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Lumbering to uncertainty

Company town on brink as timber firm struggles

By Todd Milbourn, Bee Staff Writer

SCOTIA, Calif. - The workday begins in this old logging town the same way it has since the 1880s.

A shrieking whistle pierces the early morning quiet, calling lumberjacks, millwrights and engineers to another day sawing redwoods and Douglas fir.

The whistle is indiscriminate, a sort of townwide alarm clock, sounding through every home and building. It's a reassuring sound to residents of this company town.

But some worry about it going silent.

Over the past 140 years, no company has been more important to the economic fortunes of this region than Pacific Lumber. It has long been the North Coast's largest employer, land-owner and community benefactor.

But all that history is up in the air with Pacific Lumber in bankruptcy protection.

To satisfy its creditors, the company is proposing a vast sale of its Northern California timberlands. It has reduced its once-formidable work force by more than half and shuttered mills in Carlotta and Fortuna.

The bankruptcy protection proceedings are playing out 2,100 miles away in courtrooms in Texas, home of Pacific Lumber's parent company, MAXXAM Inc.

But up here, in communities tucked among majestic redwoods, residents are wrestling with controversy sparked by the grip Pacific Lumber maintains on local politics -- influence that defies the company's decline. And small communities are left wondering how life will change if the company they depend on becomes a shadow of its former self.

"There is life after Pacific Lumber," said Erin Dunn, executive director of the Chamber of Commerce in nearby Fortuna. "But we're going to have to adapt."

A way of life is threatened

No town's fate is linked more closely to the company's than Scotia.

Scotia became Pacific Lumber's logging camp in 1883. Today, it is home to the corporate headquarters and about 275 workers and their families.

To save money, Pacific Lumber wants to sell Scotia and shed responsibility for providing the town everything from security to home repair services.

That would end a relationship that has survived fires, floods, the Great Depression and tree-sitting environmentalists. One leading proposal is to have Scotia annexed by Rio Dell, the gritty logging town across the Eel River. Another is for the town to become its own municipality. Either way, townspeople would have to buy their homes or pay higher monthly rents.

The demise of Scotia would mark the end of one of the last company towns in the United States and close a way of life for those like the Rogers family.

Joe and Deb Rogers, lifelong Pacific Lumber employees, raised two sons here: Matt is going to college on a Pacific Lumber scholarship. Grant lives just a couple of blocks away with his wife and son -- the third Rogers generation to live in Scotia -- and works for the local post office and swimming pool.

"We're unsettled," Joe Rogers said. He recently switched from carpentry to a more secure job in the power plant after watching too many longtime co-workers leave the company.

When Joe Rogers started, "you felt like if you got a job and did your part, you could retire here," he said. "We don't have that feeling anymore."

Company town in every way

Scotia today looks very much like it did in pictures from a hundred years ago. The mill looms over everything. Towering redwoods, growing atop coastal mountains, frame the shot. The town's perpendicular streets are lined with bungalows, each painted in a pale green, brown, yellow or blue, the preferred palate of a discerning former company president's wife.

Scotia seems to have everything a little town needs -- a bar, a restaurant, a theater, a supermarket. It has two churches. The town does not, however, have a mayor, a town council or any other form of local government.

Water, electricity and sewer are provided by Pacific Lumber free of charge. Residents call on the company to solve just about any problem.

If the faucet breaks, they call the company. If the garbage man is late, they call the company. If they're unhappy with their kid's homework lesson, they can take matters up with the town's elementary school principal -- whose check is signed by the company.

Grant Rogers says he wouldn't want to have grown up anywhere else. He fondly recalls sneaking down by the mill as a kid, watching the lumberjacks roll logs and high-pressure hoses peel bark off giant redwoods like an orange. He remembers how the company would christen the town's Christmas tree -- a redwood high atop a nearby mountain, draped in lights, beaming down like an angel over Scotia.

Now 24, Rogers is among a handful of young people who decided to stay in Scotia. The running joke is that bright young people like him are the region's leading export -- after marijuana. For Rogers, the choice to stay was easy. Thanks to a company subsidy, he pays

around \$600 a month for his three-bedroom home, far less than what he'd pay in nearby Fortuna.

Fortuna is also vulnerable

Pacific Lumber's struggles are rippling through Fortuna, as well. With a population of 11,000, Fortuna is the economic center of Pacific Lumber country. The company had a major presence in the city until last year, when it laid off 100 workers and abandoned a mill that had been running 30 years.

During the mill's heyday, sawdust would waft from the mill and collect on the roof of Cliff Clendenen's cider works shop across the street.

"It was a major avuncular presence in town," Clendenen said, noting that the company routinely supported community groups and charities. "None of us wanted to see it go away."

Now Fortuna must decide what to do with the abandoned mill, on 75 acres in the city's business district.

Pacific Lumber reached an agreement in 2003 to sell the site to Roseville shopping center developer Fred Katz for \$10 million. As part of the deal, the parties anticipated the city of Fortuna would kick in \$7 million in redevelopment funds.

But the arrangement, details of which surfaced in Pacific Lumber's bankruptcy protection case, has been controversial: Fortuna's mayor, John Campbell, received money from Pacific Lumber while the city discussed the site's future as part of its general plan update.

Campbell, a top Pacific Lumber executive for 30 years before taking public office in 2004, has collected \$519,000 in deferred compensation since 2004 and is owed \$400,000 from the company, money he did not disclose on his statements of economic interest. Campbell's deal with Pacific Lumber also required he do nothing "adverse to the company's interest."

The Humboldt Watershed Council, a longtime foe of Pacific Lumber, calls the arrangement a conflict of interest and has asked the state Fair Political Practices Commission to investigate. FPPC officials won't say if they've taken up the case.

"The idea that I'm getting paid to make decisions on a proposal is just ridiculous," Campbell said. "If I feel uncomfortable or other council members feel uncomfortable, I might then recuse myself."

Hopes still pinned on company

In Scotia, there's hope Pacific Lumber can survive bankruptcy protection and remain a viable employer.

Critics blame the company's financial troubles on Charles Hurwitz, the Texas tycoon whose MAXXAM Inc. bought Pacific Lumber in 1986.

That deal altered the reputation of a company once known for its community patronage and its protection of the region's famous forests.

Hurwitz's aggressive logging in the 1990s inspired action by environmentalists and led the state and federal governments to take the rare step of purchasing an ancient stand of redwoods from the company.

Although Pacific Lumber's public relations department declined interview requests, Hurwitz has said environmental constraints pushed Pacific Lumber into bankruptcy protection.

Whatever courts and the corporate titans decide, Grant Rogers said he and his neighbors will make do.

Scotia has endured change before. He recalled, for instance, how town residents rallied to rebuild the shopping center after a fire in the early '90s. He said it is the town's ability to stick together through change that provides its sense of identity.

That, and its whistle.

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