

## RV maker comes out of recession in a big way

By ELON GLUCKLICH  
Eugene Register-Guard

COBURG — The recession dealt Lane County's recreational vehicle industry what many saw as a knock-out blow.

But at least one local RV maker is off the mat and back in there punching again.

Revenue at Coburg-based Marathon Coach almost doubled in 2014, rising from \$25 million in 2013 to nearly \$45 million, said Steve Schoellhorn, the company owner and president.

Now Schoellhorn wants to hire 50 mechanics, electricians, cabinet-makers and other workers by April to assemble Marathon's luxury RVs.

"I'd say 2013 was kind of a turning-the-corner year for us," Schoellhorn said.

Five years ago, the company was fighting to survive.

The region's biggest recreational vehicle makers — once championed as Lane County's new manufacturing anchor — were collapsing as the economic crash wiped out demand for luxury RVs.

But while such big players as Monaco RV and Country Coach were forced into bankruptcy, Marathon is climbing back toward pre-recession sales and jobs levels.

The 50 new hires would raise Marathon's employee count to about 230. Employment there peaked at about 350 before the recession, then bottomed out at fewer than 70 in 2010.

The company's reversal of fortune comes after years of depressed sales led to pent-up demand for the RVs, Schoellhorn said.

"The recession came so hard and so fast, and there was a great deal of fear in the RV industry," he said. Many RV owners who might have bought new models instead chose to maintain their older vehicles.

"But with the stock market improving and people more comfortable with their finances, frankly a lot of (customers) have been waiting on the sidelines, and they're getting back in the market now," he said.

Marathon was a far smaller company even during the boom times than Monaco and Country Coach — two of Lane County's three largest private-sector employers in 2008, according to Eugene Area Chamber of Commerce figures.

Monaco eliminated 2,000 of its 2,145 local positions in 2009. Country Coach went from a 1,600-worker operation in 2007 to a bankruptcy liquidation and asset sale two years later. The two companies declared bankruptcy on the same day in March 2009. Two years later, Monaco's new owner, Navistar, moved production of Monaco RVs to Indiana.

With price tags exceeding \$2 million for most of Marathon's RV models, Schoellhorn's success hangs on the financial flexibility of America's elite — professional athletes, NASCAR race crews, successful entertainers and others.

The market for such big-ticket items as RVs, boats and private planes all but dried up as bank financing for these kinds of purchases ground to a halt in 2008.

American RV makers shipped more than 353,000 vehicles of all kinds worldwide in 2007. By 2008, shipments and dropped to 237,000. In 2009, shipments continued to plummet, to 166,000, according to Recreational Vehicle Industry Association data.



Kendall Derby says the demand for juniper products is strong, but the market lacks infrastructure and business is tentative. "I come close to the edge pretty regularly."

## Juniper mill operates on owner's hopes and dreams

By ERIC MORTENSON  
EO Media Group

Kendall Derby rolls into Portland in a tan GM Sierra pickup truck, pulling a flatbed trailer full of hope and bother. It's a load of landscape timbers Derby cut from gnarly western juniper trees, and he drove 170 miles from Fossil, the emptiest spot in rural Oregon's bare economy, to sell them in the city of hipsters.

Derby, 53, is burly, bearded, holds a rangeland ecology degree from Oregon State University and runs a two-man sawmill called In the Sticks. He said a guy should be able to make a living milling the juniper that cattle ranchers and government agencies want removed from the landscape.

He wants to believe that. But the saw should be whining, the kiln should be humming and the phone should be ringing with orders and offers. Instead, the only sound is the wind gently flapping the plastic covering stacks of timbers.

Winter's arrived and he doesn't have a juniper log deck to cut.

"One of the things that haunts me is, everybody that has tried juniper has gone under," Derby said.

"Part of it is just hanging in there," he said. "I come close to the edge pretty regularly."

There is potential for a cascading economic and environmental impact that goes beyond Derby, a load of juniper and a struggling sawmill.

In much of the rural West, juniper sucks up water, crowds out sage and native grasses and provides perches for hawks and other predators. It's a pervasive presence. Oregon alone has an estimated 9 million acres of juniper.

Wildlife biologists have identified the juniper infestation as one of the problems afflicting greater sage grouse, which is a candidate for listing under the federal Endangered Species Act in 2015.

If there is a market for juniper products, the thinking goes, ranchers and other landowners will cut more of it, which will improve habitat for greater sage grouse. In turn, that might keep the bird off the endangered species list. Which would be good for cattle ranchers, farmers, miners and energy developers in 11 Western states, who worry deeply about the restrictions and regulations that come with the ESA.



Kendall Derby sizes up a juniper log for cutting at his In the Sticks sawmill in Fossil.



But that's national issue stuff. The rise or fall of Derby's juniper sawmill is a big concern locally. Wheeler County is Oregon's least populated county, with more square miles, 1,713, than people, 1,430. Fossil, the county seat, has 475 people.

The county's economy was knocked flat when the Kinzua mill closed in the late 1970s and hasn't gotten back up.

The situation is such that June Rollins, owner of the Kountry Kafe in Fossil, has an informal arrangement with RJ's, the restaurant across the street. Kountry Kafe serves breakfast and lunch, RJ's

serves lunch and dinner. That way, they split the trade between them.

Derby has one employee helping him. A couple jobs in Wheeler County, former county Judge Jeanne Burch said, are the equivalent of a couple hundred in Portland.

"Two jobs won't turn the economy around, but it makes an impact," said Burch, who was judge for 18 years. "Every dollar goes to the grocery store, to the gas station, to the restaurants."

Selling juniper makes sense, she said. People in the county admire Derby for what he's doing and wish him well, she said.

"It's a bright way to go if he can just hang in there," Burch said.

Ryan Temple, president of Sustainable Northwest Wood, arrives on a blue Salsa bicycle as Derby's trailer is being unloaded.

The business, in Portland's inner east side warehouse area, is a specialty lumber yard. It's a for-profit spinoff of Sustainable Northwest, a nonprofit that mediates environmental and rural economic concerns.

Sustainable Northwest Woods is the organization's effort to "walk the talk," Temple said. The business buys wood from 45 small Pacific Northwest mills such as Derby's and sells to people looking for unusual decking, butcher block, fences, flooring, timbers, posts and other items.

Temple acknowledges the difficulty Derby and other rural producers face in reaching consumers.

"The reality of it is, the purchasing power exists in dense urban areas," he said.

### BRIEFLY

#### Closing J.C. Penney store in North Bend costs 25 jobs

COOS BAY (AP) — Closing the J.C. Penney Co. store in North Bend will cost 25 people their jobs.

The World newspaper reports the closure of the store at Pony Village Mall in North Bend in coming months is the only one planned in Oregon.

It means the Coos Bay area will be without a J.C. Penney store for the first time since 1940, when it was located in downtown Coos Bay.

The retail chain announced Thursday it was closing about 40 of its 1,100 stores nationwide to improve its profitability.

#### Streak of solid hiring bolsters confidence in 2015

WASHINGTON (AP) — The United States capped its best year for hiring in 15 years with a healthy gain in December, and the unemployment rate hit a six-year low.

The numbers support expectations that the United States will strengthen further this year even as overseas economies stumble.

Employers added 252,000 jobs last month and 50,000 more in October and November combined than the government had previously estimated, the Labor Department said Friday. The unemployment rate dropped to 5.6 percent from 5.8 percent in November. The rate is now at its lowest point since 2008.

Still, wage growth remains weak. Average hourly pay slipped 5 cents in December.

#### U.S. did not 'hack back' on N. Korea

WASHINGTON (AP) — The U.S. government was not responsible for crippling North Korea's Internet infrastructure after President Barack Obama blamed the country for hacking Sony Pictures Entertainment Inc., two senior U.S. officials told The Associated Press.

The Obama administration has steadfastly blamed North Korea for hacking Sony but has been deliberately coy about whether it retaliated and caused North Korea's outage, which affected all the nation's Internet connections starting the weekend of Dec. 20.

North Korea has denied it hacked Sony but publicly blamed the U.S. government for causing its Internet outages.

#### Activist investor intensifies fight over DuPont

NEW YORK (AP) — A fight for control of DuPont Co. is intensifying after the hedge fund led by activist investor Nelson Peltz announced plans to nominate its own slate of four directors to the industry titan's board.

Triun Fund Management LP, which holds about a 2.7 percent stake in DuPont, has been hammering away at the more than 200-year-old, \$67.5 billion chemical company for almost two years now, pushing to split it into two.



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