally driven plan, a bottom-up plan, and yet we have people at the state level who dictate what’s supposed to be in the plan,” a resident said.

Several interviewees, including agency representatives and Packwood residents, criticized the county’s earlier process. “They [the county] didn’t do the job right the first time, so we went back and rewrote it,” a Packwood resident said. “They didn’t follow the growth management guidelines. They didn’t have adequate public input.” This has created additional work, not only for the county, but also for community mem-

bers active in the GMA process. “We in East County have done a lot of work to try to overturn the GMA ruling,” an advisory committee member said. “A lot of time, money and anguish could have been saved had they sought to understand and apply the appropriate mechanisms and techniques consistent with the law,” a state employee said. “In the end they will achieve nearly the same results with respect to economic development that they desired in the first place.” The impact of the GMA will be discussed in more detail within the context of the projects.

Packwood’s Relationship with Lewis County

Packwood residents often feel that they receive inadequate services compared to other communities closer to the county seat. Despite this on-going distrust of the county government, many residents have united to support Lewis County’s efforts to overturn the GMA decision. Angered by outsiders’ attempts to determine local issues, Packwood residents have been actively engaged in on-going community involvement efforts and the development of new growth management plans for their community. This new collaboration may have positive impacts on future planning efforts both for Packwood and the county. Ironically, the GMA, which has effectively shut down most economic development activities in Packwood, has increased social capital by creating a new collaboration between these two entities.

NEAI Projects and Programs

Community Economic Revitalization Team (CERT)

One of the primary mechanisms for implementing the Northwest Economic Adjustment Initiative (NEAI) was the development of State Community Economic Revitalization Teams (SCERTs). The SCERTs worked with tribal governments, local governments, and private and non-profit organizations to coordinate the delivery of state and federal assistance. In Washington, the SCERT (WA-CERT) was staffed by the pre-existing Governor’s Timber Team (now the Governor’s Rural Community Assistance

Team – GRCAT), formed in 1991 by the state legislature to coordinate assistance to timber-dependent communities. WA-CERT members included state representatives for each of the federal agencies, representatives of state government who were appointed by the governor, and representatives of local government, also appointed by the governor with approval of local governmental organizations. As part of an effort to streamline funding and provide “one-stop” shopping for projects, communities and other eligible entities submitted two-page proposals to WA-CERT.

Top priority projects were often assigned a scoping agent—a representative from a state or federal agency whose role was to facilitate project development and help guide a project through the application process. In January, 1998, administration of WA-CERT was transferred to the Washington Department of Community, Trade, and Economic Development (CTED – currently the Office of Trade and Economic Development – OTED).

Local Implementation of CERT

County-Level

The Lewis County Economic Development Council (EDC), a private nonprofit corporation formed in 1983 to diversify and expand Lewis County's economic base, is a dues-based organization with 300 members. Committed to business development, the EDC board represents industry, government, labor, and education. Annually, it receives \$15,000 in federal monies from the Cowlitz-Wahkiakum Council of Governments EDD (Economic Development District) and \$29,000 from the state to provide economic development assistance to county businesses. In this capacity it

- Assists companies in defining facility requirements and completing site selection;
- Identifies permit and regulatory requirements and determines required client action;
- Reviews financial options;
- Administers a revolving loan, The Lending Network, to provide financing and related services to businesses;
- Helps define employment requirements and information about resources and programs available to satisfy those needs; and
- Provides referrals to businesses to assist in the expansion or relocation process.

The EDC also coordinates a committee to administer the county infrastructure fund (.08 percent tax monies), which focuses on job creation¹. With these tax monies directly under county control, the committee determines funding levels for county infrastructure projects.

The EDC ranks WA-CERT projects on a quarterly basis, using criteria determined by the county. The County Board of Commissioners, the body responsible for approving the prioritization, typically accepts the prioritization list as received from the EDC. As part of the prioritization process, the EDC will contact organizations that currently have projects listed on the WA-CERT list, as well as agencies that have submitted an application for a new project. Project applicants may informally participate in the prioritization process by lobbying to get their projects ranked higher on the prioritization list. Due to the limited outreach, those seeking funds often learned about the WA-CERT process when they contacted the state or federal agencies for assistance. After CERT prioritization list has been completed, it is placed in public notices distributed throughout the county, and is a regular agenda item at meetings of the County Board of Commissioners.

Funding agencies expected that county-level CERT activities would offer a formal structure for providing assistance to potential applicants. “Ideally it would be the EDC’s role to help work with people to develop projects and move forward,” one agency representative said. In fact, the EDC preferred applicants that were prepared to move forward with their projects and had identified potential funding sources before submitting projects for prioritization. The EDC rarely provided technical assistance to applicants in preparing pre-applications or in developing Initiative projects. What resulted was a situation where state and federal agencies provided assistance directly to communities to help them develop their projects. In one instance a Forest Service representative who began attending meetings at an organization in Packwood, informed the group about WA-CERT and helped them to develop their grant applications. This relationship has continued to build since its initiation in 1998, providing the community with ready access to Rural Community Assistance funds. Packwood has received three RCA planning grants within a two-year period.

According to an EDC representative, this is a process that does not deserve more time or a formal

2. In 1998, the Washington State Legislature enacted a bill that provided a sales tax rebate of eight percent for its distressed counties. The county may use this money for infrastructure or economic development activities.

committee, because rankings do not directly determine funding from participating agencies. “If the Forest Service said ‘if you rank it first, then we would fund it’ we would probably do it differently,” he said. To clarify, he added that ranking in and of itself does not matter if you cannot find an agency with available funding interested in an applicant’s project.

While at least three state/federal programs (the State Public Works Trust Fund, the Forest Service Rural Community Assistance Program, and the Office of Housing and Urban Development’s Community Development Block Grant program) use the WA-CERT rankings in their funding determination, a high rank does not guarantee funding or technical assistance. Originally, WA-CERT assigned the top three projects in each county a scoping agent who would help guide the project through funding and implementation. Time constraints have prohibited this from occurring on a systematic basis.

The CERT process has had little if any impact on the way county and community-based agencies pursue or collaborate on projects. Receiving no additional federal or state support to provide technical assistance to potential WA-CERT applications, and unaware of tangible financial outcomes of their prioritization process, Lewis County EDC has put little time into this process. This left those community organizations with more resources and political

clout better situated to take advantage of the additional monies available during the Initiative. The Packwood projects funded through the Initiative process happened with minimal assistance from the Lewis County EDC.

Community-Level Projects

East Lewis County Public Restrooms and Septic

In 1992 several residents from five communities in East Lewis County formed the PRIDE group to address economic development in East Lewis County. With support from the Forest Service, they developed a community action plan. During these discussions, the group established a goal to secure funds to build a public restroom in East Lewis County. The county supported this effort because there were no public restrooms between Yakima and Centralia, and Washington Department of Transportation (WS-DOT) did not have plans to develop one over the next 20 years. The Packwood Improvement Club initially offered their property as one possibility. However, after several meetings with the Forest Service and the County, the Improvement Club membership voted against the idea because they thought it would be too difficult to maintain.

With money available, the Forest Service representative continued looking for a location and eventually brokered a deal with the Washington De-



Public restrooms located 5 miles west of Packwood

partment of Natural Resources, which provided a parcel of land approximately five miles west of Packwood. At this point, the Forest Service granted Lewis County \$103,200, which the county matched with \$181,800 of their own money and \$65,000 from WS-DOT.

Shortly after its dedication, the county transferred the property's title to the Federal Highways Commission, who in turn gave it to WS-DOT, the agency currently responsible for the estimated \$100,000 annual maintenance costs. Because of the federal dollars involved in the project, the county had to first transfer the site to a federal agency, who then could pass it to a state agency. While the restroom provides a much-needed public facility in East Lewis County, it does not directly address local economic development.

East County EDC

Between 1995 and 1997, the Lewis County Economic Council administered three grants totaling \$170,657 from the Economic Development Agency. They used these funds to establish a branch office in Morton to increase economic development opportunities in East Lewis County. The EDC saw these funds as an opportunity to address long-standing economic development issues in East Lewis County. "East County suffers from a declining natural resource base, and because of that, they don't have options and alternatives to recruit people," an agency representative said. "We were putting band-aids on problems in East County."

In 1995, the EDC initiated an outreach campaign to inform businesses about their services. Despite giving only limited assistance to agencies seeking Initiative monies, they provided businesses with planning, marketing, financial, and management assistance. The EDC also helped East County communities identify funding sources for infrastructure projects. During its first year, the EDC provided business counseling for over 60 individuals and existing businesses and served as the core support staff for a Public Development Agency (PDA), a quasi-governmental agency without taxing authority that can accept grant funds.

The Lewis County Commissioners officially chartered the PDA in May, 1996, and EDC staff

completed the by-laws and agency charter. According to a PDA board member, they could not have done it without the expertise, experience, and personality of the EDC's director. Federal and state agencies feel that this work represents a progressive attitude among its organizers. "What we did find were very aggressive middle-level people who wanted to see things happen and would volunteer their time to set up a PDA," a federal agency employee said.

The EDC's quarterly report noted other accomplishments of the East EDC office. In addition to the establishment of the Public Development Authority, the report also noted that the EDC's efforts helped create a net increase of 100 jobs during the first two years of its program. Despite these two accomplishments, most interviewees felt that the East County EDC had a limited impact in Packwood. No one could name a Packwood business that received financing through or had been sited in the community because of the EDC's efforts. One Packwood business owner who attempted to secure a loan from the Lending Network, an intermediary relending program housed at the EDC and funded through Rural Development, expressed frustration with the lack of technical assistance. "He [the loan officer] gave me a bunch of forms, and told me to fill them out," he said.

Early in their third year of funding, EDC board members met with 20 of their counterparts in East Lewis County to solicit a commitment for direct participation and financial support to continue the East EDC. When only one person agreed, the board closed the East County office and decided to use the Public Development Authority as the economic development engine in East County.

Packwood Business Park

During its establishment process, the PDA decided it needed to establish a business park in East Lewis County to address the economic development goals in that area. After researching different locations, the agency agreed to pursue these plans in Packwood. The PDA negotiated a one-dollar annual lease with the county on a \$700,000, 16-acre parcel in Packwood for a 50 year time period. Public facilities monies (.08 funds) administered by the EDC paid for a land survey and a feasibility study.

Using this study, the PDA developed a conceptual plan and cost estimate. According to an EDC report to the EDA, the consultant estimated that the business park would produce 60 family-wage jobs during its first phase. The PDA planned three other phases and buildings.

With technical assistance from the EDC, the PDA used these results to secure a \$300,000 grant and a \$162,000 loan from the Community Economic Revitalization Board. County public facilities monies also provided \$150,000. The Lending Network guaranteed the loan. Despite active recruitment before the facility's completion in 2000, the 8,000 square foot building remains unoccupied. Located outside the area designated for growth by the Growth Management Board, the Business Park's potential clients have expressed fear about expansion limitations and non-conforming use clauses. One client, an electronics assembly company, decided to locate elsewhere. On-going negotiations related to GMA has made recruitment difficult.

Frustrated by GMA restrictions and the facility's continued vacancy, residents expressed diverse opinions about the business park. "I think it would have been great if they would have had some businesses come in there, but with the zoning laws, nothing will happen," a Packwood resident said. Another long-term resident added, "They [PDA] say you have to have a building down there to attract business, but they have a building and still haven't attracted business. We're just a little bit too far away from the bigger cities." Conversely, those involved in the PDA expressed confidence that the business park will provide much-needed diversification for the community. In either case, the GMA decision will play a key role in the future of the business park.

Water System Improvement

In July, 1995, while operating under a state moratorium, Lewis County Water District No. 3, which included Packwood, completed a Water System Plan, identifying and prioritizing approximately \$1,061,000 worth of necessary improvements. The

improvements included construction of a second well; installation of meters on all services; location and repair of leaks; replacement of existing wooden and undersized waterlines; and installation of fire hydrants throughout the system. Subsequently, the Health Department requested the District to install a booster pump station to provide homes at higher elevations with better water pressure. According to Rural Development, the water District was losing 70 percent of its water. "They would spend money to treat water and as it went through their lines they were losing most of it. It wasn't a cost effective way to do business."

To address these issues, the District raised their base water rates from \$17/month to \$24/month and its coverage charge from \$1.70/100 c.f. to \$2.40/100 c.f., allowing it to begin implementation of the Water System Plan. In 1995 and 1996, the District installed water meters for all customers, repaired several significant leaks in the system, and completed construction of a new well.

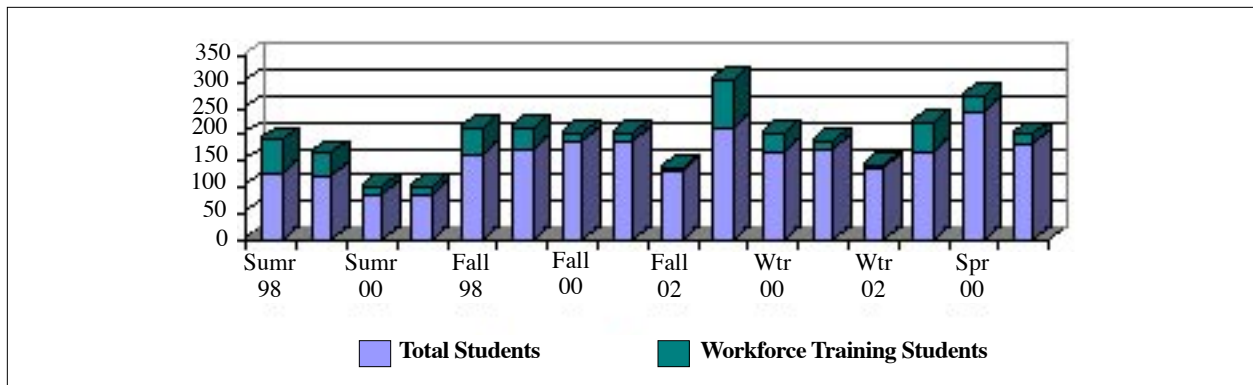
In 1997, the Rural Community Assistance Corporation³ assisted the District in securing a \$465,150 grant from Rural Development to replace its wood stave lines with 5,870 linear feet of PVC pipe, add the booster pump station, and add five fire hydrants to its system. The district provided a local match of \$88,375. When the district completed the improvements in 1999, the state lifted the moratorium.

Centralia College East

Centralia College East began operating out of Morton High School, located 36 miles from Packwood, in 1983, where they served between 90 and 140 students quarterly. This site had limited space, and because of its location in a high school building, many current and potential students who may not have been successful in high school were uncomfortable attending classes. In an effort to improve attendance, in 1994, the college assessment committee funded a study to identify and rank several potential properties for a new site. Most properties were cost prohibitive, but in 1996 the college ne-

3. Incorporated in 1972, RCAC provides technical assistance services and training related to rural drinking water and wastewater treatment systems, solid waste programs, housing, economic development, comprehensive community assessment and planning, and compliance with environmental regulations. The agency typically works with communities with less than 10,000 residents.

Figure 4: Workforce Students as Percentage of Total between 1990 and 2000



Source: Centralia College East Records, 2002

gotiated the transfer of a 0.9-acre parcel of property adjacent to the high school.

During the same time frame, college administrators submitted a CERT pre-application request for \$250,000. After the Lewis County Commissioners ranked the project as one of the top three priorities, the Forest Service provided a scoping agent and completed a site visit. Despite a Forest Service suggestion to resubmit the application as a planning grant at a reduced funding request, the agency assisted the college in completing a full proposal. Finally, in June, 1996, the Forest Service awarded the Centralia College Foundation \$250,000. The foundation also secured \$199,162 in donations and \$12,182 in in-kind labor.

In line with its goal to develop individual and economic development capacity in eastern Lewis County, Centralia College East proposed that the new site would:

- Expand its programs;
- Provide significant opportunities for unemployed workers and decrease an elevated unemployment rate;
- Facilitate the seamless transition from high school to post-secondary training (for example, increased options for Running Start students, implementation of Tech Prep);
- Increase access to the Adult Basic Education program, serving adults and young people in the community who have not completed their high school education; and
- Increase technological capabilities, such as two-way interactive video, broad access to

the internet, and networking with area high schools.

From planning to completion, Centralia College and its Foundation formed strategic alliances with several other organizations including the City of Morton, the Lewis County Commissioners, Morton School District, Altrusa Club International Chehalis/Centralia, Security State Bank, Tacoma City Light, Andrew Noel Construction, eight other corporate and foundation donors, and 53 community organizations and individuals.

Students began attending classes in the new building in the fall of 1997. Since then, "...(the college) has provided a stepping-stone so people get used to the idea of education without having to deal with the impersonal institution," according to one administrator.

Soon after the college's dedication, East Lewis County mills laid off approximately 349 workers (Pacific Mountain Workforce Consortium, 1998). The influx of dislocated workers increased the college's enrollment and full-time equivalency numbers significantly. During Winter Quarter 1999, the college had its highest number of students on Workforce Contracts (92), which was 43 percent of the total student population (Figure 4). The next highest quarter was in the Summer of 1998, with 65 students representing 52 percent of the total student population. Currently, Workforce Contract students represent one percent of the total enrollment. Total full time enrollment peaked at 114 full-time equivalent students (FTES) in the Winter Quarter of 1999 before falling back to 55 FTES in the winter of 2002.

Many workforce students participated in basic education and a program called New Chance, which was designed to reintroduce dislocated workers to an academic environment and teach appropriate job search skills. The nine-week New Chance course focused on increasing self-esteem, improving basic education and computer skills, providing information on career choices, and teaching resume writing and interview skills. Four sessions of the New Chance Program served approximately 200 workers. A mill worker close to retirement age attended New Chance hoping that the mill would reopen, but said the program gave him an opportunity to refresh his learning skills. “You could draw on unemployment and not have to look for work,” he said. However, after his class, this worker did not return to school or work.

Since at least 356 Packwood residents have attended classes in the new facility, the building seems well utilized. In general, most interviewees who discussed the college were complimentary of the resources it provides for East Lewis County.

Packwood Community Action Plan

In 1993, the East Lewis County PRIDE group, a collaborative of Packwood, Randle and Glenoma

residents, completed a SWOT (strengths, weaknesses, opportunities, threats) analysis and subsequently developed a multi-community plan. Although effective at initiating conversation between communities, specific intended outcomes for Packwood were limited.

In the fall of 1997 as the mill closure became more imminent, a group of local business owners started the Destination Packwood Association (DPA) to focus on tourism as a way to address economic diversification. Working with the Lewis County Economic Development Council, DPA secured \$7,200 from the Forest Service-RCA to develop a community action plan. Its goal was to “set out specific strategies for improved economic opportunity, quality of life, and town character, as well as assure a sustainable mechanism for planning and implementation of community and economic development projects.” The association intended to garner broad community participation to identify locally driven actions that could be supported with outside funding or technical assistance.

A consultant from E.D. Hovee & Company worked with DPA to survey local businesses (13 of 35 responded) and run two community meetings, each of which had 35 participants. These assessments fo-

Text Box 1: Packwood Vision and Goals

Envisioning Packwood

We envision Packwood as a community of residents, business enterprises, visitors, and the central gateway to Washington’s Cascade Mountains offering diverse and unforgettable opportunities involving recreation, family-wage employment, and residents of all ages.

Goals of the Packwood Plan

Economic Opportunity: Encourage a broad range of entrepreneurial, natural resource, industrial, service, and tourism-related business activities providing full- and part-time employment; thus serving the needs of Packwood area residents with emphasis on re-establishing family-wage employment opportunities.

- Objective – Visitor Promotion

Quality of Life: Take steps to improve Packwood’s livability as a family-oriented community, supporting youth and elderly interests, and local businesses.

- Objective – Youth Recreation

Town Character: Clean up and beautify Packwood as a gateway community with particular focus on visual appearance of the Highway 12 corridor.

- Objective – Community Beautification

Source: Destination Packwood Action Plan

cused on completing a SWOT analysis. Using this information, they developed a vision of Packwood and an action plan anchored in three objectives that were related to the three broad goals of economic opportunity, quality of life, and town character (Text Box 1).

Only interviewees directly involved with Destination Packwood seemed aware of the community action plan. Participants thought the plan forced residents to analyze the community and its options, but didn't motivate them. "It got us started and then we pushed it aside and went our own way," a Destination Packwood member said. Others noted dissatisfaction with the action planning process and its outcomes. Implementation barriers included vague language, limited follow-up, and lack of support from local businesses. "The action plan didn't give us the tools that we needed to move ahead," a resident said. "We need more vision about what Packwood's going to do and a practical way of getting that done." While Destination Packwood and the general community has worked on projects to address 'quality of life' and 'town character,' youth recreation has not been addressed. Un-measurable objectives make success difficult to gauge. In early 2002, the Forest Service began working with Destination Packwood to revisit and update the action plan, focusing specifically on economic diversification strategies. According to a Forest Service employee, part of the agency's goal for the future funding would be to get the EDC more linked and invested in East Lewis County.

Mill Feasibility Study

In 2000, the Forest Service and the Washington State Office of Trade and Economic Development (OTED) worked together to scope a \$50,000 funding request from Destination Packwood to determine the potential for redevelopment at Packwood Lumber, which had closed in 1998. Providing public funds to complete work related to private property raised some concerns, but the Forest Service felt that this would be a good investment for Packwood. "Our attitude was that Hampton was sitting on it and didn't feel any great need to do anything with it, but it could be an asset to the community. If the public thinks that it has potential

to create jobs, we should support that," a Forest Service representative said.

Hampton Lumber agreed to work with Destination Packwood to complete this study by providing them with requested information, allowing open access to the mill site, and delaying plans to sell the property and equipment for one year. OTED had broader funding flexibility (no match and a quicker turn-around on the request) making them the natural choice to provide project funding. In an effort to build community capacity, OTED provided DPA with \$15,000 to hire local experts. This team included a partner in a mechanical construction company that builds and dismantles saw mills, a former Forest Service geologist and civil engineer, and a former mill electrician. Consultants envisioned a two-step process where they would first determine land utilization and then complete a larger marketing study. The consultants used the OTED monies to complete a report that inventoried the infrastructure, buildings, and grounds conditions. Until the county resolves its Growth Management Act issues, however, Destination Packwood remains uncertain of how the facilities and land may be used. Therefore, the organization has halted any further work related to this project.

Wastewater Feasibility Study

Packwood's need for a sewer system first came up in the PRIDE group's strategic plan. Currently, all developed properties in Packwood are served by on-site treatment and disposal systems, conventional septic tanks, and drain field arrangements installed when environmental regulations guiding septic systems were less stringent. Many of these systems do not meet current Lewis County standards and may be undersized (Grey & Osborne 2001).

The exact number of on-site systems and their conditions is unknown. Assuming that each household and business has some kind of septic disposal system, the estimated number of on-site systems is approximately 400. Recently, the Lewis County Environmental Health Division prepared a Septic Permits Report for the 1990 to 2001 period. The report indicates that Lewis County has issued 140 county on-site permits in the Packwood area in the

Figure 5: Wastewater Timeline

March, 1999	CDBG obligatory community meeting
September, 2000	secured funding
December, 2000	solicited bids
January, 2001	selected contractor
December, 2001	preliminary report released
March, 2002	final report due

last ten years, including six for the center of the community in the last five years.

Reliance on septic systems has placed major constraints on local businesses during the past few years. Any new owner has to meet current codes, which dictates the amount of wastewater per acre. With limited land available in the downtown area to develop a viable septic system, businesses have few opportunities to obtain new septic permits. These codes impact current businesses as well. Not only does it keep them from expanding, but a recent order from Lewis County Public Health has forced one business to decrease its seating because it was exceeding its wastewater allowance. According to some residents, sewers are essential for economic development. “To get new jobs, we need to get a new wastewater disposal system,” a DPA member said.

As a first step towards addressing Packwood’s perceived wastewater issues, Destination Packwood approached the Forest Service about obtaining funds to complete a wastewater feasibility study, which they estimated would cost \$70,000. The Forest Service said they could provide \$46,000 through their Rural Communities Assistance Program, and worked with them to prepare their WA-CERT application.

To obtain the required \$24,000 match, DPA also applied for Community Development Block Grant monies (Figure 5). This funding requires that at least 51 percent of the grant award benefit moderate and low-income persons, defined as those earning equal to or less than 80 percent of the county median

income. In Packwood, 52 percent of the community fell into the moderate-to-low-income category. It took DPA six months to complete the income survey. Both the Forest Service and CDBG utilize WA-CERT ranking in their funding determination. While CDBG requires that the project rank in the top three county priorities, the Forest Service gives additional points based on a higher ranking. DPA received a top three ranking after lobbying the County Commissioners and subsequently received funding from CDBG and the Forest Service. The plan’s purpose is to discuss wastewater management issues, evaluate alternatives, and give recommendations for the future construction and operation of wastewater facilities (Gray & Osborne 2001).

In November, 2000, the Lewis County Water District No. 3 asked its members to complete a three-question survey related to the study. With 144 responses they received approximately a 50 percent response rate. Over half of the respondents voted negative in every category, including accepting the \$24,000 grant for the study, wanting sewers in Packwood, and promoting water district involvement. Grey and Osborne also completed a brief survey with District 3 customers. The company first explained the cost of the sewers and then asked the customers if given these costs, they would connect to the system.

Initial study results show that Packwood has the land and the people to put in a sewer system, but its small land base would make it costly. Of the three choices, the least expensive option would cost approximately \$3 million, which translates to a \$3,000 connection fee and an approximately \$66 per month customer fee.

The feasibility study created controversy in the community, primarily between business owners and residents. “A couple of people have businesses in town, but they live somewhere else. They want it for their business purposes. They don’t want it for the benefits of the community,” a community member said. Many residents stated that they thought a new sewer system may benefit businesses, but not benefit them directly, ultimately costing them more than they could afford. “People who are left here have decreased incomes and the thought of putting in a wastewater treatment system and having to pay for it seems over-

whelming,” a resident said. A local business person agreed that financial concerns were an issue, but felt that business needed the sewer system.

I think there is a pretty good chance that we might be able to get grant monies to install a sewer system, but the monthly maintenance fees are going to be high. There are a lot of fixed income retirement folks here that don't like it, and don't think they can afford it. Without the sewer system, then it [Packwood] won't grow. They say if the businesses want it, then let the businesses pay for it. The alternative is don't put it [the sewer system] in, then the businesses will go out of business.

Destination Packwood held two community meetings to discuss the sewer. Miscommunication seems to have created confusion and tension. Some long-term residents expressed their frustrations related to the sewer project. “Actually, DPA never discusses what it will cost the individual. Mostly you don't know what's going on. Well, they say come to the meetings and listen. They talk about things but never get to the details. When you leave you don't know any more than you knew when you came,” a community member said. Others, both DPA members and non-members, agree that DPA has done a poor job of educating residents about the project, which in turn creates misinformation and fear.

Job Training Partnership Act

One of the NEAI's chief objectives was to lessen the economic hardships that the region's economic restructuring incurred on laid-off timber workers and their families during the 1990s. The Administration emphasized the need to retrain timber workers who were facing declining employment opportunities. To accomplish this objective, the Department of Labor (DOL) set aside \$12 million for the three-state region through the Job Training Partnership Act (JTPA) Title III Secretary's Reserve. These funds provided additional services, such as longer-term training packages, on-going case management, and support services, such as daycare for dislocated timber workers. Eventually the DOL

expanded eligibility to all unemployed workers in timber-dependent communities.

Figure 6: Pacific Mountain Workforce DOL Secretary's Reserve Grants 1994-2000

Grant	Time Period	Pacific Mountain	Lewis County sub-contract
Timber 3	Oct, 1994 - June, 1997	\$3,500,000	\$604,010
Timber 4	May, 1995 - June, 1997	\$4,600,000	\$920,000
Timber 5	April, 1996 - June, 1998	\$4,000,000	\$800,000
Timber 6	January, 1997 - June, 1999	\$4,499,300	\$980,000
Timber 7	June, 1998 - September, 2000	\$3,981,250	\$1,592,200
Total		\$20,580,550	\$4,896,210

Source: Various Pacific Mountain Workforce Reports

Pacific Mountain Workforce, a regional consortium of workforce development agencies from Thurston, Lewis, Mason, Grays Harbor, and Pacific Counties, handled administrative responsibility for JTPA funds in Lewis County and contracted out service delivery on a Request-for-Proposals basis. Entities were required to bid for contracts each year. The group secured almost \$21 million from the Department of Labor's Secretary Reserve Fund between 1994 and 2000 (Figure 6). In 1997 and 1998, this agency received 100 percent of the funds secured in Washington. The consortium aggressively pursued these additional grants, because they knew that formula allocations would not provide enough money to serve the dislocated workers affected by the massive lay-offs in the five-county area. Lewis County Job Service Center, the local contractor, received almost \$5 million between 1994 and 2000, and \$1.59 million in 1998 alone. The 1998 grant focused heavily on Lewis County's service needs, because of Pacific Lumber and Shipping's (PLS) 1997 and 1998 layoffs of approximately 454 workers.

In response to PLS's lay offs, the Pacific Mountain Workforce and the Washington Dislocated Workers Unit created a transition team, which consisted of staff from PLS, labor organizations, state and local dislocated worker unit, Centralia College, Lewis Workforce, and Pacific Mountain Workforce. In addition, another grassroots group, the White Pass Community Service Coalition, formed to address social, economic, and family issues associated with the lay-offs. The White Pass Community Service Coalition added representation from social agencies, state and local government representatives, local schoolteachers, business representatives, and affected workers. The Job Service Center went to the mills to take applications for Unemployment Insurance and advise workers of services available to them. At other meetings, the Job Service provided information on how to obtain their benefits, manage their finances, and enroll in the Washington Basic Health Plan. During its orientation period, the Job Service Center took clients on site visits to show them employment options and to help them decide what type of retraining to complete.

Many interviewees related stories about themselves or others who utilized the retraining benefit only to return to similar work, or not use their skills in their new job. One woman, a tertiary worker,⁴ attended school for one year to train as a teacher's aide. When she could not find work locally, she became a cashier at a gas station, a job similar to her previous job at the grocery store. Centralia College counselors directed another woman with an Associate's degree in Business Administration towards an Office Assistant degree. Despite its redundancy, she completed the suggested coursework because it allowed her to

take classes at the east campus, which was closer to home. As the current director of a social service program, she thinks another program would have been more beneficial. Counselors found themselves trying to balance the student's needs (to remain local) with Job Service Center mandates about viable training options. "I became more and more realistic about what students could do and tried to be straight about my perception about what could work for them," a college staff person said.

A local employer stated that employees who had received retraining benefited from instruction in "soft skills," such as teamwork and communication. He noted that some of his best employees sought retraining as a way to move away from the industry, but returned to millwork, because they had financial or family ties to the valley and did not want to commute long distances for employment. He questioned the efficacy of using federal dollars to retrain workers who often return to work at the mill. Others called for more accountability. "I don't believe in spending money for retraining and then [program participants] take advantage of funds, but do not take advantage of retraining," a resident said. People often returned to work at the mills.

Most dislocated workers who retrained in other occupations have left the area. One interviewee's husband retrained for work as an engineer and secured a job in Wenatchee (183 miles away), and is only able to come home on the weekends. Despite owning property locally, she will move to be with her husband next year after their daughter graduates from high school. Many of those who remained in Packwood returned to the two remaining mills when they reopened, commute long distances, or are currently unemployed.

4. In 1996, the Department of Labor expanded its eligibility criteria for assistance under JTPA to include secondary and tertiary workers (i.e., those living in timber-affected communities who lost their jobs or businesses as a result of general economic decline).

Current Socioeconomic Conditions and Effects of NEAI on Community Well-Being

Community Capacity

Community capacity is the collective ability of residents in a community to respond to external and internal stresses, to create and take advantage of opportunities, and to meet local needs (Kusel 1996). For this study, we identify five dimensions of community capacity: (1) physical capital, which includes a community physical infrastructure (e.g., sewer systems, business parks, capital assets such as equipment, housing stock, and schools); (2) financial capital, which includes money, credit, and other financial resources available for local use; (3) human capital, which includes the skills, education, experiences, and general abilities and capabilities of residents; (4) cultural capital, the myths, beliefs, norms, and lifeways that serve to organize groups and facilitate survival; and (5) social capital, which includes the willingness of residents to work together toward community goals (and not just self-interested goals). Evaluating the effects of NEAI projects on the capacity of Packwood thus requires a closer examination of these various dimensions of capacity.

Physical Capital

Initiative funded projects within Packwood and the surrounding county have enhanced physical capital, which in turn have implications for future economic development. Replacing wooden stave lines helped assure a reliable water supply to residents and businesses, as well as lifted a moratorium on local water connections. The wastewater feasibility study will provide the community with a blue print from which to develop a sewer system within Packwood. If completed, this system would allow existing businesses to expand or sell to new owners who would not have to worry about meeting the wastewater treatment code. It would also provide options for new businesses that would like to relocate to Packwood. Finally, an EDA funded staff position helped develop the Public Development Authority, which headed the effort to build the Packwood Business Park. Although currently empty, this facility provides options for businesses interested in locating in a rural area.

This facility, currently served by the Packwood Water District would probably also benefit from a sewer line. While not directly related to each other, these projects all have the potential to facilitate economic development locally. Despite large investments in physical capital, no new jobs have thus far been created and long-term effects remain unclear.

Human Capital

In the late 1980s and early 1990s, the Forest Service dramatically cut personnel at the Packwood Ranger District. This created an out-migration of dozens of college-educated residents. The closure of Packwood Lumber in 1997 created another large out-migration; this time of younger working age families and their children. While some of this population has been replaced with new residents, mostly retirees, these two events significantly reduced human capital.

The mill closure spurred activity among residents including the founding of the Destination Packwood Association. This organization gave community members a vehicle through which to enhance and utilize personal skills to address local issues. This convergence of community members facilitated community development activities funded through the Initiative. In particular, the Packwood Community Action Plan gave residents an opportunity to play an active role in community assessment and strategic planning. Those who facilitated these programs enhanced their community development skills and began to learn more about economic diversification.

Other Initiative funded projects utilized Packwood residents in leadership roles. For example, DPA created a subcommittee to implement the Waste Water Feasibility Study, which took primary responsibility for hiring contractors, educating the community, and working with funding agencies. The Mill Feasibility Study took this a step further by using local contractors familiar with Packwood Lumber's operations. This allowed some of the monies to be spent and remain local, as well as placed residents in an "expert" role often overlooked by funding agencies.

Finally, the Initiative provided significant funding dedicated to retraining dislocated workers in Lewis County. Pacific Mountain Workforce allocated \$1.6 million dollars from the Department of Labor Secretary's Reserve fund to Lewis County between 1998 and 2000 to retrain workers dislocated from Hampton Lumber. Several workers took advantage of this program, returning to school to gain other marketable skills. While many workers returned to the Morton and Randle mills, others relocated to work elsewhere. This increased skills among workers, but in general decreased local human capital. Initiative projects used existing human capital and helped to off-set some of the depleted human capital, leaving the community better prepared to address its economic diversification needs. This could be further enhanced by tapping into the skills and talents of Packwood's retiree population.

Social Capital

Initiative funded projects had mixed effects on social capital in Packwood. For example, the perception of being ignored by county programs has historically extended to the Lewis Economic Development Council. By opening an East County branch, the Economic Development Council (EDC) hoped to overcome this opinion. Those involved in establishing Public Development Authority expressed appreciation for the assistance provided by the EDC. General community members, however, do not recall

this short-lived branch and still perceive the EDC as an organization that mainly serves the Interstate 5 corridor.

The NEAI reinitiated a productive relationship between Packwood residents and the Forest Service, which has proven beneficial to both entities. By providing the community with financial resources and technical assistance, the Forest Service has been able to shift community perception about the agency from a purely regulatory institution to that of a benefactor. With more resources from which to draw from, the community has been able to play an active role in defining its own future.

As the conduit for Initiative and other community projects, Destination Packwood has elicited participation from people who have not been traditionally active in community issues. The organization has drawn together a disjointed business community that has become involved in both Initiative-related and other community projects. Their aggressive approach to community development, however, has alienated some of the long-term residents who resent what they perceive to be their absence from making decisions related to important community issues. While the wastewater feasibility study is the main example, interviewees mentioned several projects in which they chose not to participate because of Destination Packwood's involvement. Destination Packwood's involvement in community issues has had a mixed effect on social capital.

Patterns and Themes

Higher Capacity Communities Receive More Funding

Despite having resources to meet local needs, agencies need a local leadership base with which to work. For the Forest Service, this meant having a nucleus of people in Packwood willing to work on community development. "It's a community driven process. If there aren't people energized in the community to work with, I haven't felt that it's our role to create people to work with," a Forest Service employee said.

The Destination Packwood Association provided that contact point from which the Forest

Service could enhance community development. Before Destination Packwood's formal existence, Forest Service efforts within Packwood had been limited to holding forums to discuss proposed forest policies, and the development of the public restrooms that were sited five miles west of town. "We [Forest Service] were really struggling, because, up until 1998, we didn't know who to work with," an agency representative said.

The Forest Service provided resources, financial and technical assistance, giving communities with less capacity (no formal governing structure

or paid staff) more time than established communities and agencies. In Packwood, this translated to the Forest Service working with residents to complete action plans, develop programs, write grant applications, and develop a cooperative agreement with DPA. The Forest Service provided space in the local District Ranger's office in exchange for Destination Packwood's staff assisting their agency with requests for information about the forest. Since the advent of Destination Packwood, the Forest Service has provided funding for a community action plan and wastewater feasibility study. They also helped scope another project funded by the Washington Office of Trade and Economic Development and have expressed interest in providing additional economic development funding in the near future.

The Forest Service's work with Packwood provided necessary resources for the community. It also improved relationships between the agency and a community who previously saw them as an adversary controlling the forest land that residents often viewed as their own. If Packwood had not had a viable community-based organization that demonstrated leadership capacity, the Forest Service would not have supported the community's efforts to secure grant money.

Stakeholder Participation

Diverse stakeholders should be involved in projects from as close to the beginning as possible. In particular, this includes residents or others who have the potential to inhibit a project's progression. Inad-

equately communicate and poor outreach created demonstrative opposition to some Destination Packwood projects. While the water feasibility study is the most obvious example, hidden resentments may have decreased effectiveness of other projects as well. When speaking of DPA, one resident said, "There probably aren't many people left here with foresight, but those that are here are new people and they are suspect. New people bring in a bunch of new ideas and make them float and in 10 years the local people will say that was a good idea. But if you don't get them helping in the first place they resist."

Interviewees compared the Destination Packwood meetings on proposed projects to Forest Service forums explaining a new policy. "They are like the Forest Service that let's you voice your opinions when they have their mind already made up," a resident said. Another person explained that they had limited motivation to participate. "You get the feeling that its going to get here whether you want it or not. That's why everyone stays home," she said.

Another person explained that new residents attempt to make "big city ways" work in Packwood, which she argues is not effective. "How can they tell us this is the way it ought to be when this is how we have done it forever. Why should we change it because someone has come in from wherever and they don't like it," she said. Instead, she advocates approaching change in small steps. In general, even those who liked ideas expressed by DPA were wary of working with them on changes because they felt unheard.

Conclusion

Long dependent on natural resources for its economic base, the closure of Pacific Lumber and Shipping in 1998 has been devastating to Packwood. As the major employer, the mill took 200 jobs and a large number of working families from the community. The rise of a community-based organization (Destination Packwood) has helped Packwood to take advantage of Initiative funds, increasing their human capital and collaborative relationships with

federal and state agencies. Combined with the local infrastructure development, Packwood has actively taken steps to build on its tourism base and begin recruitment for other manufacturing businesses. At this pivotal stage, Packwood has base resources from which to build, but remains dependent on outside factors (such as the Growth Management Act) and financial resources to complete its transition from timber dependency.

References

- Copeland, C. 2001. IB89102: Water Quality: Implementing the Clean Water Act. Congressional Research Service Issue Brief. Washington, D.C.: The National Council for Science and the Environment. Website: <http://www.cnie.org/nle/h2o-15.html>.
- Cowlitz Geotechnical, LLC. Site Invention Summary of the Packwood Mill. Packwood, WA.
- E.D. Hovee & Company. December 1999. Packwood Community Action Plan. Vancouver, WA.
- Gray & Osborne, Inc. September 2001. Destination Packwood Wastewater Facility Plan – Draft. Seattle, WA.
- Irwin, Judith W. 1994 Summer. The Dispossessed: The Cowlitz Indians in Cowlitz Corridor. Columbia. www.cowlitz.org/dispossessed.html.
- Kusel, J. 1996. “Well-Being in Forest-Dependent Communities, Part I: A New Approach.” In Sierra Nevada Ecosystem Project: Final Report to Congress. Volume II, Assessments and Scientific Basis for Management Options. University of California, Centers for Water and Wildland Resources: Davis, California. Pp. 361-374.
- McClure, Richard H. Jr. 1992. An Archeological Assessment of the Beech Creek Site (45LE415), Gifford Pinchot National Forest. USDA Forest Service, Region Six, Gifford Pinchot National Forest, Vancouver.
- McClure, Richard H. Jr., 1998. Past Human Uses—Upper Cowlitz Watershed Analysis Study Area. Gifford Pinchot National Forest. USDA Forest Service, Region Six, Gifford Pinchot National Forest, Vancouver.
- Packwood Community Study Program. May 1954. Packwood on the March. Packwood, WA.
- Panco, Betty. July 1989. Look Behind you Through a Window to the Past. Packwood, WA.
- Panco, Betty. January 2000. Packwood Lumber. unpublished document.
- Ryser, Rudolph C. Ryser. Background and History of the Cowlitz Tribe. Center for World Indigenous Studies. Olympia Washington. www.cwis.org/cowlitz.html. February 27, 2002.
- U.S. Bureau of the Census. 1990. Census of population and housing. Washington, DC: U.S. Bureau of the Census.
- U.S. Bureau of the Census. 2000. Census of population and housing. Washington, DC: U.S. Bureau of the Census.
- Virgin, Bill. August 14, 2000. Packwood, like the forest industry is still fighting. Settle Post Intelligencesr seattlepi.nwsourc.com/printer/index.asp?ploc=b
- Washington State Employment Security, Labor Market and Economic Analysis Branch. April 1 2001. Resident Civilian Labor Force and Employment in Okanogan County. Olympia: WA. (web site)
- Washington Governor’s Office of Indians Affairs. The Cowlitz Tribe. Olympia, WA. www.goia.wa.gov.tribalinfor/cowlitz.html. February 27, 2002.

Interviewees

Debbie Brandt	Dislocated worker, Long-term resident
James Brazil	Local business owner
Ron Blankenship	Long-term resident, mill worker
Loren Ceder	
Harry Cody	Forest Service
Tina Cohen	OTED employee
Ben Davis	Destination Packwood Association Chair
April Doolittle	Centralia College East Director
Debbie Harper	USDA Rural Development – Rural Utilities Service
Doug Heyden	Social Service Agency Representative
Barbara Hollenback	Forest Service
Paul Johnson	Forest Service
Vicki Lawrence	Director Senior Center, Former mill worker
Maree Lerchen	Destination Packwood Association member, Business Owner
Bill Lotto	Lewis County Economic Development Council Director
Steve McVicker	Destination Packwood Association
Dave Olsen	Forest Service – Rural Communities Assistance
Bud & Betty Panco	Former mill worker, Long-term resident
Jim Schuldt	Hampton Lumber
Bert Sellis	Public Development Authority Chair, GMA Community Advisory Member, DPA member
Brenda Stewart	Lewis County Water District #3
Bill Truitt	Destination Packwood Association member, Business owner, GMA Community Advisory Committee
Mike Zengel	Lewis County Planning Department