Investing for Prosperity

Building Successful Communities

And Economies in The Sierra Nevada
**Table of Contents**

<table>
<thead>
<tr>
<th>Chapter</th>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chapter 1</td>
<td>Introduction</td>
<td>5</td>
</tr>
<tr>
<td>Chapter 2</td>
<td>Capitalize on Existing Assets</td>
<td>15</td>
</tr>
<tr>
<td><strong>Tactic 1</strong></td>
<td>Build Up and Enhance Existing Sectors</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>Ervin’s Natural Beef Fills Niche Market</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Marketing the Apple Hill District</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Jefferson State Forest Products Manufactures Value</td>
<td></td>
</tr>
<tr>
<td><strong>Tactic 2</strong></td>
<td>Develop Livable Towns and Neighborhoods</td>
<td>22</td>
</tr>
<tr>
<td></td>
<td>June Lake Develops Community Design Guidelines</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Mixed-Use Development in Davis</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Murphys Expands Traditional Downtown</td>
<td></td>
</tr>
<tr>
<td><strong>Tactic 3</strong></td>
<td>Invest in Restoring and Enhancing Natural Systems</td>
<td>29</td>
</tr>
<tr>
<td></td>
<td>Arcata Marsh Provides Services Naturally</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Alternative Ways to Manage Rangeland</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Developing the Economy by Restoring the Feather River</td>
<td></td>
</tr>
<tr>
<td><strong>Tactic 4</strong></td>
<td>Increase Resource Productivity</td>
<td>36</td>
</tr>
<tr>
<td></td>
<td>Sierra Energy Center Builds Wealth Through Conservation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Collins Companies and The Natural Step</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Biomass Energy Reduces Wildfire Costs</td>
<td></td>
</tr>
<tr>
<td>Chapter 3</td>
<td>Cultivate Innovation and Economic Diversity</td>
<td>43</td>
</tr>
<tr>
<td><strong>Tactic 5</strong></td>
<td>Create a Climate That Nurtures Entrepreneurs</td>
<td>44</td>
</tr>
<tr>
<td></td>
<td>Supporting Vermont’s Rural Entrepreneurs Through Networks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Economic Gardening in Littleton, Colorado</td>
<td></td>
</tr>
<tr>
<td></td>
<td>West Company Cultivates Microenterprises</td>
<td></td>
</tr>
<tr>
<td><strong>Tactic 6</strong></td>
<td>Build Economic Resilience Through Diversity</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>The Challenge of Tourism in the Sierra</td>
<td></td>
</tr>
<tr>
<td></td>
<td>ACEnet Fosters Sectoral Networks</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Shorebank Enterprise Pacific Blends Economy and Ecology</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Humboldt County Deliberately Promotes Economic Diversity</td>
<td></td>
</tr>
<tr>
<td><strong>Tactic 7</strong></td>
<td>Plug the Leaks in the Local Economy</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>Oregon Marketplace Trades Connections</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Independent Business Alliance Supports Boulder Businesses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Chefs Collaborative Grows Sustainable Agriculture</td>
<td></td>
</tr>
</tbody>
</table>
Chapter 4 Create Long-Term Social Capital

Tactic 9 Plan and Provide for Health Care, Child Care and Elder Care

Trickle Up Microloans Create Childcare Businesses
Siskiyou County Provides Rural Health Insurance
Kremmling Develops Economy With Elder Care
Rural Telemedicine in the Northern Sierra

Tactic 10 Anticipate and Address the Housing Needs of Employees and Residents

Santa Fe Creates Affordable Housing Through Public-Private Roundtable
Whistler Houses the Community
Inclusionary Zoning Retains Community Character
Breckenridge Builds Long-Term Affordable Housing

Tactic 11 Invest in Educational Excellence and Lifelong Learning

Using Schools to Renew a Community’s Heart
Mendocino Bases Lesson Plan on Rural Artists
Sierra College Prepares Workforce for Local Tech Businesses

Tactic 12 Invest in the Cultural Life of the Community

Merced Arts Center Revitalizes Downtown
HandMade in America Capitalizes on Handcraft
National Cowboy Poetry Gathering Celebrates Tradition and Place

Chapter 5 Catalyze Community Partnerships

Tactic 13 Cooperate Within and Across Regions to Address Common Challenges and Opportunities

Increasing Performance and Accountability in the Henry’s Fork Watershed
Solving Regional Problems in the Roaring Fork Valley

Tactic 14 Create a Culture of Collaborative Problem-Solving to Speed Progress Toward Shared Community Objectives

Placer Legacy Builds a Broad-Based Coalition
Tupelo, Mississippi Reinvents Itself
Blue Mountain Community Renewal in Calaveras County

Chapter 6 Investing for Prosperity in Inyo County

Chapter 7 Conclusion

Appendices
The Sierra Nevada is a 400 mile-long mountain range that spans parts of twenty-three counties in California and Nevada.
Chapter 1 • Introduction

“Expanding prosperity in the future isn’t inevitable. We have to make it happen”

Peter Schwartz, Peter Leyden, and Joel Hyatt
The Long Boom: A Vision for the Coming Age of Prosperity.

It’s a new day for rural America. For years, lucrative enterprise and dynamic communities have been the domain of urban areas. But today, converging factors—new values for traditional rural assets, new technologies, new long-term investment strategies, and new entrepreneurs—have positioned rural areas to chart their own paths to prosperity. These factors allow rural communities to increase and compound their wealth by making investments of enduring value.

Nowhere is this convergence of factors more favorable than in the magnificent Sierra Nevada, the longest and highest mountain range in the lower 48 states. The Sierra possesses an extraordinary combination of location, landscape, livable communities and entrepreneurial spirit which, when combined with innovative technologies and investment in social and natural capital, could make the region the most prosperous in rural America.

Just look at a map and you can see the Sierra’s promise. Located along the border of California and Nevada, the range is within easy driving distance of some of the most dynamic metropolitan centers in the world, from San Francisco to Reno, and Las Vegas to Los Angeles. The Sierra’s wooded foothills and snowy peaks, alpine meadows and rushing rivers offer just the kind of landscape that appeals to venturesome Americans.

Look closer and you’ll see dozens of small charming communities, built at a walkable scale on old grid patterns, adjacent to breathtaking expanses of farmlands, forests and wildlands. As the Christian Science Monitor recently noted, these kinds of towns delight people of all means and ages, searching for a less congested and more personable way of life.

If you turn to history books, you’ll discover the Sierra has a long tradition of innovation and entrepreneurship. In 1850 a miner, faced with getting gold out of quartz, invented the stamp mill. A century later a climber, concerned that pitons were ruining Yosemite’s granite, invented non-damaging climbing gear and sparked an outdoor recreation revolution.

With all these assets, you might assume the Sierra Nevada is already a haven for prosperity, but as the Sierra Nevada Wealth Index shows, the region’s economic profile is mixed:

• **High growth, booming economies.**

  In the wedge between Sacramento, Lake Tahoe and Reno, population surged and economies boomed during the 1990s. Growth brought advantages to be sure—an infusion of money, high-paying jobs, good medical care, and performing arts theaters—but quality of life suffered as well. Rapid growth fragmented landscapes and cookie-cutter developments spread monotony. Highways, water supplies, and governments all strained to meet demands. Having more people within a day’s drive of Lake Tahoe intensified pressures on the already impaired basin. And there’s no end in sight: demographers expect population to balloon another sixty percent in this section by the year 2020.

• **Medium growth, uncertain economies.**

  Farther south in the Mother Lode, people moved in faster than jobs were created. These trends suggest that this subregion is attracting retirees and commuters with jobs in Sacramento and the Central Valley. Population is expected to grow another 30 percent by the year 2020.

• **Low growth, cyclical economies.**

  In the northern and eastern Sierra, tourism jobs occupy the niche once held by high-paying mining and timber jobs. These jobs often pay less than the ones they replaced, and...
they continue a pattern of high seasonal unemployment. Being far from big cities, these areas are expected to increase in residents by only 15 percent over the next two decades. Slow population growth, however, belies the pace of change in many resort communities. Floods of wealthy second-home owners are bidding up property values, long-time residents are cashing in and moving out, and businesses are struggling to retain good employees.

Whatever their economic profile, many Sierra communities believe the answer to their predicament is to recruit business from outside. Yet focusing solely on recruitment is risky. Each year more than 15,000 jurisdictions in the U.S. compete for only 150 to 300 major corporate relocations, and history shows relocations go primarily to places already attracting business. Nonetheless, communities continue to position themselves as the lowest cost alternative by offering subsidies they can ill-afford. Not only do such policies favor new business over firms with proven commitment to the community, they waste precious assets that could build real, long-term wealth.

Today, the most productive investment in long-term prosperity is to become the best place to live, raise a family, and own a business.

Take, for example, Nevada City. In a visionary effort to rebuild its economy after the Empire Mine closed in 1956, Nevada City adopted an ordinance to preserve pre-World War II buildings in its struggling downtown. By combining historic charm with excellent public education, recreation, and cultural opportunities, Nevada City became a thriving town of skilled professionals and artisans. As Larry Burkhardt, executive officer of the Nevada County Economic Resource Council, says, “the community is the product.”

And Nevada City is not alone. Sandpoint, Idaho, demonstrates that telecommunications offer remote communities opportunities once reserved for towns near metropolitan areas. Sandpoint, just 60 miles from Canada, is not on an interstate and it’s not a college town. Once defined by railroad, mining and timber, this town of 7,000 reinvented itself over the past two decades.

First, tourism became a stronger component in Sandpoint’s economy, anchored by skiing on Schweitzer Mountain and fishing on Lake Pend Oreille. Then, GTE (now Verizon) installed fiber optics in the early 1990s, which enabled businesses to remain and grow.

Today, Sandpoint is home to Coldwater Creek—a catalog clothing store—and manufacturers that export salad dressings, motion detector components, and EKG electrodes. Some timber companies survived by adopting technologies that process small-diameter logs. The mix of timber, tourism, and high-tech manufacturing yields a healthy economy, a vibrant downtown and a lively cultural scene that draws patrons from urban areas three hours away.

Every community has a chance to follow Nevada City and Sandpoint—maybe not in the details, but by designing and implementing a development strategy that builds social and natural capital, as well as financial capital.

Investing for Prosperity is a guide to designing that development strategy and making investments that will build long-term wealth. Filled with real-life success stories, this guide is intended for all communities. It presents hundreds of resources and dozens of case studies organized around four simple strategies:

• Capitalize on existing assets
• Cultivate innovation and economic diversity
• Create long-term social capital
• Catalyze community partnerships

Here is an overview of what you’ll find in the following chapters:

Chapter 2: Capitalize on Existing Assets

First, the most obvious strategy: safeguard and invest in the assets you already have. But how do you know which assets to bet on?

The answer lies in a new model of economic development proposed by Michael Porter of the Harvard Business School. Beginning with the premise that local businesses should be
profitable and able to compete in regional, national, even
global markets, Porter says, “The cornerstone of [this eco-
nomic] model is to identify and exploit the competitive
advantages” of your area.³

What, then, are the competitive advantages of the Sierra
Nevada? Some can be identified by asking which assets have
been competitive advantages historically and are likely to
maintain or increase value in the future.

Water, for example, has been one of this region’s competitive
advantages for over a hundred years. As more people live in
California and Nevada, demand will increase for the Sierra’s
clean, healthy water. Safeguarding our water supply can only
be a good long-term investment because, with limited sup-
plies, it will become more valuable over time. Yet the ability to
supply clean, healthy water is uncertain because 40% of the
Sierra’s surface water is already impaired.⁶

Not all competitive advantages existed historically; some are
just emerging because of changes in tastes, changes in technol-
y and changes in the organization of society. And these
assets may yield the greatest returns. Having little or no value
at present, their values have the potential to grow at the
highest rate.

One emerging competitive advantage is a pattern: the Sierra’s
historic towns surrounded by fields and forests. The new value
for this pattern arises because information technology allows
people to live almost anywhere. Consequently, more and more
people are moving away from sprawling metropolitan areas,
with their pollution and traffic congestion, and moving toward
places with a pleasant way of life. People pay premiums to live
in real neighborhoods where they can walk to restaurants, the
post office and grocery stores. While other regions spend big
money to create walkable neighborhoods from scratch, the
Sierra already has them for free.

Yet the value of this pattern is threatened by new types of
development. Homes and businesses are scattered across the
landscape, bearing no resemblance to the pattern of existing
communities. Many downtowns are losing their heart as
highways are widened and bypasses constructed.

Beyond town and country lies the competitive advantage of
the Sierra’s wildlands. Studies show some people are willing to
take a pay cut to live where there is easy access to places to
hike, fish and ski. When businesses can offer an employment
package that includes superb quality of life, they can attract
top-drawer people without paying top-drawer prices. The
Sierra Nevada, renowned for world-class recreation, has a
competitive advantage other places cannot match at any price.

The four tactics for capitalizing on existing assets are:

• Build up and enhance existing sectors
• Develop livable towns and neighborhoods
• Invest in restoring and enhancing natural systems
• Increase resource productivity

In Chapter 2, we illustrate these tactics with innovative case
studies, such as:

• Ervin’s Natural Beef Fills Niche Market
• Marketing the Apple Hill District
• Jefferson State Forest Products Manufactures Value
• June Lake Develops Community Design Guidelines
• Mixed-Use Development in Davis
• Murphys Expands Traditional Downtown
• Arcata Marsh Provides Services Naturally
• Alternative Ways to Manage Rangeland
• Developing the Economy by Restoring the Feather River
• Sierra Energy Center Builds Wealth Through Conservation
• Collins Companies and The Natural Step
• Biomass Energy Reduces Wildfire Costs

Chapter 3: Cultivate Innovation and Economic Diversity

The second strategy focuses on a specific comparative
advantage of the Sierra: its entrepreneurs. For more than a
century, entrepreneurial spirit has been a hallmark of independ-
ent people in this region. Today the economy is still charac-
terized by small businesses: four out of five firms have fewer
than ten employees.

Today, the most productive investment in long-term prosperity is
to become the best place to live, raise a family, and own a business.
How Do You Build Long-Term Prosperity?

The best way is to learn from one of the richest men in the world, investor Warren Buffett, who has beaten the stock market for forty years. Under his leadership, the per-share value of Berkshire Hathaway grew from $19 in 1964 to $75,000 in 2001. Over that period his company’s annual performance surpassed the S&P 500 by an average of 11.6% each year.  

What is the secret of Warren Buffett’s success? The answer is “value investing”—a proven and traditional investment approach which:

1. preserves and maintains capital
2. invests in undervalued assets with high growth potential
3. considers the risks of investment, not just potential returns
4. focuses on long-term, not short-term, profits
5. sticks to an investment strategy and ignores passing fashions.

Value investing tells how to build long-term prosperity, especially when “value” includes all that matters to people in the Sierra Nevada—its social, natural and financial capital.

First and foremost, preserve and maintain capital. For example, losing the agricultural character of your community erodes its social and natural capital. It means losing families with deep roots in the area; access to fresh, healthy food; and the agricultural vistas surrounding your town. Thoughtful decisions take into account the impact of an investment on all aspects of community wealth, including those for which the market does not currently reflect complete value.

Second, look for and invest in undervalued assets with high growth potential. Employers can retrain underemployed workers so they can reach their full potential. A woodworking business can use “nuisance” trees to build fine furniture (see p. 21). An abandoned foundry can be reborn as a community center.

Third, weigh the risks of an investment, not just potential returns. A hydroelectric utility wanted to prevent further losses in reservoir capacity from sedimentation. It decided dredging was too risky because the investment would likely be lost to further sedimentation. Instead the utility worked with others to reduce erosion from upstream meadows (see p. 35).

Fourth, focus on long-term, not short-term, profits. Santa Fe, New Mexico, rejected the short-term profits of a market-driven glut of high-priced developments and instead invested in affordable housing. The goal was to ensure the city’s long-term prosperity by safeguarding its unique heritage—its blend of artists, Native American and Spanish cultures (see p. 86).

And finally, stick to your investment strategy regardless of passing fads. An economic developer holds on to a strategy of helping local entrepreneurs be more effective and limits efforts to recruit outside businesses (see p. 49). Another example is decision-makers implementing their community’s general plan instead of granting variances.

Finding investments that meet all five principles of value investing requires both patience and discrimination. But value investing teaches that the way to build long-term wealth is by making just such investments.

The true test of asset managers is where they put their own investments. Warren Buffet and his wife have 99 percent of their net worth in Berkshire Hathaway, a diversified portfolio. “We want to make money only when our partners do,” he tells shareholders. “Moreover, when I do something dumb, I want you to be able to derive some solace from the fact that my financial suffering is proportional to yours.”

Likewise, decision makers in the Sierra Nevada must be fully invested in the long-term prosperity of our region—in building its social, natural, and financial capital.

Nurturing this entrepreneurial spirit can build the engine that will drive long-term prosperity in the Sierra. Research shows that the sum of all jobs created by small businesses is greater than all those created by large firms.*

But not just any kind of small business will do. To be engines of economic growth, small businesses must be innovative because innovation is the main driver of wealth creation. This concept, first expressed by economist Joseph Schumpeter, has recently been promoted by such leading policy makers as former US Treasury Secretary Lawrence Summers and Republican congressional leader Dick Armey.  

The second tactic to increase economic diversity flows naturally from nurturing entrepreneurs when combined with information technology. The information economy enables rural areas to overcome two traditional obstacles to economic growth: low information flow and distance to markets. An increasing percent of goods and services today are digital or small, light-weight packages that cost little to transport. This means that data and documents can travel from metropolis to remote outpost as quickly as from San Francisco to Oakland. In short, it means that distance is no longer the barrier to rural economic development it once was.

Increasing economic diversity is a critical tactic because it helps rural economies outgrow their chronic tendency toward boom-and-bust cycles. The collapse of Enron demonstrates the risk of having all your investments in one place: in a matter of months some people lost the retirement savings they’d worked a whole lifetime to build. High economic diversity, like a diversified portfolio, creates a more stable economy because there is little chance all sectors will go up or down at once.

The third tactic under this strategy is to plug unnecessary leaks in your economy. When you calculate the percent of your bank account that is in your local economy mere nanoseconds before it flies away, the number is truly astounding. Even small shifts in spending patterns can help your local economy. When economists talk about ‘import substitution’ or ‘increasing local multipliers’ what they mean is to make each incoming dollar work harder for your local economy.
The final tactic is to get broadband Internet access. This is critical because it removes distance as a barrier to rural economic development. High-speed Internet gives rural entrepreneurs access to innovation and new ideas—about new markets, new products, and new production processes. This puts them on the cutting edge of far-flung markets in ways they’ve never been before.

Telecommunications, then, combined with proximity to San Francisco and Reno, Las Vegas and Los Angeles, positions the Sierra to become one of the most prosperous rural economies in the nation. Here entrepreneurs can choose between using the Internet to interact with their urban counterparts or driving a few hours to meet them face-to-face.

Although telecommunications opens up the Sierra economy to new economic enterprise beyond its traditional activities of mining, timber and tourism, it doesn’t mean the Sierra should develop a telecommunications sector. Rather it means using telecommunications to become more profitable in every line of work.

The four tactics for cultivating innovation and economic diversity are:

- Create a climate that nurtures entrepreneurs
- Build economic resilience through diversity
- Plug the leaks in the local economy
- Foster information networks that speed the transfer and use of ideas and innovation

We illustrate the tactics in Chapter 3 with the following case studies:

- Supporting Vermont’s Rural Entrepreneurs Through Networks
- Economic Gardening in Littleton, Colorado
- West Company Cultivates Microenterprises
- The Challenge of Tourism in the Sierra
- ACEnet Fosters Sectoral Networks
- Shorebank Enterprise Pacific Blends Economy and Ecology
- Humboldt County Deliberately Promotes Economic Diversity
- Oregon Marketplace Trades Connections
- Independent Business Alliance Supports Boulder Businesses
- Chefs Collaborative Grows Sustainable Agriculture
- McDermitt School Launches Internet Service Provider
- Longmont Gets On-Line
- Plugged In Provides Access to Technology

Chapter 4: Create Long-Term Social Capital

The third strategy—create long-term social capital—is crucial because building financial capital requires having talented people in your community. And one of the best magnets to hold talented people is high social capital.

Again, it pays to be strategic about your social capital investments. Michael Porter, of the Harvard Business School, points out that one of the reasons that decades of effort to revitalize economically distressed areas have failed is that social programs have focused on providing relief to individuals rather than fostering the social capital that triggers economic success.10

Porter argues that a coherent economic development strategy is supported by investments in those aspects of social capital that help businesses thrive and grow. Without good housing, health care, or a sense of community, people are less willing to take business risks or able to explore their full potential. Quite simply, when social capital is low, the rate at which financial capital can grow is limited.

Business and community leaders throughout the Sierra have identified four fundamental aspects of social capital that every community needs. The first is good health care. In a national health care system plagued with problems, rural areas fare the worst. Urban residents get more health dollars per capita from insurance companies and the government than their rural cousins. In rural areas, medical professionals turn over quickly and specialists are rare. Yet some rural communities have
found the health care industry is itself a good form of economic development and others have come up with cost-effective solutions such as telemedicine.

The second fundamental is housing. In many Sierra communities, wealthy newcomers are driving up housing prices and driving out middle-class residents. Many businesses, hospitals and schools are having trouble recruiting qualified employees because they can’t offer livable wages to match the high cost of living. When communities lose their middle-class, they lose the very people who have the drive and know-how to conserve and enhance their social, natural and financial capital. Developers, homeowners, or public officials—we all contribute to the lack of affordable housing. This is one of the most intractable problems the Sierra faces, and it won’t solve itself. The only solution is for all of us to work together to find a lasting solution.

The third fundamental is education. Educational excellence is essential to create the high-wage jobs that rural communities need, not only for our children in the future, but for our communities today. In the past 30 years, high-wage manufacturing jobs have largely disappeared and been replaced by low-wage service jobs. Because the Sierra economy now has so many low-wage jobs, our per capita income is falling behind the rest of California. A critical way to counter this trend—and to boost our economy—is through an education system that capitalizes on local resources, emphasizes tools of the innovation economy, and guarantees opportunities for lifelong learning.

The fourth fundamental is culture. At first, you may think culture is an indulgence your community can’t afford, but the truth is your community can’t thrive without it. By themselves, arts and culture are a significant economic activity that creates jobs, income and tax revenues just like any other. But the arts contribute more than just dollars. Studies show that children who receive arts training do better in reading, writing and math. Communities become stronger when they encourage people to express themselves through art. When the air is full of art and culture, entrepreneurs become more innovative.

Reno recently catapulted to 22nd on a list of best metropolitan areas in which to do business, propelled by the twin forces of a growing technology sector and Artown—a month-long festival all around Reno.

The four tactics for investing in long-term social capital are:
- Plan and provide for the health care, child care and elder care
- Anticipate and address the housing needs of employees and residents
- Invest in educational excellence and lifelong learning
- Invest in the cultural life of the community

Case studies illustrating the tactics in Chapter 4 include:
- Trickle Up Microloans Create Childcare Businesses
- Siskiyou County Provides Rural Health Insurance
- Kremmling Develops Economy With Elder Care
- Rural Telemedicine in the Northern Sierra
- Santa Fe Creates Affordable Housing Through Public-Private Roundtable
- Whistler Houses the Community
- Inclusionary Zoning Retains Community Character
- Breckenridge Builds Long-Term Affordable Housing
- Using Schools to Renew a Community’s Heart
- Mendocino Bases Lesson Plan on Rural Artists
- Sierra College Prepares Workforce for Local Tech Businesses
- Merced Arts Center Revitalizes Downtown
- HandMade in America Capitalizes on Handcraft
- National Cowboy Poetry Gathering Celebrates Tradition and Place

Chapter 5: Catalyze Community Partnerships

The West is renowned for its cowboy image, where heroic loners dispatch problems with a fist, bullet or quick retort. But it’s a new century and the lone ranger doesn’t fare so well anymore. Problems often transcend local boundaries. Issues are more complicated and don’t yield to simple solutions.
As a result, the Sierra is becoming the backdrop for a different kind of show: the epic of collaboration and cooperation. To solve problems, civic leaders and citizens are reaching across boundaries set more than 150 years ago. They’re moving past the labels used as epithets — “tree hugger,” “welfare rancher,” “big bucks developer” — and trying to create lasting solutions for a place they all love.

From Quincy to Calaveras and Placer to the eastern Sierra, people are reasserting their independence and working in collaborative ways — at local and regional levels — to get things done. In the process, they’re reweaving the fabric of their communities and building a new store of social capital.

The two tactics for catalyzing community partnerships are:

• Cooperate within and across regions to address common challenges and opportunities
• Create a culture of collaborative problem-solving to speed progress toward shared community objectives

Case studies illustrating the tactics in Chapter 5 include:

• Increasing Performance and Accountability in the Henry’s Fork Watershed
• Solving Regional Problems in the Roaring Fork Valley
• Placer Legacy Builds a Broad-Based Coalition
• Tupelo, Mississippi Reinvents Itself
• Blue Mountain Community Renewal in Calaveras County

**Chapter 6: Investing for Prosperity in Inyo County**

All of these new approaches sound like hard work but take heart: you can do it. To prove it, this chapter describes progress made by the residents and decision makers of Inyo County — without the benefit of Investing for Prosperity! If they can make progress, your community can too.

It all started when Inyo County began to update its general plan. County Supervisors Linda Arcularius and Julie Bear and Chief Administrative Officer Rene Mendez wanted public input to develop a strategy to build social, natural, and financial capital. So on March 20, 1999 the County held the Inyo 2020 Forum, attended by over 200 people (remarkable given the county has just 17,600 residents).

The Forum began with a presentation of trends and conditions in the county. Participants learned that, although the county has extraordinary natural assets, it was facing difficult times in building social and financial capital. Population growth was stagnant. The economy was shifting from ranching and mining to government and low wage service jobs. The county was also hamstrung by severe constraints on how it could use its land and water resources.

After the presentation, participants broke into small groups to brainstorm what they’d like the county to look like in twenty years. Each group reported its vision at the end of the
day, and participants were surprised by how much they agreed. They told the County Supervisors to:

- Maintain Inyo County’s natural environment and rural quality of life
- Support and expand tourism
- Improve government decision making
- Improve health care, social services and education

Ideas from the forum have since been incorporated into the award-winning General Plan, including an innovative economic element. County government has strengthened relations with the Los Angeles Department of Water and Power and federal land management agencies. Funds have been secured to build a new community college campus in Bishop and a film arts museum in Lone Pine. Internet access and business facilities are being improved. Inyo County also created an annual process that evaluates progress toward meeting the Inyo 2020 goals.

Inyo 2020 shows how one county developed a comprehensive approach to community development. The forum created a collective vision, made sense of ongoing efforts and identified gaps needing attention. Decision makers and residents can now focus their energies on achieving priorities and evaluating progress. Inyo County is proof that comprehensive, collaborative approaches can work.

Chapter 7: Conclusion

The Sierra is at a critical juncture. Down the “business as usual” path, the “Range of Light” may get a bathtub ring of sprawl, traffic jams, and national chain stores.

Down the Investing for Prosperity path lies a Sierra that is one of the most attractive places in America to live, own a business and raise a family, a place in which:

- The economic pulse beats stronger than ever before;
- Forests, farms, ranches and wildlands are the Sierra’s competitive advantage;
- “Downtown” is the heart of each community, supporting a rich variety of businesses; and
- Public schools build our children’s curiosity and outfit them—and adults—with skills for life.

But the hard truth is that the Sierra may veer off this path. A Sierra Business Council poll conducted in August 2000 found that over two-thirds of business owners supported the tactics outlined in Investing, but felt current efforts fell short. This troubling inability to meet the challenges of our time threatens the long-term prosperity of the Sierra.

Investing for Prosperity proves a healthy and prosperous future is no pipe dream. For the Sierra to fulfill its promise, however, communities must safeguard and invest in the region’s competitive advantages. In other words, Sierrans need to:

Look up. See the big picture. See how the enviable location of the Sierra positions it to build real, long term wealth.

Look around. Look at the natural and working landscapes. Recognize the value they contribute to the wealth and well-being of the Sierra.

Look homeward. Refresh your acquaintance with the Sierra’s unique industries and town patterns. Remember that capitalizing on these existing assets is the surest bet to build vibrant economies.

Look out. Realize the new opportunities for rural areas, in which local entrepreneurs drive the economy forward, with their constant testing of new ideas and products. Understand that the Sierra can compete—in ways never before anticipated—on many levels with metropolitan areas.

As we noted at the outset, it’s a new day for rural America, and especially for the Sierra Nevada. We hope that you and your community will look around you, see the incredible opportunities at hand, learn from the experiences of rural communities across North America, and invest for prosperity for the people and land that we love.
The Sierra Nevada has a unique opportunity to become one of the most prosperous and attractive regions in America. Do Sierrans have the boldness to seize this opportunity?
Chapter 2 • Capitalize on Existing Assets

“\textit{If I ever go looking for my heart’s desire again, I won’t look any further than my own backyard.}”

\textit{–Dorothy in The Wizard of Oz}

\textbf{Why could be more sensible than to build wealth on what you’ve already got? But too often, it’s easy to overlook assets right before your very eyes; they become so familiar, you forget their worth.}

This chapter shows you how to capitalize on existing assets with four proven tactics. You’ll learn how other people strengthened existing sectors through niche marketing, value-added manufacturing and district branding. You’ll see how people developed livable and sustainable towns by enhancing historic character, developing community design guidelines and building mixed-use developments. You’ll find out how communities became strong by weaving together land uses, activities and natural systems—instead of separating them as is so often done today. Story after story shows how rural communities can capitalize on existing assets in creative ways to build their overall wealth, create jobs, and ensure long-term prosperity.

\textbf{Tactic 1: Build Up and Enhance Existing Sectors}

Farming, ranching and forestry are among the most prominent and traditional sectors of the Sierra economy, yet they could disappear from the landscape in the next few decades. Landowners in the path of expanding urban areas grow tired of struggling with low commodity prices and fighting for water supplies. Under current incentives, many will cash in on high land prices and opt for an easier life.

Up until now, the conversion of farmland and forests into subdivisions has been concentrated in the western portions of Placer, El Dorado and Nevada counties, but it is now spreading to Amador, Calaveras, Tuolumne and Mariposa counties, and inching up over the crest into Plumas, Sierra and Mono counties. Farms, ranches and forests—our working landscapes—embody real long-term wealth in the Sierra Nevada. One way to preserve and increase that wealth is to boost profits and increase the variety of ranch and forest enterprises.

\textbf{Why should we boost profits and increase the variety of ranch and forest enterprises?}

If current trends continue, the Sierra will contain little working landscape by the year 2040. Demographers expect the Sierra’s population will double in forty years, adding to the region the equivalent of the population of Bakersfield. Most of these newcomers will live in the western foothills, the same place where most agriculture and forestry now occurs. If development continues to be mostly large lots and low-densities, human settlement will occupy four times more land.
in 2040 than in 1990, nearly half of all the private land in the region. As far-fetched as this scenario may sound, changes of this magnitude have already occurred in other places like Santa Clara County.

If agricultural economics works the same in the Sierra as it does in the Central Valley (and there’s no reason to think it doesn’t), losing the working landscape could hurt the Sierra’s economy. Strong Associates, an Oakland-based economics firm, studied the impact on the Central Valley economy of converting agricultural land into residences. They found that rural residential parcels and rising property values are driving agriculture out of the region, and have already cost $802 million per year in gross agricultural sales and 35,200 direct and indirect jobs (Table 1). The net economic impact depends on what activities replace agriculture: the impact can be positive if high-income office and industrial jobs come in, or negative if low-income retail jobs come instead.

### Table 1: Impacts to Production Agriculture

<table>
<thead>
<tr>
<th>Farmable Acres</th>
<th>Ag Acres Lost</th>
<th>Percent Lost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Developed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5 to 5 acres</td>
<td>91,390</td>
<td>77,373</td>
</tr>
<tr>
<td>5 to 10 acres</td>
<td>109,491</td>
<td>65,078</td>
</tr>
<tr>
<td>10 to 20 acres</td>
<td>232,751</td>
<td>88,942</td>
</tr>
<tr>
<td>Total Developed</td>
<td>433,632</td>
<td>231,392</td>
</tr>
<tr>
<td>Undeveloped</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.5 to 5 acres</td>
<td>125,621</td>
<td>80,019</td>
</tr>
<tr>
<td>5 to 10 acres</td>
<td>128,517</td>
<td>53,543</td>
</tr>
<tr>
<td>10 to 20 acres</td>
<td>323,414</td>
<td>91,327</td>
</tr>
<tr>
<td>Total Undeveloped</td>
<td>577,552</td>
<td>224,888</td>
</tr>
<tr>
<td>Percent of Combined Total</td>
<td>51%</td>
<td></td>
</tr>
</tbody>
</table>

One consequence of losing working farms and forests to low-density residential development is that local governments will face progressively larger budget deficits. Strong Associates calculated that, in the Central Valley, local governments lose on average $354 for each developed parcel. That is, they take in $275 in property tax, and spend $146 on roads, $337 on administration (including police and water treatment), and $416 for school busing. In undeveloped lots, however, the deficit is only $23 (Table 2). The deficit increases with the size of the lot, from $251 for a 1.5 to 5 acre lot to $511 for 10 to 20 acre lots. One way local governments can reduce budget deficits is to approve higher density development. This leaves more land for activities that pay their way—agriculture, forestry and commerce.

### Table 2: Rural Parcel Revenue and Costs

<table>
<thead>
<tr>
<th>Developed</th>
<th>Revenue</th>
<th>Property Tax</th>
<th>Road Cost</th>
<th>Administrative Cost</th>
<th>Net Revenue Shortfall</th>
<th>School Bus Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5 to 5 acres</td>
<td>$278</td>
<td>($101)</td>
<td>($337)</td>
<td>($160)</td>
<td>($91)</td>
<td></td>
</tr>
<tr>
<td>5 to 10 acres</td>
<td>$280</td>
<td>($154)</td>
<td>($337)</td>
<td>($211)</td>
<td>($138)</td>
<td></td>
</tr>
<tr>
<td>10 to 20 acres</td>
<td>$265</td>
<td>($231)</td>
<td>($337)</td>
<td>($303)</td>
<td>($208)</td>
<td></td>
</tr>
<tr>
<td>Total Developed</td>
<td>$275</td>
<td>($46)</td>
<td>($337)</td>
<td>($208)</td>
<td>($148)</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Undeveloped</th>
<th>Revenue</th>
<th>Property Tax</th>
<th>Road Cost</th>
<th>Administrative Cost</th>
<th>Net Revenue Shortfall</th>
<th>School Bus Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.5 to 5 acres</td>
<td>$37</td>
<td>($20)</td>
<td>($50)</td>
<td>($32)</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>5 to 10 acres</td>
<td>$66</td>
<td>($30)</td>
<td>($50)</td>
<td>($14)</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>10 to 20 acres</td>
<td>$80</td>
<td>($44)</td>
<td>($50)</td>
<td>($14)</td>
<td>NA</td>
<td></td>
</tr>
<tr>
<td>Total Undeveloped</td>
<td>$55</td>
<td>($99)</td>
<td>($50)</td>
<td>($23)</td>
<td>NA</td>
<td></td>
</tr>
</tbody>
</table>

### Table 3: Total Revenue / Costs

<table>
<thead>
<tr>
<th>Developed</th>
<th>Revenue</th>
<th>Costs</th>
<th>Net Revenue</th>
<th>School Bus Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>($20,138,000)</td>
<td>($11,542,000)</td>
<td>($26,529,000)</td>
<td>($17,933,000)</td>
<td>($10,367,000)</td>
</tr>
<tr>
<td>Undeveloped</td>
<td>($5,987,000)</td>
<td>($3,164,000)</td>
<td>($5,529,000)</td>
<td>($2,705,000)</td>
</tr>
<tr>
<td>Combined Total</td>
<td>($26,126,000)</td>
<td>($14,705,000)</td>
<td>($32,058,000)</td>
<td>($10,367,000)</td>
</tr>
</tbody>
</table>

( ) indicates deficit

Scattered development can cause environmental damage that places additional costs on local governments—traffic congestion, air and water pollution, and planning for endangered species. When local governments plan ahead to avoid these long-term costs, they can prevent the need for expensive repairs—bills that often come due after they have spent the permit fees that could have funded such projects.
How Can You Increase Profits in the Agriculture and Forestry Sectors?

Sierra ranches and forests don’t have to be at the mercy of commodity markets, which are markets that aim to generate vast quantities of inexpensive goods. New markets are emerging because consumers are increasingly willing to spend a little extra to support their values.

Demand for goods that are healthier, or more environmentally or socially responsible, has grown significantly in recent years, and appears to have potential for phenomenal growth.14 Already the Dow Jones Sustainability Groups Indexes—which track businesses that market good stewardship—outperform their conventional counterparts by 5 percent each year.

For the seller of niche-market goods, opportunity awaits. More and more potential customers are moving into the Sierra foothills, and an even larger market exists in urban centers just a few hours away. To succeed with this approach, farmers and foresters must stay attuned to changing markets. They must look for greater returns that reward them, not just for the products they sell, but also for the care with which they manage their lands. With creativity and innovation, they can survive and flourish.

Here are some ideas landowners and communities can use to increase profits in agriculture and forestry.

**Analyze opportunities to diversify your business.** You can get ideas about how to diversify your ranch from The New Frontiers of Ranching: Business Diversification and Land Stewardship. This guidebook shows how ranchers in rapidly growing regions of the West have become more successful by diversifying their businesses. Eleven case studies tell how ranchers applied four strategies: niche marketing, guest ranching, small business development, and innovative management. Available from the Sonoran Institute at www.sonoran.org/library/ or call 520-290-0828.

**Capitalizing on new niche markets.** Some consumers are now willing to pay premiums to support organic foods and products. Retail sales of organic products have grown by 22.7% per year in the past decade.15 Se Ervin’s Natural Beef case study or ervins@eaznet.com. Good forest stewardship is a sector that is growing rapidly. The Forest Stewardship Council promotes responsible forest management around the world by certifying forest products that meet rigorous standards approved by the timber industry, environmentalists and community groups. Already 127 forests in North America, covering over 13 million acres, have qualified for this program. More information is available by calling 1-877-372-5646 (toll free) or visiting www.fsccus.org.

Family farms. To find out how much extra consumers are willing to pay to support local farmers and buy organic meats and produce, get a copy of the report Attracting Consumers with Locally Grown Products, which includes a survey you can adapt. Prepared by the University of Nebraska—Lincoln; available from www.farmprofitability.org/local.pdf or by calling 402-472-2832.


**Create public-private partnerships that keep farms on the urban edge.** Sonoma County is leasing permanently protected public land to farmers who grow fruit, vegetables, herbs and flowers. Contact Andrea Mackenzie, general manager of the Sonoma County Agricultural Preservation and Open Space District 707-565-7360.

**Explore using e-commerce to cut costs and increase revenues.** Some websites provide e-commerce market places for specific agricultural products, e.g. the Winery Exchange at www.wineryexchange.com, or retailers of farm produce at www.agribuys.com. You can go to e-auctions, such as www.XSag.com that specializes in equipment parts. You can get help developing a web site from www.Agribiz.net. For more information, read Rolf A.E. Mueller, Emergent E-Commerce in Agriculture. AIC Issues Brief Number 14 (2000); available from www.aic.ucdavis.edu.

**Form an agriculture marketing association.** Network with neighbors to minimize marketing costs. See the case study about Apple Hill on p. 20 or www.applehill.com.

**Investigate a regional hospitality association.** Create a farm and garden trail program similar to Farms, Gardens and Countryside Trails of Western North Carolina 828-252-0121 or visit www.handmadeinamerica.org. Coordinate with: Farms • Orchards • Pick-your-own operations • Vineyards • Produce markets and roadside stands • Retail nurseries • Specialty growers • Special events, e.g. harvest festivals • Craft galleries that sell farm-related crafts, e.g. natural soaps or dried arrangements • Restaurants that feature locally grown ingredients • Lodging near agricultural and forestry areas, e.g. bed and breakfasts, hunting and fishing lodges, rental cabins • Natural attractions.

**Look for ways to add value to local products.** The concept is simple: sell finished products instead of raw materials—sell wine and furniture rather than grape juice and boards. See the case study about Jefferson State Forest Products at p. 21 or www.jeffersonstateproducts.com. Check out the Foodnet website where food professionals can network with peers, find recipes, gather information about the industry and share product ideas at www.foodnet.com.

**Look into conservation easements as a way to get large lump-sum payments and preserve working landscapes.** Landowners can use voluntary conservation easements to maintain private ownership yet receive compensation for preserving open space. The Wildlife Conservation Board, for example, will pay landowners who invest in projects that preserve wildlife habitat or provide the public with opportunities for recreation. See www.dfg.ca.gov/wcb/index. Under the Williamson Act, private landowners who promise to keep their land in agriculture or related open space can lower their property taxes. The State of California, in turn, reimburses local governments for the tax revenues they lose from Williamson Act enrollees. For more information, see www.consrv.ca.gov/DLRP/ica/. Information about other programs can be found in State Government Incentives for Habitat Conservation. A Status Report, available from www.biodiversitypartners.org.16

**Promote zoning ordinances that protect agriculture and forestry.** Local officials can discourage rural sprawl by encouraging cluster development. They can also require large minimum parcel sizes for ranching and forestry, such as the 640-acre minimum in Sierra County.

**Set up and shop at farmers markets.** For more information, contact Joanne Neft, Agricultural Marketing Specialist for Placer County, at 916-663-9126, Becki Carlson at PlacerGrown at 530-889-7398, or the Foothill Farmers Market at 530-823-6183.
Another advantage farms and forests have over residential and commercial development is that they cost less to protect from floods and wildfires. As the 1997 floods in the Sierra showed, a flooded farm field in mid-winter may cause economic losses of a few hundred thousand dollars, but the same farm converted into a subdivision would suffer economic losses worth millions. Although individual home and business owners pay the greatest economic price, they are not the only ones affected by natural catastrophes. State and federal taxpayers contribute vast sums of money through relief efforts and programs such as FEMA, and everyone is affected when insurance rates rise.

Maintaining working landscapes protects valuable natural assets. Because farms and forests also provide habitat for wildlife, maintaining working landscapes can avoid adding to the endangered species list. Listed species sometimes force government officials to take extreme measures, such as restricting private property rights or putting land in public ownership. Not only does preserving working landscapes avoid lengthening the endangered species list, it keeps land in private ownership where it can continue to be productive.

Building up existing sectors retains people that work the land, whose knowledge and skills embody a unique form of human capital. When a community loses its farmers, ranchers and foresters, it also loses skills and knowledge that may be impossible to replace. These people have gathered knowledge and passed it down through generations—about the soil, the seasons, and the subtleties of the land. Ranchers and foresters know information specific to business success—about products, transportation and markets. When they stay in the community and adapt their skills and knowledge to new consumer tastes and technologies, they can strengthen the local economy.

Conserving working landscapes preserves the Sierra’s legacy for its future. Generations of Sierrans supplied miners, railroad workers, and urbanites with produce, beef and timber. At the turn of the 20th century, 40 percent of Americans lived on farms; a century later, that number had fallen to less than 2 percent. What an extreme transformation! While most people can trace their roots back to a family farm, few today have enough land for a pea patch.

Maintaining working landscapes in the Sierra protects that legacy for our children and grandchildren. By providing people who don’t live on farms a chance to pick apples, feed goats or cut firewood, working landscapes allow them to connect, however briefly, with the past. By visiting u-pick operations, urban dwellers can teach their children where food comes from. When town and country are close together, urbanites can more easily obtain the freshest and healthiest food.

Maintaining the working landscape itself can ensure the Sierra’s future prosperity. The very diversity of the Sierra’s landscape—expansive farmlands, historic towns and wooded hills backed by snowy peaks—represents real wealth. Farms and forests yield long-term dividends—a few moments of peace and a chance to get away from the crowds. If we lose our farms and forests, we also lose that wealth.

To preserve and maintain the wealth of the working landscape, creative ways must be found to increase profits in agriculture and forestry. Without these businesses, the future of private land in the Sierra will be either scattered development or wildlife preserves. To find out how to retain this capital, read on.
Case Studies

Ervin’s Natural Beef Fills Niche Market

“People spend thousands of dollars getting in touch with nature. We invite you to spend a few bucks getting in touch with your food supply.” — from an Ervin’s Natural Beef brochure

In the early 1990s, harsh drought and low cattle prices convinced Will and Jan Holder they could not survive as a traditional cattle ranch. The Holder family, which has been ranching in Arizona since the 1890s, now owns 300 acres and grazes 10,000 acres of national forest.

The Holders thought they could increase their income if they could decrease the number of middlemen handling their beef before it reached the consumer. The commodity beef market has seven middlemen, each earning more than the average rancher. But even with all the middlemen removed, the Holders couldn’t compete in the commodity market because it operates on very high volumes. They had to enter a different market. So they searched for a value-added product and settled on natural beef—a growing niche market that appeals to consumers who are concerned about their own health or environmental health.

The Holders started by researching other natural beef operations, both successes and failures. Convinced a natural beef market existed, they organized a ‘C’ corporation to limit liability and in 1997 launched Ervin’s Natural Beef—named for the grandfather who started the family ranch. Having learned that failure stemmed from growing too fast and taking on too much debt, they planned to start small, grow slowly and assume little debt.

They met their second goal by requiring rigorous monitoring of rangeland health, tracking indicators such as sedimentation rates, plant vigor, nutrient cycles and water flows. In addition, because the Holders’ ranch lies within a reintroduction area for the Mexican gray wolf, they minimize conflicts with wolves and advertise their beef as predator friendly.

One of the main challenges the Holders faced was finding a packer, since large packinghouses were either not interested in small shipments or unable to keep Ervin’s Beef separate from other beef. Eventually they learned about a federally sanctioned packing plant at the University of Arizona that was flexible in timing and how many animals it processed. The University now slaughters steers for Ervin’s Beef once or twice a month.

Finding markets was another serious challenge. Early on, a natural foods distributor told them they were too small and inexperienced to sell to him. So they sold their beef at Arizona farmers markets and found that by attending two markets a month they could make $7-9,000 per year. Increasingly they market directly to stores like the New Life Health Center in Tucson, restaurants, and regional distributors like Tucson Cooperative Warehouse. The Holders have learned to sell high-end cuts to restaurants and lower end meats at farmers markets.

When Ervin’s Natural Beef first started, they sent three steers to slaughter each month. Today Ervin’s buys beef from ten ranches and markets 150,000 pounds of natural beef each year. These ranches contract to produce a certain number of cattle a year according to Ervin’s standards for natural beef and land management. These requirements ensure that Ervin’s keeps its promises to its consumers, who they invite to visit participating ranches.

For these inconveniences, ranchers receive a 20% premium for cattle sold to Ervin’s. They also avoid a number of hidden costs in conventional beef sales—shrinkage, yardage, auction fees, feed, and medical costs. Consequently Ervin’s Natural Beef is expensive: an eight-ounce tenderloin costs $13.48 and hamburger costs $2.45 per pound.
Marketing the Apple Hill District

“This area would not be in agriculture if it weren’t for Apple Hill,” says Ed Delfino, one of the founders of the 38-year-old ranch marketing organization. Indeed, Delfino believes Apple Hill may have saved agriculture in El Dorado County.

The story of Apple Hill begins in the late 1950s when a blight decimated El Dorado County’s pear orchards. Until then the area had been a major pear producer for the U.S., shipping to Boston, Chicago, and New York. Within five years, the blight caused harvest to plummet to 16% of former levels. The family ranches needed a new source of revenue to survive.

Ed Delfino was the county agricultural commissioner at the time and he believed the region belonged in agriculture. “Along the whole Sierra, between 1,500 and 3,500 feet the climate is perfect for producing sweet, high quality fruit,” he says. Several local ranches grew good apples, suggesting potential for that market.

In 1962, Delfino and Gene Bolster, a local grower, visited Oak Glen—a successful ranch marketing program in southern California. They thought a similar program might help El Dorado ranchers stay in business, and brought home copies of Oak Glen’s by-laws.

By 1964, Bolster and Delfino had persuaded 16 ranches to form the Apple Hill Growers Association—the first ranch marketing effort in northern California. They modified the Oak Glen by-laws to fit local needs and they voted to call themselves “Apple Hill.”

“Farmers are independent thinkers,” says Delfino, “Without a catastrophe like pear decline, they would never pull together. The strategy of Apple Hill was to increase revenues by selling retail instead of wholesale. We met the three conditions necessary for such a marketing program to succeed: we had a good product, we had a critical mass of agricultural land, and we were close to a major population center.”

But their work had just begun. Apple Hill faced considerable competition from better known Washington State apples. Believing their apples tasted better than Washington State apples, the Growers Association decided to launch a campaign to consumers. The problem was they couldn’t pay for advertising.

So the Growers Association became creative. They handed out 50,000 bags at the California State Fair and promised two pounds of free apples to anyone who brought a bag to Apple Hill. They also started an annual press picnic in which each Apple Hill family invited individual journalists to a meal in their home.

Over the years the journalists and ranchers became close friends, which led to growers appearing regularly on Sacramento TV stations to prepare desserts and main dishes. Evelyn Abel, who does four shows a year, says, “It’s been an excellent marketing tool.” She is amazed at how many visitors recognize her from the cooking shows. Today Apple Hill also publishes the Cider Press, an annual guide that reaches over 200,000 people as an insert in newspapers in Davis, Folsom, Fairfield, Roseville, and Carson City.

Ed Delfino says Apple Hill unleashed a surprising amount of the growers’ entrepreneurial talent. He cites Clarice Larsen, of Larsen Apple Barn, who proposed the Apple Hill Smorgasbord in which the wives baked favorite desserts and sold them by the slice. The smorgasbord was so successful the traffic jams forced them to stop. Instead several growers built bake shops on their ranches, featuring specialties of the house.

Other growers added other features over the years and now there’s a ranch experience for every taste. The Larsens keep it simply to apples and a bake shop. High Hill offers a trout pond, pony rides and crafts. Kids Inc. has farm animals, a nature trail and a pumpkin patch.

In the mid-1980s (the last time someone counted) over half a million people visited Apple Hill in a season. People come from the Bay Area, Stockton, Sacramento, Carson City and Reno. County government, recognizing agriculture’s contribution to the local economy, protected these family ranches by creating an agricultural district in which properties with good soil must be a minimum of 20 acres. Apple Hill succeeds because each year on the first fall day people think, “It’s time to go to Apple Hill.”

For more information, contact Linda Brown at the Apple Hill Growers Association office, 530-644-7692, or see www.applehill.com.
Jan Holder stresses this process “was hard—it was very hard.” They advise ranchers getting into the business to expect frustration. Learning what cuts from a carcass were marketable, researching regulations, designing the label—each step took weeks of work. The Holders stress over and over that there are real obstacles to making this business succeed.

Yet their experience also proves it is possible. Their careful and methodical approach has paid off. Today the Holders enjoy a more stable market and have almost tripled their income.

For more information, contact Will or Jan Holder at Ervin’s Natural Beef, 928-428-0033, or ervins@caznet.com, or look at their website at www.ervins.com. They are willing to share lessons with ranchers considering a similar business. Their guide How to Direct Market Your Beef is a must.

Jefferson State Forest Products Manufactures Value

In 1995 Jim Jungwirth knew it was only a matter of time before the local lumber mill in Hayfork, California shut down—a recent Forest Service decision permanently reduced timber harvest on neighboring public lands. This decision had serious consequences for the community of Hayfork. Surrounded by national forest, the town lies sixty miles by winding mountain road from the nearest city of Redding. Closing the mill meant losing 36% of the town’s payroll. What could fill that void?

Jungwirth resolved to help his hometown. He decided to catalyze local economic development and create good jobs by starting a value-added wood manufacturing business. With $26,000 of his own money, he founded Jefferson State Forest Products (JSFP) — named for the brief 1940s secession movement in northern California and southern Oregon.

Because the key to a value-added business is quality, a master craftsman with over 25 years of experience designs each JSFP product. Attention to detail begins with hand selecting raw materials and carries through artisanal construction techniques such as mortise and tenon joinery. The results are high quality furniture, flooring and wood accessories such as wine racks and cutting boards.

One of Jungwirth’s business goals was to create new markets for low-value timber thereby providing incentives for timber managers to maintain more diverse and healthy forests. The company buys wood that the Forest Stewardship Council certifies comes from forests managed according to certain environmental and socio-economic standards. JSFP also received chain of custody approval, meaning it can track certified ‘Smartwood’ through the production process.

Other sources of wood include thinnings from suppressed stands of Douglas-fir and Ponderosa pine, western hardwoods considered weeds, and recycled wood. Previously, small-diameter softwoods were either burned on site or chipped for paper, yet JSFP has demonstrated their good color and dense grain make good qualities for furniture and flooring. By creating new demand for weed tree species, Jungwirth hopes to reduce expensive practices such as herbicide applications and hand weeding.

Another goal of JSFP is to support socially and economically responsible businesses. Jefferson State Forest Products buys all of its western wood from mills in northern California and Oregon. They try to support small, independent sawmills because they believe “the new forest management ethic…is more easily achieved by rural land managers and small producers.” In addition, buying from independent mills supports the rural economies in which these mills are located.

Jungwirth applies the same ethic of social responsibility to Jefferson State Forest Products. All profits are reinvested in the company. Jungwirth has created 13 full-time and 4 part-time positions for Hayfork residents. Because none of the employees had previous experience crafting furniture, Jungwirth committed significant resources to their training. Although Jungwirth has given his employees two raises while he built the business, he has yet to take home a salary.

Finding markets remains the primary challenge. Part of JSFP’s strategy is to target several niche markets at once. High quality products attract high-end customers. Smartwood
products attract environmentally conscious customers. Yet assessing urban demand is tough. “As rural people, we have no idea what our more affluent neighbors want to buy,” says Jungwirth. JSFP has built an extremely successful relationship with Whole Foods Markets to which it supplies display systems. Their partnership has provided JSFP a consistent and expanding market for their products.

The hard work is paying off. From its modest beginnings, JSFP has grown 20% each year to a net worth of $200,000. Key to their success has been a willingness to follow where markets lead. The company has just started marketing on the Internet, with encouraging results. Creativity and care, evident throughout everything done by the company, is building a successful and profitable company steeped in the people, history and resources of Trinity County.

For more information, go to the Jefferson State Forest Products website at www.jeffersonstateproducts.com, or contact Jim Jungwirth, President, at 530-628-4206 or jim@jeffersonstateproducts.com.

Tactic 2: Develop Livable Towns and Neighborhoods

“If people, companies, or industries can truly live anywhere...where to locate becomes increasingly contingent on the peculiar attributes of any given location.” — Joel Kotkin in The New Geography

It’s easy to underestimate the value of the familiar, yet that is what many Sierra communities do with their historic downtowns. Properly conserved and expanded, these downtowns are an asset that can propel communities into prosperity for years to come. They are built on enduring patterns—of walkable neighborhoods and small town feel—that are appreciating in value as they become more rare. Better still, these assets are uniquely Sierran: just look at the buildings and you know you’re not in New England, the deep South or New Mexico. An enduring pattern with distinctive style—what better market niche is there to build upon?

Yet most new construction in the Sierra ignores or destroys these patterns. Homes and businesses are scattered across the landscape rather than clustered in compact designs. Streets run from dead-end cul-de-sacs to congested arteries, rather than in well-connected grids. Too often, subdivisions emphasize isolation rather than community. One by one, dozens of seemingly harmless decisions add up to acres and acres of settlements that do not function like communities.

Across California, residents are demanding more livable communities. Brooke Warrick, president of American LIVES, Inc., a group that conducts surveys on consumer home-buying trends says, “People prefer town centers with a village green surrounded by shops and civic buildings. Consumers now want features... that not only allow—but promote—interaction with other families, children, and community organizations.”

An essential investment is therefore to first define, then design, visions for Sierra communities drawn from their historic town patterns.

Why should we base community visions on the historic Sierra town patterns?

Promoting the enduring design principles of historic Sierra towns will position the Sierra to succeed in the information economy.

Can towns from the Gold Rush era spur economic prosperity in the 21st century? Quite simply, yes, because the basis of wealth creation has changed. In the information age the key factor of wealth creation is talent. And talented people, unlike forests or motherlodes that drove wealth creation in the past, are highly mobile—and can live anywhere they want.

What talented people want, according to Richard Florida, an economics professor at Carnegie-Mellon University, is “a place that enables us to reflect and reinforce our identities as creative people, pursuing the kind of work we choose and having ready access to a wide range of lifestyle amenities...we prefer communities that have a distinctive character.” His studies show that talented people want to live in pedestrian-oriented, mixed-use neighborhoods. They want to take their laptops to the nearby café and work over lattes. After work they want to jog by the river or ride the nearest mountain bike trail.
This doesn’t mean Cisco should relocate its world headquarters to Sonora, or even build a backroom subsidiary there. It does mean Sonora, like all Sierra towns, should ask, “how do we become a place where talented people want to live and work?” And the answer lies in the historic downtown, which already positions Sonora to be such a place.

Sonora has many advantages over Silicon Valley besides its downtown. It’s more affordable, has almost no commute, and is closer to Tuolumne Meadows. And, instead of the frenetic 24/7 pace of urban life, Sonora can boast, “We’re 16/6 and proud of it.” Thus, a great economic development strategy for Sonora is to keep its downtown economy and culture strong—and to adapt its buildings to provide the office space and services needed in the information economy.

This kind of shift happened in Port Townsend, Washington. Located on the Olympic Peninsula and two hours from Seattle by car and ferry, Port Townsend was once one of the finest Victorian seaports in the country. By the 1980s, though, many of the downtown Victorian buildings were boarded up, victims of regional shopping malls, population decline, and trouble in the fishing and timber sectors.

In 1985, community leaders embarked on a Main Street program through the National Trust for Historic Preservation. They developed a plan to promote Port Townsend’s historic district as the town’s social, cultural, and economic center. The program used partnerships to create common purpose among downtown merchants and landowners. It lined up financial support. Landscaping and public art—historically compatible, of course—enlivened the downtown.

Fifteen years later, 90 percent of downtown properties have been rehabilitated. One hundred percent of the street-level retail space is occupied and retail sales are double what they were in 1984. One historic building evolved into office space for high tech businesses. Another building—vacant for twenty years—now houses city offices, a college, and a Native American art gallery. An old theater, formerly a junk shop, is reborn and shows first-run movies. By 1999 this town of 8,000 supported 237 more jobs in its downtown than it did in 1990.

Says one observer, “you can dine in one of 23 restaurants, stay in an historic bed and breakfast, take a college course, rent a kayak, listen to great jazz, buy an antique car, or watch for eagles flying overhead—all within walking distance of downtown.”

What is the secret of Port Townsend’s success? Downtown revitalization made Port Townsend an attractive place to work. People found new uses for old buildings and diversified the economic base, which in turn bolstered other sectors such as retail.

If Sierra towns grow at a measured rate, they position themselves to ride out an economic downturn. The oil boom in Texas fueled so much construction that, when the oil bust occurred in the 1980s, real estate went into a recession from which it did not recover for a full decade. Portland, Oregon, on the other hand, with its measured approach to growth, continues to enjoy a sound real estate market despite recent job losses in the Silicon Forest.

Another reason to build on the Sierra’s historic town patterns is that it stakes out a unique, competitive niche. These are not homogenized, pasteurized communities designed by some distant architect and plunked down everywhere from Atlanta to Anchorage. These are one-of-a-kind places that can’t be duplicated at any price: buildings with real ghosts, gold dust between the floorboards, and advertisements for “steam-heated hotel rooms, $1 and up” fading off the brick walls.

Communities can protect and reinvest in their downtowns by replicating the architectural details and street grids as they build out from the core. Demand is growing for housing in mixed-use, medium-density, and pedestrian oriented neighborhoods like these. Meeting this demand is good business because supply in this niche is limited, and people are willing to pay $5,000 to $30,000 premiums for such homes.

Demand for this type of housing is growing because people 45 and older will be the largest segment of the house buying population in the Sierra through 2015. Repeal of the capital gains tax in 1997 removed a significant deterrent to trading down in
home size and value. So now, after their children leave home, people are choosing to live in a central location with easy access to stores, services, and society.

But instead, much new construction in the Sierra is building more of an ordinary type of development that the Sierra already has in excess: low-density subdivisions full of large single-family homes that require residents to drive to get anywhere. Moreover, this is a type of housing for which, given demographic trends, demand is expected to fall. Continuing to build in this manner risks destroying one of the chief competitive advantages of the Sierra: its historic towns.

Traditional town patterns dovetail beautifully with modern-day needs. In the Industrial Era, land-uses had to be separated to keep loud, dirty, and noxious activities away from families’ homes. This spurred separation of land-uses, and Americans became used to putting many miles between home and work.

But such land-use patterns don’t work as well in the Information Age. Increasingly, work is done at desks and computers, and generates little noise or pollution. Firm size has shifted downward, meaning smaller offices are possible, sometimes in the home. Even when working for a large firm, employees can telecommute to headquarters hundreds of miles away. Moreover, given today’s busy lives, people consider sitting in traffic congestion time wasted and want more quality time to spend with friends and family.

And traffic congestion is getting worse. In 1999, people spent more than three times the number of hours sitting in traffic than they did in 1982. The cause of this increase is not so much population growth; it’s land-use patterns — longer car trips, more car trips, fewer people per car, and switching to driving from walking, bike riding or taking the bus.

Clearly, modern-day needs dovetail neatly with the walkable neighborhoods of the Sierra’s past. The evolving economy not only makes this possible, it makes it desirable and profitable. Traditional, multi-use patterns reduce dependence on the automobile. And, best of all, traditional town patterns make it possible to reweave communities into a cohesive whole.

Affirming the character of historic Sierra towns keeps local taxes down. Study after study shows that American taxpayers save money when growth fills in and grows out from existing communities rather than leapfrogging to open land beyond the edge of town. Well-planned, compact forms of growth cost 25 percent less for roads, 20 percent less for utilities, and 5 percent less for schools and consume 45 percent less land than low-density development. Southeast Florida residents, for example, could save $6.15 billion over 20 years by revitalizing city centers rather than allowing development on the cheapest open land.

When plans clearly articulate a community’s design vision, everyone benefits. A vision that reflects a broad spectrum of a community’s priorities and needs pays lasting dividends in the form of durable community support. When the community trusts that what it wants will be built, support for individual projects increases. Planning staffs, given clear direction, can process permits more quickly. Property owners benefit because they face a less divisive political environment and can complete projects more quickly.

But having a design vision isn’t enough; the details are critical — and this is where the Sierra’s ready-made models of historic towns come in. Downtown grids flanked by contour-hugging streets; houses radiating out from the downtown core — first mixed-use buildings, then single family Victorians, and finally to working farms and ranches — these are just the design elements that can build communities of lasting value.
How Can You Create a Community Vision Based on Sierra Historic Town Patterns?

Capitalize on the links between livable communities and economic growth. A surprising array of business groups and businesses—from Daimler Chrysler to Deere & Company—are working to develop livable communities.

Learn more in Profiles of Business Leadership on Smart Growth at www.nalgep.org/smartgrowth.htm or call the National Association of Local Government Environmental Professionals at 202-638-6254.

Explore the connections between more livable, walkable communities and fiscal, environmental, and physical health. Livable communities also make good fiscal sense for small communities. You can learn more from California Treasurer Phil Angelides’ Smart Investments (916-653-2995).

The American Farmland Trust has conducted a series of analyses, which compare the fiscal costs of building more compact, livable communities with low-density development that spreads into the countryside. In every case, development centered in towns saves taxpayer dollars. See www.farmland.org.

Water is increasingly a critical factor in planning for rural communities’ futures. A study by Natural Resources Defense Council, American Rivers and Smart Growth America found that the more sprawl-out development is, the more it affects water availability, especially during droughts. See Paving Our Way to Water Shortages at www.smartgrowthamerica.org/Sprawl%20Report-FINAL.pdf.

More walkable communities can be good for your health, according to Dr. Richard Jackson from the Centers for Disease Control in his monograph, Creating a Healthy Environment: The Impact of the Built Environment on Public Health. www.sprawlwatch.org/health.pdf.

Pursue uniquely rural strategies for developing livable communities. Read the award-winning Planning for Prosperity: Building Successful Communities in the Sierra Nevada by the Sierra Business Council to discover a 10-point strategy for sound development and a six point strategy involving and serving business and the public in the planning process. Available on line in PDF format at www.sbcouncil.org/publications.asp or call 530-582-4800.

The Northwest–Midwest Institute has published Smart Growth for the Frontier: Strategies and Resources for Rural Communities—a useful guide that links livable communities and economic growth. Available in PDF format at www.nemw.org or call 202-544-5200.

A classic and visually exciting guide to rural planning is Rural by Design: Maintaining Small Town Character by Randall Arendt. Find it at commerce.planning.org/bookservice.

A special concern in the Sierra is how to manage a gateway community with huge influxes of tourists. Ed McMahon and Jim Howe focus on different gateway strategies for community design in Balancing Nature and Commerce in Gateway Communities (www.islandpress.org).

Collaboratively develop the community vision for your hometown. Tony Lashbrook, Community Development Director for Truckee says, “Once you have a collective vision, the job is easier.” This was definitely the case in Minden, NV, which pulled together a citizens’ process to figure out how to integrate its traditional grid-based downtown with more recent suburban-style development. The committee created a successful plan with the help of consultant Bruce Race, who is a master at bringing diverse people together for better communities. For more on Mr. Race, Minde and other visioning efforts, click on www.racestudio.com or call 510-528-4316.

There are increasingly more visual ways to develop your vision. One of the most interesting is through Community Viz software developed by the Orton Family Foundation. The software helps communities truly visualize alternative growth scenarios in realistic computer graphics, from the perspective of either a pilot or a pedestrian. Call Orton at 802-773-6336 or click on www.orton.org.

Build in and not out. Communities are looking for creative ways to build on sites already developed areas instead of on “greenfield” sites outside town. One of the best sources of fresh ideas is the Livable Community Center at the Local Government Commission, which brings together elected officials from throughout the West. One of their best guides is Building Livable Communities: A Policymaker’s Guide to Infill Development, featuring “40 ways to build it better!” Call them at 916-448-1198 or go to www.lgc.org/bookstore.

Brownfield development is becoming more and more important in the Sierra, as mill sites, railyards, and other old facilities are shutting down and leaving behind development opportunities, often in the center of town. The California Center for Land Recycling is uniquely suited to help communities with cleaning-up sites, financing and generating redevelopment ideas. You can reach CCLR at 415-820-2080 or www.cclr.org.

Revitalize your community’s Main Street and downtown district. The best source for Main Street revitalization is the National Trust for Historic Preservation’s Main Street Center (www.mainstreet.org or 202-588-6219). The Sierra Business Council is working with the California Trade and Commerce Agency to assist Sierra communities with a regional Main Street program. Contact SBC at 530-582-4800 or sbchina@sbcouncil.org.

Increasingly, Main Streets are competing successfully against malls as a destination of choice for shoppers. For an entertaining guide to “what Main Street can learn from the mall” go for a walk with retail expert Robert Gibbs in The Atlantic (www.theatlantic.com/issues/95nov/) or through his web site at www.gibbsplanning.com.
Case Studies

June Lake Develops Community Design Guidelines

Once vacationers find June Lake, California — “The Perfect Mountain Getaway” — they come back again and again. This resort area, discovered by Hollywood stars in the 1920s, loops around a chain of four lakes backed by 13,000 foot peaks. With small town charm, family-owned shops and lodges, and world-class outdoor recreation — trout fishing, ice climbing, mountain biking, and alpine skiing — this community has a winning combination that’s hard to beat.

In 1998 Intrawest, a leading resort developer, bought controlling shares of June Mountain which had been a family-owned ski area since 1961. With plans to develop more than 1,000 units at the base of June Mountain, Intrawest proposed sweeping changes to both the town and the ski area. The 600 residents of this community became concerned that the development would erode a central asset of June Lake: its small town feel.

The Mono County Board of Supervisors responded by initiating a process to develop design guidelines as required by the June Lake Area Plan adopted in 1990. In October 2000, the Supervisors formed a partnership with the Sierra Business Council to manage this process.

Mono County then invited residents to apply to be on the June Lake Community Design Committee. One applicant was Jim Davis, who retired to June Lake in 1999 and had come to the area since he was a Boy Scout. He applied because he wanted “to preserve the integrity of the community…to keep it peaceful, quiet and with no traffic lights.”

The 19 appointees, representing the full-range of residents and business owners in June Lake, worked for most of a year to develop the design guidelines. Their goals were to understand the unique character of June Lake and create a detailed vision for its future. They wanted to create a vibrant, well-organized and attractive community. They knew they needed to write guidelines that clearly defined the visual character the residents desired.

In January 2001, participants in a Community Character Workshop took pictures of what they liked and didn’t like around June Lake. They labeled the photos and grouped them by themes — from residential and commercial to landmarks and vistas — and then identified the design issues they wanted to address.

In February 2001, local residents and business owners, property owners and representatives from government agencies reconvened in June Lake with design experts. For two and a half days, they worked at the Double Eagle Resort to design a community vision. Conversations continued long into the night and resulted in recommendations to retain the community’s human scale.

In many meetings over the subsequent months, community leaders and the public wrote, rewrote, reviewed and refined the draft design guidelines. They tested the guidelines against different development scenarios. They created a checklist for reviewing development applications. They decided that development applications should include three scales of drawings: the neighborhood context, the site, and the building itself.

Realizing the importance of the community-based process, Intrawest representatives attended the meetings and listened to residents’ ideas and concerns.

The Community Design Guidelines state the vision for June Lake is to become a moderately-sized, self-contained, year-round community. The Guidelines encourage community structure that visually links existing neighborhoods. They support retaining the Village as the community’s commercial core by, for example, creating lively and attractive pedestrian-friendly streets. Other village core guidelines specify a mix of uses, and canopies or colonnades to protect pedestrians from weather. For new homes, the guidelines suggest fitting into the natural topography and retaining natural vegetation and trees wherever possible. From the street, front doors should dominate the view, not garages.

In October 2001, the Citizen Advisory Committee approved final design guidelines and recommended adoption by the Mono County Planning Commission and the Board of Supervisors.
Jim Davis says the design process made a difference. It developed “genuine consensus among members of the community.” It also changed his thinking. He learned that “we cannot stand against development, but we can be active in controlling it…We can influence others to not turn [June Lake] into an urban setting.”

Residents of June Lake have begun to implement recommendations from the Design Guidelines. They are revisiting the County road design standards. They are analyzing what community facilities new development should provide. They are making the streets more attractive by planting trees and installing benches and lights. And they are designing a community-wide trail system.


**Mixed-Use Development in Davis**

In 1998, a 70-year-old, green concrete-block apartment building stood at the corner of Third and C in Davis, CA. Having four dangerously substandard apartments in the tight Davis market was bad enough. Worse, the blight sat on the primary corridor between downtown Davis and the University of California campus, across from the farmers market and a park.

Chuck Roe, a local home builder and downtown developer, said, “That site was nasty.” To be financially successful, he said, any project to redevelop the site had to meet two criteria: it had to be higher-density and it had to clear the review process easily. Higher density was necessary to pay for the expense of a downtown infill project. Easy review was important to minimize risk and maintain profitability.

Once Roe had the building in escrow, he worked closely with the City of Davis Planning Department to design something he could build—economically, legally and politically. “Because big decisions are made early in an infill project, it really helped to have a good relationship with the planning staff,” Roe said. “By working closely with me, the City got what it wanted. I needed reassurance that if I invested my money and proposed something within their stated parameters, I could do the project. I had enough other risks to contend with—market conditions, commercial factors—without adding uncertainty during review.”

Because this was the first mixed-use project proposed in recent memory in Davis, Roe and the Planning Department decided the best strategy was to build what the municipal plan encouraged, and go beyond simply meeting zoning requirements. They designed a project that fit the existing zoning for the 6,000 square foot site: a three-story building with four apartments and 2,800 square feet of commercial space on the ground floor.

Parking was the big problem. The parking standards required 15 parking spaces, but the site could fit only four. Underground parking was prohibitively expensive. The zoning ordinance said the developer could pay $8,000 for each parking space not provided. For the 11 parking spaces, that meant $88,000 in fees—which made the project unbuildable.

The Planning Department recognized the conflict between the parking in-lieu fee and the policy to redevelop the property. They decided to separate the fee issue from this project and see whether the City Council would agree in policy to reduce the parking-in-lieu fees.

In April 1998, the Planning Department went before the Council and argued the parking standard was more appropriate to a suburban commercial development than this dense downtown. They pointed out that although parking was tight, it was sufficient given city policy to encourage alternative transportation. The planners reasoned that to achieve infill development and downtown reinvestment, they had to lower the parking in-lieu fees. The City Council agreed.

Lack of experience with mixed-use made subsequent steps hard. “Mixed-use is more difficult than conventional develop-
Murphys Expands Traditional Downtown

One of the biggest challenges for older communities is to expand downtown districts without losing their traditional scale, character or diversity. In a number of Sierra communities, lovely old downtowns—with a grid network of narrow streets, handsome buildings that come up to the sidewalk, and lots of shade trees—have expanded over the last few decades, but in the form of strip development, acres of parking lots, empty sidewalks, and drive-through fast food restaurants.

As a result, Murphys, a small town in Calaveras County, nervously considered its options for extending the town's well-preserved Main Street. The town did have a major advantage in that it did not lie on a major state highway, and therefore did not face pressure to increase franchise and big box developments. Nonetheless, the residents of Murphys were concerned that any major changes in its downtown would disrupt its timeless assets, including its eclectic mix of architectures, welcoming tree canopy, walkable scale and blend of businesses.

So at first they didn’t know what to make of Stephen Drammer and Rudy Ortega when they proposed a major development at the eastern end of downtown. The project would be on 1.5 acres (the largest remaining parcel in the downtown area) and would extend the west side of Main Street from 800 linear feet to 1,400 feet.

Given the scale of the project and the affection that Murphys residents have for their downtown, you would expect that Drammer and Ortega ran into a buzz saw of public opposition. But in fact, their project—labeled “the Arbors”—has now been built and is a source of great pride to the town.

The finished product includes eight new buildings and 17,000 square feet of retail, including restaurants and shops. It also includes seven new residences—five of which are living lofts above ground floor retail—bringing more people into Murphys’ downtown (and its businesses) day and night.

The project has been unexpectedly profitable. Before the project was built, retail space in Murphys rented for less than $1 per square foot and it was estimated that the Arbors would boost rents to $1.25 a square foot. Today, rents run between $1.60 and $2.00.

How did this profitable and popular extension of a traditional Main Street come to pass? There were five key ingredients.

1. The developer and architect live in Murphys, a real asset when proposing a project that reconfigures a community. They have to live with the results of their work and they have to live with their neighbors (in a small town, no less). Still, that's not always enough to persuade developers and designers to do something different—which is why the next ingredient is so important.

2. The developer and architect paid close attention to what the community wanted. Drammer and Ortega spent countless hours talking with their neighbors, participating in community meetings, and modifying their plans to reflect what they heard.

3. The developer and architect respected Murphys’ history and existing patterns. Ortega and Drammer did a careful inventory of the scale and styles of Murphys architecture as well as its street patterns. They designed their buildings and walkways to fit into those patterns. For example, instead of maximizing potential floor space, they limited the widths of their buildings to what you find in the rest of downtown—30 to 34 feet. They also used roofing and siding materials—some of them pre-aged—that allowed the new buildings to blend seamlessly with existing buildings.

4. The project had strong support from Calaveras County and its financial backer, Pacific State Bank in Angels Camp. Calaveras County’s planning department recognized that Drammer and Ortega were trying to do something different and beneficial in the long run—so they made the extra effort to be flexible. For instance, the County allowed the builders to create sheltered and visually pleasing walkways by extending overhead canopies above new sidewalks—even though these technically encroached on the county “rights of way.” Pacific State Bank was just as helpful. Banks often flee from mixed-use developments as risky ventures—even though market surveys demonstrate increased demand for “town living” that blends retail, residential and office construction. However, Pacific State Bank worked hand in glove with Drammer and Ortega to ensure that they had the financing they needed to complete the project on time and on budget.

5. From the beginning, all parties showed real commitment and patience in getting the project right. They set a vision for the property based on Murphys’ values and patterns. They cared enough about the town’s existing assets to conduct an inventory of downtown trees to make sure that the Arbors’ layout and landscaping benefited Murphys’ natural canopy. And they invested up front to give the downtown extension the right feel, by paying for appropriate finishing materials and improving 1,200 feet of existing roadway at great expense.

For more information about Murphys and its downtown, contact Stephen Drammer of the Drammer Company at 209-728-1133 or Rudy Ortega at 209-728-2044.
ment from every angle,” Roe says. “Higher-density infill developments risk being controversial from a NIMBY standpoint. Building codes are unclear. Insurance companies, appraisers and banks don’t know how to deal with mixed-use.” For all these reasons, it took 6 months longer to complete the project than usual. The City encouraged Roe by granting him a $88,000 waiver of parking in-lieu fees and the Redevelopment Agency covered $38,000 of the project’s development fees.

Of the housing, which became available in September 2000, Roe says, “I could rent this type of apartment all day long.” The commercial space has been a little more difficult. “The first commercial renter, an upscale market combined with a restaurant, didn’t fit the location. When it failed, an experienced restaurateur leased the space at the same rate within a matter of weeks.”

Would he do a project like this again? “Yes. I have one project underway and another one I’ll break ground on in four months,” says Roe. “Having a mixture of uses in a small project is less risky than doing a big office or retail building.”

“My biggest surprise was how rewarding this project was,” Roe says. “Unlike most of my projects which are custom homes, this project was in the public realm. The public takes ownership of a project like this; they get really excited. Besides, it was very creative and a lot of fun.”

The project was also a good investment from the City’s point of view. It got rid of some blight and provided more housing downtown. The City increased its revenues through higher property taxes, new business license fees and more sales taxes.

Today Ken Hiatt of the Davis Planning Department says, “The building is a stunningly well-done infill development.” While it’s too soon to tell what the impact on the neighborhood will be, Roe expects a synergy will develop between the farmers market and the new restaurant. Already six more mixed-use projects are underway in Davis. Roe says, “Anytime you have more people living downtown, it’s a good thing.”

For more information call Chuck Roe, Pyramid Construction, at (530) 756-8630, or Ken Hiatt at the City of Davis Planning Department at KHiatt@ci.davis.ca.us or 530-757-5610.

**Tactic 3: Invest in Restoring and Enhancing Natural Systems**

Thomas Malthus was wrong. Back in 1798 he predicted that human populations would grow until they outstripped the natural resources of the planet and triggered Armageddon.

He failed to account for human ingenuity.

Since 1798, humans have made incredible advances beyond the limits Malthus could imagine. Food production, for example, has grown faster than human population since 1798. In part that’s because of technological advances that make it possible to deliver exactly the right amount of water and nutrients to optimize food production per acre.

While humans have been making these technological advances, we’ve also been learning more about how bigger pieces fit together. We now know, for example, that reforestation can increase soil water storage and decrease erosion. We also know that too much water diversion can depress fish populations and decrease income in commercial fisheries. Sometimes cause-and-effect are far apart in time or space.

Because we understand more about cause-and-effect and how systems work, today we face having to solve more complex problems. And because we are products of the Industrial Age, we first reach for tools that have served us well for centuries; we first reach for technological solutions.

But today, investment in natural systems may be a better choice than investment in man-made hardware. This is because evidence is accumulating that reinvesting in natural capital can increase both natural *and* financial capital. Investment in natural capital does not necessarily deplete financial capital, as is often assumed. Rather than engineering every process in a complex system, we can rely on healthy natural systems to provide these services for us—sometimes at a fraction of the cost.

We can demonstrate this principle using the example of water. Water from the Sierra Nevada represents 60 percent of California’s water supply, and is therefore an extremely important asset to the state. In terms of dollars, this water
represents 60 percent of the dollar value of all resources exported from the Sierra Nevada—and that doesn’t include the value added when this water is used for agriculture in the Central Valley or industry in the Bay Area.\(^\text{34}\)

**Why should you invest in watershed health?**

Investments in watershed health can build natural capital, for example, by increasing water quality and water supply. In the Feather River watershed, both water quality and water supply have been diminished when stream channels have cut deeply into some meadows. Water quality is degraded because bare streambanks erode sediment. Water supply is diminished because lower groundwater levels reduce the capacity of the land to store water and release it slowly. By returning groundwater to pre-settlement levels, the Feather River Coordinated Resource Management (CRM) group has demonstrated that such investments can improve water quality and water supply.

Evidence is accumulating that reinvesting in natural capital can increase both natural and financial capital.

But investments in watershed health also build financial capital. When the Feather River CRM increases the capacity of the land to store water and release it slowly, it also decreases the number and scale of downstream floods. Damage to downstream properties is thereby reduced, which saves property owners from expensive losses.

By improving water quality, the Feather River CRM decreases the cost of water treatment. The Arcata Sewage Treatment Marsh and Wildlife Sanctuary takes this idea even further. It shows that using natural systems to treat sewage costs less than the more traditional technological approach—and it’s more effective, too.

More than building financial capital by reducing costs, investment in natural systems can import dollars into rural areas. In fifteen years, the Feather River CRM has brought nearly $10 million into Plumas County. This, in turn, has created 94 full or part-time jobs and stimulated the formation of new businesses. By forming partnerships with state and federal agencies, the CRM reversed the pattern in which only 2 percent of the value of Sierra Nevada resources was reinvested in the resources or in local communities. Historically, the rest of the value—98 percent—left the region.\(^\text{35}\) Instead, the CRM benefits because people outside the Sierra are more willing today to invest in the health of their water supply.

Another way investment in natural capital can import dollars is by attracting tourists. In 1994, birdwatchers spent over $4 million to visit the Malheur National Wildlife Refuge in eastern Oregon, over $10 million to visit Cape May, New Jersey, and almost $90 million to visit the Chincoteague National Wildlife Refuge in Virginia. These numbers reflect only what people spent in the local economy on motel, meals, and gasoline, and not what they spent to travel to and from the site.\(^\text{36}\)

A more recent study calculated that the more remote Kenai National Wildlife Refuge contributed more than $170 million to the local economy each year. This included $70 million per year spent by visitors, $49 million in payroll created by 1,900 jobs, and another $58 million because a commercial fishery depends on salmon spawning habitat located on the refuge.\(^\text{37}\)

Healthy natural capital also builds financial capital in less tangible, harder to measure ways. For example, when ranking the best places to live, *Money Magazine* considers clean air and drinking water key factors that promote economic growth.\(^\text{38}\) Studies show that natural amenities—including climate, varied topography, and access to lakes and rivers—drive rural population and job growth.\(^\text{39}\) Other studies show talented people prefer to live in places that offer easy access to diverse recreational activities—bicycling, hiking, rafting, skiing, and rock climbing.\(^\text{40}\)

Skeptics charge that investment in natural capital is too costly. They believe that strategies such as programs to protect open space will deprive owners the rightful use and value of their properties.
While people who implement natural capital investment programs must address skeptics' concerns, there is more to the story. Although not widely understood, but logical once you think about it, permanently protected open space increases the value of adjacent properties. Researchers have found that increased value extends to properties a quarter of a mile away, and predict they may find the effect further away once they measure it. Moreover, natural open space increases property values more than open space developed for a single use, such as a golf course.

The financial benefit of open space accrues not only to nearby private landowners; it accrues to local governments as well. As long as assessed property value reflects its market value, then open space protection programs also increase tax revenues and can thereby pay for themselves.

There's one last way in which investment in natural systems can build overall wealth: it can reintegrate nature into communities. The Arcata Marsh case study provides a stunning example of this. The town could have built a traditional mechanical plant to treat its sewage, and thereby create something no one wanted to live near. Instead, to treat its sewage, Arcata built a marsh and a wildlife refuge. By using natural systems for this purpose, Arcata created an asset rather than a liability, and reintegrated nature into the community.

The need for investment in natural systems in the Sierra is becoming more urgent with each passing day. Scientists predict global warming will decrease the Sierra snowpack by as much as 80 percent in this century and thereby decrease the amount of water that can be stored for use in the summer. This downward trend in water supply runs smack into an upward trend in demand for water as California's population grows.

Today, clean air, clean water, and access to diverse recreational activities are assets that hold talented people in the Sierra Nevada and represent the region's competitive advantage. To maintain that competitive advantage, community leaders must find and implement projects that increase both financial and natural capital.
When the State of California passed new regulations in 1974 prohibiting discharge of primary effluent, Arcata had a problem. For years, like many of its neighbors, the city discharged effluent directly into Humboldt Bay. In an effort to meet the new regulations, the Humboldt Bay Wastewater Authority proposed building a state-sponsored wastewater treatment plant that would serve all communities along Humboldt Bay.

At first Arcata city officials agreed, but the more they thought about the Wastewater Authority's proposal, the less they liked it. It was costly and energy intensive. It was difficult to accommodate all the neighboring communities.

So Arcata city officials began searching for their own alternative. They already believed that wastewater was a reusable resource, not just a disposal problem, because since 1969 the city had successfully raised juvenile Pacific salmon and trout in mixtures of partially treated wastewater and seawater.

Arcata had another undervalued resource as well: a degraded urban waterfront. City officials reasoned that by constructing new wetlands along the waterfront, the city could accomplish two goals at once: it could meet the new wastewater treatment standards and it could restore the shoreline.

Between 1979 and 1982, the city experimented to find out whether using wetlands to solve its wastewater treatment problem would work. It found that, not only would wetlands work, they were extremely cost effective. In 1983, California authorized Arcata to build the wetland wastewater treatment system.

Arcata constructed three two-acre wastewater treatment marshes planted with hardstem bulrush, a native freshwater marsh plant. Then it built three enhancement marshes: marginal pastureland became the Robert Gearheart Marsh, an abandoned log deck became the George Allen Marsh, and an area of heavy clay and concrete became the Robert L. McDowell Marsh.
Marsh, and a barrow pit became the Dan Hauser Marsh. These 31 acres of marsh are managed for water quality and high aquatic plant diversity.

All this was done for $5.3 million — less than half the price tag for Arcata’s share of the proposed regional treatment plant. Today Arcata’s residents have the lowest sewage treatment bills in the county.

But Arcata went beyond what it needed to treat wastewater; it built the Arcata Marsh and Wildlife Sanctuary — 100 acres of freshwater and saltwater marshes, brackish ponds, tidal sloughs and estuaries. The closed sanitary landfill became the reclaimed Mount Trashmore. Frank Klopp Lake — a brackish area popular with diving birds, river otters and sports fishermen — sits where there once was a barrow pit. A former log pond was reborn as the swamp-like Butcher’s Slough Marsh. In 1987, the City of Arcata received an award from the Ford Foundation, which included $100,000 to build the Arcata Marsh Interpretive Center.

Today, teeming with wildlife, the Wildlife Sanctuary provides habitat for over 200 bird species and has earned a reputation as one of the best birding sites along California’s North Coast. Over 150,000 people visit the Sanctuary each year — birders and photographers and painters, playwrights and poets. Visitors come from around the world to study how Arcata uses wetlands to treat wastewater.

By investing in and restoring its wetland systems, the City of Arcata built both natural and financial capital. The Arcata Marsh and Wildlife Sanctuary is a dollar-wise and effective solution to the city’s wastewater treatment problem, and a magnet that attracts tourists’ dollars to Arcata’s economy.

For more information, contact the City of Arcata’s Environmental Services Department at 707-822-8184.

Here’s How Arcata Marsh Treats Wastewater

Raw sewage first comes into the headworks that removes inorganic material and separates the sewage into two components: sludge is pumped to the digesters and liquids flow to the oxidation ponds.

The sludge digestion process recovers methane gas, which is burned to create heat, which in turn promotes digestion. The liquids flow to forty-five acres of oxidation ponds that treat Arcata’s wastewater to secondary standards. From there, the effluent flows to three treatment marshes (two-acres each) planted with hardstem bulrush, a native freshwater marsh plant effective at treating wastewater.

Effluent from the treatment marshes is pumped to the disinfection facility for the first chlorination. After disinfection, the wastewater flows into 31 acres of enhancement marshes managed for both aquatic plant diversity and water quality. The wastewater first flows into Allen Marsh, then Gearheart Marsh, and finally Hauser Marsh. From Hauser Marsh, the water returns to the disinfection facility for the second and final chlorination. When no free chlorine remains, the effluent is discharged into Humboldt Bay.

Alternative Ways to Manage Rangeland

If you want to find a polarized subject in the West, try rangeland management. Opinions run from no grazing anywhere on the West’s arid and semi-arid lands to letting cattle roam freely anywhere they please.

Yet an evolving movement is looking at ranching, livestock and range management in a different way, attempting to blend environmental and economic goals, with the idea of preserving a healthy ranch culture and economy in the West.

This movement goes by many names, but the umbrella label might be “alternative rangeland management.” The goals of its practitioners are simple: continue ranching; develop a whole system approach to agriculture; restore landscapes to ecological health; and increase profitability by lowering costs and boosting livestock productivity.
Economic benefits have been equally substantial. Practitioners have seen higher weaning weights, longer and more productive grazing seasons, and reduced management costs.

Throughout California, there are many examples of alternative range management. One of the most interesting is the Vina Plains Preserve run by The Nature Conservancy (TNC). TNC purchased the preserve—which had been grazed for more than 100 years—in 1982 and removed livestock in 1986 to protect endangered species. Without cattle grazing, however, invasive annual grasses crowded out native plants.

So in 1996, TNC reversed its course, reintroduced grazing, and sought “to develop range management techniques that are compatible with both ranching and the conservation of vernal pool ecosystems.” Since then, TNC and its livestock managers have used rotational grazing and prescribed burning to bring back native plant species. And they’ve seen many benefits. Initial data show that these restoration techniques have increased “the abundance of desired forage species.” They have also learned, by studying cattle fecal nitrogen, that cattle that graze burned pastures enjoy higher quality diets than those that graze pastures of annual grasses.

In another part of California, Bob and Terry Blanchard lease the 3,500-acre Pecho Ranch on the central coast. The Blanchards switched from continuous grazing in large pastures to rotating cattle in short bursts among 25 smaller pastures.

Since this shift—along with using goats to clear brush and installing a new system for distributing water—the Blanchards have seen a number of benefits. They’ve seen native perennial grasses come back, along with higher quality forage for livestock and wildlife. They have also seen a ten-fold increase in the number and species of birds on the ranch.

As for the bottom line, because the carrying capacity of the land increased by 30 percent, the fixed monthly cost per cow dropped from over $18 to under $14. Today, the Ranch requires fewer saddle horses to manage the cattle—from 10 down to five, which saves even more money. As Bob Blanchard declares, “managed grazing is justified on economic issues. The environmental benefits come along for free!”

An evolving movement is looking at ranching, livestock and range management in a different way, attempting to blend environmental and economic goals, with the idea of preserving a healthy ranch culture and economy in the West.
Developing the Economy by Restoring the Feather River

In 1985, Pacific Gas and Electric (PG&E) had a sediment problem in two reservoirs, Rock Creek and Cresta. These reservoirs are on the Feather River, which has perhaps one of the worst erosion problems in the Sierra Nevada. Sediment had reduced the capacities of these reservoirs by 46% and 56%, respectively; it also interfered with control gate operation and increased turbine wear.

At first PG&E proposed to dredge and dispose of the sediment at a cost of $7 million. Several objections were raised to this plan: it was expensive, it created a disposal problem, it didn’t address upstream erosion, and it generated economic benefits mostly for non-local firms. At the time, the Plumas County economy was hurting. The annual unemployment rate stood at 14%, per capita income was only three-quarters of the state level, and economic diversity was low.

When Leah Wills, who worked for Plumas Corporation (a private, non-profit economic development agency for Plumas County) heard about the plans to dredge, she approached County Supervisor John Schramel with an alternative, “Why not address the source of the erosion through upstream restoration?” she asked. “Why not create local jobs and income instead?”

Schramel and Wills found kindred spirits in local representatives of the Forest Service, California Department of Fish and Game, Plumas Department of Forestry, local resource conservation district, and Plumas County. Together they organized the Feather River Coordinated Resource Management Group (CRM) group. Today the CRM is a dynamic coalition of 21 entities pledged to restore watershed function across the 3,222 square mile watershed. One of the first projects conducted by the CRM was on private ranchland where, after years of human activities, Red Clover Creek had cut a 10-foot deep channel with vertical, eroding banks. The project exemplified what have become distinguishing features of the Feather River CRM:

Collaborative Process. The project was voluntary and initiated by the landowner. Because it brought together people who typically were in conflict, the CRM set ground rules that encouraged people to express diverse opinions and discouraged personal attacks.

Pooled Resources and Expertise. A wide variety of individuals and agencies supported the Red Clover Creek project, including the landowner who donated rock, PG&E which contributed $111,500, and the US Forest Service which helped design the project, blasted rock, and donated pine seedlings.

In addition to on-the-ground projects, the CRM also sponsored studies to develop a common understanding of the erosion problems on the Feather River. These studies helped target restoration efforts where they could yield the most benefits. For example, studies found that:

64% of the stream channels are degraded in the East Branch of the North Fork of the Feather River.

Nearly 80% of the sediment delivered to the Rock Creek Reservoir is caused by erosion from road cuts and stream banks.

Today on Red Clover Creek, you’ll find cows up to their knees in green grass—even after a long, dry summer. Because the meadow groundwater table has risen significantly, more productive rangeland species have replaced sagebrush. Ducks wheel through the air and dabble in the flood. In sixteen years, the CRM has accomplished similar miracles on nearly 60 watershed projects covering more than 14 miles of stream and 4,000 riparian acres. Funding and plans are in place to double these achievements within the next two years. Rainbow trout have returned to streams they’d been absent from for over 30 years. In some projects, waterfowl numbers are up by 650%.

Thanks to the CRM’s ability to leverage partners and resources, PG&E’s early $1.1 million investment is only one-ninth of the investment in watershed restoration so far. Sediment deposition in Rock Creek and Cresta reservoirs is abating and research suggests that upstream restoration can eventually cut sedimentation rates by half.

The Plumas County economy benefits from the CRM’s activities in many ways. Restoration projects have brought nearly $10 million into the economy and created 94 full or part-time jobs. New firms have opened to take advantage of the opportunities created by stream restoration. A local heavy equipment contractor now specializes in restoration work; a nursery grows native plants; another firm monitors water quality. And, by demonstrating the benefits of cooperation, the CRM increased trust throughout the community and catalyzed other community building efforts.

Science education in Plumas County also advanced because of the CRM. Over 165 high school students have been enlisted to collect monitoring data, and have gained hands-on experience applying scientific principles. The Feather River Community College launched an innovative water resource management program, which has trained 420 students to be water resource technicians.

People living below the PG&E reservoirs also benefit from the upstream restoration. Because restoration increases the capacity of the land to hold water, research indicates it could decrease peak floods by 15 percent in the long-run. For similar reasons, the amount of water supplied to the California State Water Project could increase due to the delay in release of naturally stored water.

The Feather River CRM has shown that investment in natural resources builds wealth in the community. As Leah Wills says, “If we take care of our resource base, it will take care of us the same way any entrepreneur’s capital pays dividends for good management.”

For more information, check out the website at www.feather-river-crm.org, or contact Jim Wilcox or Leslie Mink at the Plumas Corporation, 530-283-3739.
Partnerships are emerging to manage ranching valleys as a whole, and to improve landscapes, watersheds, and ranchers’ bottom lines.

Closer to the Sierra, Pete’s Valley Partnership — about 12 miles east of Susanville — is working with the Natural Resource Conservation Service and U.S. Fish and Wildlife Service to restore the 1,200-acre ranch. They are using rotational grazing and have fenced off more than a quarter of the property to protect riparian areas and stream banks.

As a result, native perennial grasses are back, water quality has improved, and vegetative diversity and abundance are increasing in the riparian areas. The program has also dramatically improved livestock productivity, with the land now able to handle 300 pairs (instead of 200) and weaning weights up to 650 pounds from 400. As an added bonus, the increase of waterfowl and wildlife on the ranch has allowed the Partnership to diversify their income by offering hunting on the property.

In other parts of the Sierra, partnerships are emerging to manage ranching valleys as a whole, and to improve landscapes, watersheds, and ranchers’ bottom lines. In the eastern Sierra, the Bridgeport Valley Ranchers Organization is developing a valley-wide program to monitor water quality, improve the quality of its grass, and sustain its world-class fisheries.

In the Sierra Valley — the largest alpine valley in California — a partnership between the Sierra Business Council, The Nature Conservancy and the California Rangeland Trust is conserving ranchland (by acquiring easements), protecting biological resources, and developing range management plans that restore fragile grasslands and streams.

There is a growing body of information on alternative range management. Good sources are the California Rangeland Trust (www.rangelandtrust.org) and the California Cattlemen’s Association (www.calcattlemen.org), which produced the excellent Grazing for Change by Dan Macon. Another good source is the livestock ranching section of High Country News (www.hcn.org). Lively discussions about range management can be found in the Wildlife Society Bulletin and the Society for Range Management (www.rangelands.org — membership required). For critiques of alternative range management, check out www.grazingactivist.org — with dramatic before-and-after images of the impacts of uncontrolled grazing.

**Tactic 4: Increase Resource Productivity**

“The growth/no-growth argument is specious. Growth is good. The question is, how do you want to grow?”

— William McDonough

Edwin Land, inventor of the Polaroid Camera, said that breakthroughs come from not so much having a new idea as stopping having an old idea. His point was that the big rewards come from stepping back, getting a fresh perspective, and boldly reengineering the whole system, not from making minor, incremental adjustments to the status quo.

Opportunities abound today for just that sort of whole systems thinking. When standard business practices are inefficient and unnecessarily costly, they present possibilities to increase profits. Such possibilities have obvious appeal today, as the U.S. copes with its first economic slowdown in years.

What sort of breakthroughs can be had through systems thinking? In short: reduce waste. William McDonough, an architect and product designer believes the cause of many problems is waste. “There is nothing wrong with cars, TV sets, and running shoes,” he believes. “What’s wrong is the waste ... when we make them, use them, and, eventually, throw them away. Eliminate that waste, and you eliminate the problem.”

McDonough believes society needs to make stuff differently, not that it needs less stuff. Accordingly, he challenges himself to design two kinds of products, ones that are either:

- **Perfectly biodegradable**, for example, products made of natural substances that can be broken down by nature’s decomposers at the same rate they are produced, or
- **Endlessly reusable**, for example, products made from steel, plastics, polymers, silicon and glass, that become raw materials for something else.

Ray Anderson, CEO of Interface, an Atlanta-based carpet and textile company, is thinking along similar lines. He says that until now, industry has been relentlessly linear: raw materials > energy product > packaging > marketing > waste. He believes that continually extracting raw materials...
from the earth’s crust and putting waste into landfills is costly and says that landfills measure the degree to which human ingenuity fails.

Anderson believes that “the awesome, triumphant engine of capitalism” will invent a new way of doing business that he calls “cyclic capitalism.” Instead of the old linear way of doing business, companies will think about whole systems and devise ways to consume their own waste to make the next generation of products.

McDonough and Anderson are getting rich using whole systems thinking. They point to a new direction for society that invents ways to meet human needs that build social and financial capital without diminishing natural capital. But they don’t have a monopoly on such gains.

Sierra Nevadans can use similar whole systems thinking to increase profits, market share and competitive advantage. Hundreds of companies, including some Fortune 500 companies, have used systems thinking to reduce resource use and increase the bottom line. Xerox, for example, developed a new process to make new copiers out of old ones, which kept millions of pounds of metal out of landfills and saved the company $300 – $400 million in parts and materials.39

Using whole systems thinking, people can also find ways to increase resource efficiency of several companies at once. The premier example of this is the Kalundborg industrial park in Denmark, which was designed so that one company’s excess heat—or water or other waste—becomes an input for another company. This systems approach saves firms in the industrial park millions of dollars in fuel, materials, and landfill disposal.36

The public sector can save money using whole systems thinking as well. The City of San Jose, for example, used whole-systems thinking to save a minimum of $6 million each year.37 It did this in part by replacing mercury vapor streetlights with low-pressure sodium fixtures, which cut its electricity bill by $1.5 million a year—forever.

The public sector can also use systems thinking to stimulate the private sector. The city of Osage, Iowa had a program to increase energy efficiency that was so effective it drove electricity rates down. This in turn saved a major employer, Fox River Mills, 29 percent of its production costs, and enabled it to expand the plant and triple employment. Some economists calculate that similar programs in communities across the country could save the U.S. $200 billion each year and create millions of jobs.38

Another example of whole systems thinking applies to “brownfields,” contaminated and abandoned industrial sites. The current pattern is to build new industrial facilities on undeveloped land, abandon them when sites become contaminated, then build new industrial facilities on undeveloped land further out of town. This creates an outward-spreading pattern of unusable land like ringworm on the landscape and hits local governments with two kinds of costs: lost economic activity and tax revenues from the abandoned land and new infrastructure for the newly developed land.

Using whole-systems thinking, communities can instead “plug the gaps.” This means clean up brownfields and put them back into productive use. According to one estimate, if every community in the country cleaned up their brownfields, the U.S. could accommodate 6 million more people without building any new infrastructure. Moreover, restoring economic life to brownfields could boost local tax revenues a total of $878 million to $2.4 billion each year.39

Whole systems thinking can also build healthier communities. A good example is the Village Homes project in Davis, California. This project is best known for energy conservation. Subdivision residents use half the energy of people in adjacent neighborhoods because its design makes it easier to walk and bike, orients streets to best capture solar energy, and uses construction techniques that reduce the need for heating and cooling. But another statistic surprised even the builders: crime rates in Village Homes are only 10% of other Davis neighborhoods. People credit this impressive result to a design that encourages a strong sense of community.

On a larger scale, Riverside County, California is currently using whole-systems thinking to develop the Riverside County Integrated Plan.60 The project began in 1996 when Supervisor

“Instead of the old linear way of doing business, companies will think about whole systems and devise ways to consume their own waste to make the next generation of products.”

– Ray Anderson, CEO of Interface
Tom Mullen saw projections that predicted that county population would almost double between 2000 and 2020, to nearly 3 million. At the time, county officials were exhausted from an expensive 8-year attempt to develop a conservation plan for a species of kangaroo rat that ultimately unraveled without producing a successful policy. In addition, most freeways in the western part of the county were already jammed.

Mullen immediately questioned how the county could accommodate 1.2 million new residents without gridlock over endangered species and traffic congestion. He knew that such gridlock could be an unintended side effect of the usual approach to land use planning: make a general plan first, add a transportation plan as an afterthought, and call what’s left over “habitat.”

Instead, in 1999 Riverside County took the ambitious approach of simultaneously developing a general plan, a transportation plan, and a habitat plan. By doing so, county officials found surprising opportunities for increasing efficiencies. When designing a transportation plan that would meet the needs of 2020, the planners found patterns of growth that did not significantly increase demands on freeways and transit. The designers of the habitat plan addressed 164 species at once, and found that by permanently protecting 500,000 acres of open space the County could accommodate the projected growth.

Many builders and environmentalists are pleased with how the new Riverside County plans are shaping up, in part because they increase certainty. Not everyone is happy with the plans or the process, of course, and whether Riverside County can successfully implement them remains to be seen. Nonetheless, the process points out that whole systems thinking can find ways to grow without triggering the negative consequences that cause gridlock.

Now that you’ve read all these examples of benefits from whole systems thinking, you’re probably wondering how to go about it yourself. The toolbox on the next page outlines one approach.

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**Case Studies**

**Sierra Energy Center Builds Wealth Through Conservation**

In 1998, E.J. (Elizabeth) Jones, from the Economic Development Company (EDC) of Tuolumne County was looking for ways local businesses could increase profits.

In a conversation with Charles Segerstrom, Supervisor of PG&E's Stockton Training Center, she learned that the utility offered incentives to businesses to reduce energy use. Specifically, it offered

- **Rebates on the cost of energy efficient fixtures**
- **Information about how to reduce energy consumption**
- **Referrals to contractors qualified to increase energy efficiency**
- **Consultation with architects interested in building energy efficient buildings**

Businesses in Tuolumne County, like those in most rural areas, didn’t know about PG&E’s conservation programs because PG&E focused its outreach in the Bay Area where it got the greatest gains in energy conservation for the least cost. For Tuolumne County businesses, Jones figured, less energy use meant lower costs, and that meant more profits. Helping businesses take advantage of PG&E’s incentive programs, therefore, was a way she could meet her goal.

The problem was financing an outreach program in Tuolumne County. Segerstrom pointed out the “public goods charge” on utility bills. One component of the California energy deregulation law was adding a half-cent per kilowatt tax earmarked for energy conservation. Because this tax was collected from all PG&E customers but spent in the Bay Area it was, in effect, a leak in Tuolumne County's financial capital.

Jones and Segerstrom met with PG&E officials and asked whether PG&E could return the public goods charge paid by Tuolumne County residents and businesses to the EDC. If so, the EDC could use that money to promote PG&E’s conservation programs. PG&E agreed and signed a two-year agreement that was later extended for a third.
How Can You Build Social and Financial Capital Without Diminishing Natural Capital?

Jacquelyn A. Ottman, President of a marketing consulting firm, offers the following advice to those who want to design innovative ways to meet needs with lower environmental impact:

**Set Outrageous Goals.**

The point here is to set a goal that jolts your thinking out of incremental steps and into previously undreamed-of solutions. It’s the difference between designing a washing machine that stints on water and energy and instead design clothes that don’t get dirty. Fantastic? DuPont has designed men’s ties that stay clean—they’re coated with Teflon.

**Think Like a System.**

Think through the entire life cycle of your product. Where do its ingredients come from? Where does the product go when it’s used up? How can you do the same thing with more intelligence, use less energy, fewer resources and increase the bottom line?

The Natural Step (TNS) is a non-profit think tank that helps businesses and governments to integrate sustainability into core strategy and operations. Founded in 1989, The Natural Step inspires new organizational models and innovates new practices directly at the source - within corporations and governments - to build the foundation for a sustainable future.

The Natural Step and what services they offer, check out their website at www.naturalstep.org/.

**Dematerialize**

Find ways to meet your customers’ needs using as few resources as possible. The benefit of this approach is that, in gaining a better understanding of your customers’ needs, you develop stronger relationships with them. Finding ways to contribute strategically to your clients’ businesses can only be good for your bottom line.

Ray Anderson, the CEO of Interface Inc., “dematerializes” by leasing carpet rather than selling it. The company makes, installs, and maintains carpet, takes it back, then turns old carpet into new carpet. This thinking demonstrates the shift from making a product to providing the service of floor coverings, and means a better product for customers and the environment.

**Make It Fit**

The Shakers, a society of religious communities that flourished in the 19th century, weren’t just talented furniture builders; they were innovators and savvy business people as well. One of the keys to their success was this aphorism: “Anything may, with strict propriety, be called perfect, which perfectly answers the purpose for which it was designed.”

Their determination to design each product to perfectly fit its task made them holders of many patents, including some for things we still use nearly two centuries later: the flat broom, the clothespin, the paper packages for selling seeds, and the circular saw.

Using the same thinking, you can identify opportunities for customizing products, positioning the strengths of a product or service most appropriately in the marketplace.

To learn more about Jaquelyn Ottman, go to www.greenmarketing.com.
Collins Companies and the Natural Step

The Collins Companies had almost completed the process of certifying that its forests were managed according to the principles and criteria of the Forest Stewardship Council when it decided to examine the environmental effects of every aspect of its business practices. To that end, Collins embraced the concepts of The Natural Step (TNS), which it calls the “Journey to Sustainability (JTS).”

The Natural Step, founded in 1989 by the Swedish cancer researcher and physician, Dr. Karl-Henrik Robért, encourages individuals and businesses to conserve natural resources by moving away from materials handling and manufacturing practices that spread toxins. Founded on four basic scientific principles, The Natural Step asks businesses to examine each action in light of four system conditions:

**Does the action reduce the use of finite mineral resources?**

**Does the action reduce the use of long-lived synthetic products or molecules?**

**Does it preserve or increase natural diversity and capacity of ecocycles?**

**Does it reduce the consumption of energy and other resources?**

Collins Companies began the TNS training in 1997 at its composite plant in Klamath Falls, Oregon. The first step was to form a JTS training and coordinating team, which developed training manuals and procedures. All employees at the Klamath Falls plant received basic training on The Natural Step by mid-November 1997.

All ideas for improving business practices at the Klamath Falls plant are welcome, and range from the small to the significant. At one extreme, a no-paper fax system has been installed on a computer network server. At the other, Collins is tracking the economic and environmental impact of its projects. Sanding dust generated when making particleboard is put back into the manufacturing process instead of being thrown away. Not only does this increase the quality of the particleboard, it reduces the use of natural gas to burn the dust. A heat recycling process captures heat from the paint drying process.

In May 2001 Collins announced it received certification for particleboard made from 100% post-industrial waste. The highly regarded Green Cross certification came after a detailed audit of their mill and suppliers to verify that every fiber is, in fact, post-industrial waste.

Since then, the company has saved $5 million by systematically introducing these principles in its other facilities. In Corporate Headquarters in Portland, Oregon, Collins offers complimentary transit passes to all employees who use Portland’s regional transit system. At Kane Hardwood in Pennsylvania, conveyer chains in the sawmill are oiled with used motor oil from their forklifts.

Asked how long the Journey To Sustainability will take Collins Companies responds, “It may be never-ending if we are to reach true sustainability. It will, however, be one of the most important, challenging, and rewarding journeys, as we dedicate ourselves to ensuring that our children have an abundance of natural resources with which to build the future.”

For more information about Collins Companies, go to www.collinswood.com, or call Jaime Sanz de Santamaria at 800-329-1219.

For more information about The Natural Step, check out their website at www.naturalstep.org, call 415-561-3344, or email tns@naturalstep.org.

**Biomass Energy Reduces Wildfire Costs**

It’s a virtual certainty: if you live or work in the Sierra you will experience wildfire sometime in the future. A recent Forest Service analysis of the Sierra concluded that “40 to 60 percent of the foothills zone [could] see fire at least once in the next 100 years.”

Probably the best known impacts of wildfire are on natural capital—trees die, sediment chokes rivers, and landscapes can remain denuded for decades.

Less well known are the hardships communities face. The 1998 wildfires in Northeast Florida burned 500,000 acres and cost the tourism industry sales and hotel revenues worth $138 million. More than $100 million in public resources were diverted to fire fighting. Emergency room visits increased by 91% for asthma and 132% for bronchitis. The researchers concluded that the economic impact of the Florida fires “rivals damages from tropical storms and small hurricanes.”

Wildfires in the Sierra are an escalating problem because, although firefighters have been successful in controlling the number of acres burned, costs and structure loss continue to rise. Before European settlement between 5.5 and 19 million acres of California burned each year. Fire suppression has allowed forests to become more dense, which makes them more susceptible to insects and disease, which in turn causes trees to die. At the same time, more homes and businesses are built in wildlands every year. The collision between mounting fuel loads and more structures in wildlands means wildfires are becoming more costly and presenting greater threats to lives, property and resources.

Research shows that lowering flammable material in forests to healthy levels effectively reduces wildfire damage. Removing these materials also reduces the costs of firefighting and damage to resources. One study compared two 1,000 acre plots burned by wildfire. In the first plot, which was not treated before wildfire hit, the fire cost $1,100 per acre in lost trees and fire suppression. In the second plot, in which flammable material was previously reduced to healthy levels, flames dropped to the ground and burned lightly without...
need for suppression. Here the wildfire cost $165 per acre in lost trees and advance treatment. That is a savings of $935 per acre.

The challenge is that Californians don’t agree how or where to lower flammable material in Sierran forests. Methods range from applying herbicides, chipping, logging, prescribed burning, and grazing with sheep or goats. Some say that areas close to communities are the only ones that need treatment. Others say that, to be effective, treatments have to be over much larger areas.

The cost of reducing flammable materials doesn’t help people reach consensus — $328 million by one estimate. However allowing fuels to accumulate also has a cost: California taxpayers spend $70.5 million per year to fight large wildfires, a figure that is increasing and does not include taxpayer money spent by local and federal agencies.

Some people are exploring biomass energy as the least-cost alternative to solving the wildfire problem. Instead of putting the excess flammable material into the air, on the ground or into landfills, biomass energy turns waste into a good, and thereby offsets costs and creates jobs.

Biomass energy offers other benefits beyond saving money. First and foremost: cleaner air. By burning this material in a biomass plant instead of in the open, particulate matter pollution is reduced by 99%. Studies show particulate air pollution causes illness, especially among infants and children, resulting in costly hospitalization and death, months or even years too soon.

Biomass energy also frees up limited landfill space — an increasingly expensive resource.

Many models of biomass energy exist. For example:

- In Vermont, schools save money by using wood chips for heat instead of electricity. See www.state.vt.us/psd/ee/ee2.htm.
- In Humboldt County, the Hoopa Valley Indian Tribe uses a biomass energy plant to heat and power a commercial greenhouse that grows Douglas-fir seedlings. See www.gocpc.com/ and click on “CPC In the News”
- In Nevada County, the Sierra Economic Development District is spearheading a project to install a small scale biomass energy plant on Washington Ridge at the California Department of Forestry and Fire Protection Youth Camp. This project will demonstrate sustainable removal and use of flammable forest materials and various other wood waste fuels. Contact Betty Riley at (530) 823-4703.
- Near Jamestown, CA the Pacific Ultrapower plant generates 22 megawatts using 600 tons per day of material that would otherwise be put into landfills or burned in the open. Since going on-line in 1987, the plant has run on a variety of wood waste fuels including prunings from almond plantations, construction debris from San Jose, and wood chips from Tuolumne County forests. Contact Chris Trott, Fiber Procurement Manager, at (209) 984-4660.

Although California wildfires burned fewer acres in the 1990s than in the 1960s, the number of structures lost increased six-fold and dollar damage increased seventeen-fold. Yet, the growing cost of California fires continues to rise.

Unfortunately, Trott says that building a biomass energy plant today is difficult given energy market conditions and long-term uncertainty. “It won’t happen until people recognize the environmental benefits the industry provides,” Trott says, “and incorporate those benefits into economic incentives.”

A growing body of evidence shows that biomass energy can build social, natural and financial capital in rural areas. Here are some sources:

Chapter 3 • Cultivate Innovation and Economic Diversity

“Economic developers don’t create jobs, entrepreneurs do.”
—Christian Gibbons, Littleton, CO

More Jobs? A Bigger Tax Base?
Nearly every candidate for public office has a plan to increase these things. In 1998, the 50 states combined spent almost $11 billion on tax incentives, loans, grants and guarantees to encourage economic growth. Add the monies spent by cities, counties, federal agencies and professional associations and you get a feel for how much Americans care about economic development.

Yet despite all these programs, many rural economies still careen through boom-and-bust cycles. These cycles are easy to see in hindsight. For example, the population of Volcano, California swelled to 5,000 during the gold rush, only to shrivel to 100 a few years later and remain low ever since. Yet boom-and-bust cycles still occur today in many parts of the Sierra. Recently the timber mill in Loyalton closed, costing Sierra County 16 percent of its jobs overnight and causing major disruptions in school enrollments, county revenues, medical services and the housing market.

The question is: do all the tax incentives, loans and grants designed to recruit new business actually build rural economies? Many researchers are doubtful. Although business recruitment programs satisfy community leaders that they have acted, few demonstrate much value when carefully evaluated. Local governments simply have little influence over many of the factors that determine business location—global competition, costs of labor and utilities, or the location of interstate highways, rail lines and airports. When local governments offer tax incentives and property deals, they only marginally affect location decisions.

If this is true, what is the most effective way for rural communities to develop their economies? The answers come from going back to some basic tenets of rural economic development.

Traditional thinking about rural economies is that they will always be vulnerable to boom-and-bust cycles for two reasons. First, they depend on only one or two economic sectors, which is the same kind of problem as investing all your money in one company. As recent history with Enron shows, investing all your money in one place can put your wealth at enormous risk. The traditional belief is that because rural economies have small and widely dispersed populations, they are inherently limited to having only one or two economic sectors.

The second reason that rural economies are trapped in boom-and-bust cycles, traditionalists argue, is that they are far from urban areas. Distance means rural businesses face high transportation costs. It also means rural areas live in an “information shadow” that denies them the kind of urban buzz that stimulates innovation and new economic activity.

The question is, given the rise of telecommunications and the information economy, does traditional thinking about rural economies still hold? The evidence indicates it does not and that, with new thinking and innovative approaches, rural economies can make boom-and-bust cycles a thing of the past.

First, many goods and services of the information age are digital or small, light-weight packages that cost little to transport. Telecommunications mean that data, documents and disco music can travel from metropolis to remote outpost as quickly as from Berkeley to Oakland. The rise of telecommunications and intellectual property indicate fundamental changes in economic geography. In short, they remove distance as a barrier to rural economic development.
These economic shifts also mean that rural areas can diversify in ways they never have before. Access to broadband Internet, reliable power, and overnight delivery services are more important for many economic activities today than proximity to timber or large energy supplies. With these simple and relatively inexpensive services, rural communities can become home to firms engaged in almost any kind of business.

This chapter will show you the kind of thinking and strategic investments that can help your community get off the boom-and-bust roller coaster. It hinges on entrepreneurs—creative thinkers who develop new products, better services and improved production processes.

The first step is to nurture entrepreneurs by creating an environment in which they can thrive. From this flows the next tactic, which is to foster economic diversity. Another tactic is to identify unnecessary leaks of money from your economy and find ways to plug them. Finally—and this is critical—get broadband Internet access, because this is the tool that links remote places to cities, gets them out of the information shadow, and removes distance as a barrier to rural economic development.

**Tactic 5: Create a Climate That Nurtures Entrepreneurs**

Nurturing entrepreneurs is better for the community than recruiting businesses from somewhere else. Many people believe that recruitment is the best, maybe only, form of economic development, when in fact the opposite is true. Although recruitment makes good headlines and helps politicians who can claim credit, it rarely results in significant, durable, or high-quality economic growth. Worse, communities too often entice companies with tax breaks, free infrastructure upgrades and land deals, thereby squandering the very assets that could build real, long-term wealth.

When rural communities position themselves as the low cost alternative, they are practicing a bad investment strategy. Recruitment often attracts companies that care more about their bottom line than about any community. When such a company is offered a “better deal” somewhere else, it often moves on and the community’s investment vanishes into thin air like WorldCom stock.

A better strategy in the long-term is to create a climate in which local entrepreneurs thrive—a climate that stimulates local businesses to be innovative, competitive and growth oriented. Instead of thinking the best entrepreneurs live somewhere else, in reality the best entrepreneurs for your community often already live there. Put resources toward allowing them to become better entrepreneurs.

How is nurturing entrepreneurs different from other methods of economic development? It focuses on helping growth-oriented businesses and industries to become more successful, rather than shielding declining firms and industries from failure. Because the focus is on creating a supportive climate rather than helping selected firms, it is perceived by the business community as being more fair. Services are available to all businesses that wish to use them and no firm gets preferential treatment over another.

If the growth of local business is so good for your community, why is it often not noticeable? Because dispersed and steady job growth is almost invisible. In the aggregate, however, 75 to 95 percent of all job growth is generated within a community—either when new firms form or existing ones expand. Nationwide, less than 1% of net new jobs result from relocations.

In a contest between recruitment and nurturing local entrepreneurs, the latter wins hands down.

- Nurturing entrepreneurs can create steady, enduring economic growth, while recruiting often attracts businesses that leave when they get a “better deal” somewhere else.
- Nurturing local entrepreneurs strengthens communities in non-financial ways. These are the people who most likely sponsor soccer teams, lead Rotary Clubs and donate to local charities.
Nurturing local entrepreneurs results in real economic growth, as opposed to recruiting, which merely shuffles jobs from one place to another.

Nurturing local entrepreneurs creates more high-paying jobs.

Nurturing entrepreneurs helps move rural economies toward the leading edge of economic growth, counteracting a natural tendency toward decline.

Why create an environment in which innovative entrepreneurs thrive?

Nurturing local entrepreneurs may actually create more higher-paying jobs and stronger long-term tax revenues than recruiting businesses from outside. Using the recruitment strategy for 14 years, Littleton, Colorado (a suburb of Denver) netted 4,000 new jobs. After switching to a strategy of nurturing local entrepreneurs, Littleton’s jobs grew by 12,000 in 10 years. In other words, nurturing entrepreneurs increased jobs three times as much in two-thirds the time. Sales tax revenues also benefited from the nurturing approach: they more than doubled from $7 million in 1990 to $15 million in 2000.

Was that just a difference in the economic cycle? Or was Littleton gaining because of growth in Denver? While the answers are complex, it’s worth noting that at the same time Denver’s employment was growing by three percent per year, Littleton was averaging eight percent growth.

When you think about it, the odds against recruitment are staggering: more than 15,000 places compete for 150 to 300 major corporation relocations each year. Most of those companies go to places that are already attracting new businesses.

Not only does nurturing entrepreneurs create more jobs than recruitment, it frequently creates better paying jobs for local residents. Consider the Grass Valley Group in Grass Valley and Nevada City which has been a world leader in broadcast and video technology for over four decades. As the Grass Valley Group grew, some employees left and established related businesses nearby. Together this group of firms became an industry cluster that provided high-paying professional jobs to the region. It allowed local residents to develop a pool of engineering talent and a chance to advance in professional careers.

Compare the story of the Grass Valley Group to what often happens when firms are recruited from outside. They will frequently bring their own management team and skilled workforce. Local residents—whose tax revenues paid to recruit these firms—are left with the low-skill, low pay jobs.

Recruitment may harm the local economy by replacing primary wage earners with minimum wage earners. When a town gives a new retail firm an incentive package, it gives that firm an edge over existing retailers. With that edge, the new firm can put local retailers out of business, cost the community jobs, and discourage reinvestment in older business districts. The resulting physical decline in business districts brings eventual decline in property values and tax revenues for the community.

The rise of telecommunications and intellectual property indicate fundamental changes in economic geography—that remove distance as a barrier to rural development.

Nurturing entrepreneurs expands the regional economy. When a firm in Auburn enlarges and creates new jobs as a result of a program to nurture entrepreneurs, Auburn’s economic activity increases. This in turn may benefit Placer County because increased economic activity tends to spill across jurisdiction lines—for example, new employees may live in the county. Nurturing entrepreneurs thus causes the Greater Auburn area economy to grow.

Compare this to the strategy of recruiting new businesses with offers of tax breaks, infrastructure upgrades and land deals. Suppose there is a successful store in Auburn that generates tax revenues for the city. Suppose this store is also repaying the city for the cost of infrastructure upgrades needed to accommodate it.
What if Placer County sees the store as a highly desirable generator of tax revenues and wants it for itself? It could make an offer to the owners that if they move the store outside the city limits they would get the upgraded infrastructure for free; county residents would pick up the tab. If the store moves to Placer County, Auburn will lose both the tax revenues and reimbursements for the infrastructure. Placer County will gain the tax revenues and its residents pay to upgrade the infrastructure. What has happened here is a transfer of wealth from residents of Auburn and Placer County to the store. But the Greater Auburn economy has not grown by one job.

Nurturing entrepreneurs reverses the tendency of rural economies toward stasis and decline. Here’s why this is true: in his theory of entrepreneurship, Joseph Schumpeter, a Harvard economics professor, identified two key processes for creating wealth. The first is to increase efficiency — get the same amount of output with fewer people and resources. The second is to invent new goods and services. Schumpeter reasoned that a growing economy must have innovative entrepreneurs creating new jobs and new products to counteract the loss of jobs from increased efficiency.

Chris Gibbons, of Littleton, CO, describes this phenomenon in science-fiction terms. He says the economy is like a platform that moves through space by creating a new platform on the leading edge and destroying the old platform on the trailing edge. People are distributed across the platform according to their position in the economy. Winners are those who run faster than the platform and move closer to the leading edge. Losers are those who sit in one place. Inevitably the part of the platform they’re sitting on moves toward the trailing edge and they fall off.

Rural economies have an especially difficult challenge because they tend to be dominated by firms that historically built wealth by increasing efficiency. In agriculture, for example, fewer people are needed to produce a ton of rice because of advances in laser-guided farm equipment, rice varieties, nitrogen management and weed control. Lumber is another example: sawmills, aided by laser beams and computer technology, can produce a given amount of lumber with fewer people, fewer timber boardfeet and less waste.

Encouraging new businesses does involve risk. Small businesses have a high failure rate, often because their management is inexperienced or they have inadequate capital. But communities can’t have an economy that doesn’t change. Not only are jobs being lost from increased efficiency, about 10 percent are lost each year from bankruptcy, buy outs and death. Just to maintain the same number of jobs, communities need to help grow existing firms.

For a viable economy, communities need to have the right pace of businesses entering and leaving the marketplace. Too little innovation and an economy falls off the space platform. Too much and it hits warp speed and spins into space. The good news is that in the national economy, business formation tends to offset business decline: while 9 to 14 percent of small firms cease business each year, 10 to 16 percent of small firms start up.

The best antidote available to rural communities is to purposefully and intentionally feed the process of wealth creation. The best option is to nurture entrepreneurs by fostering their creativity and innovation.

Case Studies

Supporting Vermont’s Rural Entrepreneurs Through Networks

Perhaps the toughest challenge in rural economies is to create viable business climates and connections for entrepreneurs. Distances are long, business people are swamped and resources are scarce. But in Vermont, a unique non-profit organization has invented a formula using networks to help local entrepreneurs tackle their common challenges.

The organization is called the Vermont Sustainable Jobs Fund (VSJF) and its dual mission is to create lasting, high quality jobs and protect the state’s social and natural environments. VSJF was established by the Vermont legislature in 1995 and is supported by an annual appropriation of
How Can You Create an Environment in which Innovative Entrepreneurs Thrive?

Design a long-range economic development program consistent with your community’s vision. A program can only succeed if residents want the types of jobs and pace of growth it envisions.

Determine your community vision through local citizen workshops such as those described in the Blue Mountain Community Renewal Project case study (p. 119).

Develop an economic development program that emphasizes the needs of existing small businesses. Like most rural areas, the Sierra Nevada economy is dominated by small firms: 81 percent of its firms have fewer than 10 employees, compared to 74 percent in the California economy.\(^8\)

Survey local businesses to identify challenges to and opportunities for growth. You’ll find a model survey Mill Valley used to do this in Appendix B.

Build an infrastructure development plan that supports and is integrated with your community vision and long-range economic development plan. The plan must be flexible enough to respond to changes in the economy or the community vision. Be sure your infrastructure plans include basic (electricity, natural gas, sewer, water and transportation), intellectual (information systems and high-speed Internet), and quality of life (parks, open space, clean water).

If businesses have difficulty getting strategic information, start an “Economic Gardening” Program. See the Littleton, CO website at www.littletongov.org/bia/NewEcon/.

Many small business owners have great ideas but no resources for the research necessary to launch a new product. They can grow more quickly if they have access to the same kind of market intelligence large corporations have in-house.\(^9\) Being in the “information shadow,” rural businesses have an especially hard time getting such strategic information. For them, starting an economic gardening program is a great way to increase their competitiveness and innovation.

The San Bernardino economic development agency wrote a white paper about how to start an economic gardening program and what it costs. They conclude that the basic price for an economic gardening program is about $200,000 a year plus office expenses. Three-quarters of this cost is for salaries for two people who understand business, one of whom can use databases. The remainder pays for computer equipment and the databases themselves.

Commercial databases for economic gardening include:

- Geographic Information Systems: for example, ArcView Business Analyst by ESRI. These make it possible to map the locations of customers or competitors.
- Dodge Construction Reports: Identify new construction projects that are potential customers for materials, landscaping and flag sellers.
- Dun & Bradstreet’s iMarket: a CD-ROM of over 15 million U.S. businesses. This can be used to prospect for customers using such criteria as industry, number of employees, years of business and projected sales growth.
- Lexis/Nexis Legal and Periodical Literature Service: the largest news and business online information service that contains thousands of worldwide print materials and reports about companies, countries, financial data, demographics, market research and industries. Can be used to research industry trends and product developments.
- You can get the full report from the San Bernardino Economic Development Agency website. You’ll need to have Adobe Acrobat already loaded on your computer, which you can download for free from www.adobe.com/products/acrobat/readstep2.html. Then download the white paper by going to www.sanbernardino-eda.org/pdf/ITA.pdf.

If you have a business for which you’d like to get economic gardening assistance, contact Janice Rhodd at the Business and Industry Assistance Program at California State University, Chico. You can reach her at 530-898-4598, or email to jrhodd@csuchico.edu.

Improve business management. Business management is one of the two areas in which small businesses are often weak. Small Business Development Centers (SBDCs) address this problem by offering small businesses courses and free counseling in business management. This approach brings results: in 2002, the Sierra College SBDC counseled 757 small businesses, leading to 164 new jobs, $4,200,000 in investments, and $8,078,000 increased sales.

Improve access to capital. The Small Business Administration runs a microloan program through which small businesses can borrow as much as $35,000 to be paid back within six years. SBA provides these funds to local nonprofit intermediaries which in turn make loans to eligible borrowers. For more information, go to www.sba.gov/financing/frmicro.html.

If businesses say they have a hard time finding qualified employees, start appropriate training programs.

- Connect with local colleges
- Offer live broadcasts of college courses related to growing economic sectors
- Create a lending library with videos and books for employee training
- Foster student cultural and language exchange programs
- Create workforce development programs
- Create advanced seminars specific to the local economy for area professionals

\(^8\) See the Littleton, CO website at www.littletongov.org/bia/NewEcon/.
\(^9\) Many small business owners have great ideas but no resources for the research necessary to launch a new product. They can grow more quickly if they have access to the same kind of market intelligence large corporations have in-house.
$240,000. Of that, $160,000 pays for the Fund’s operations; the remainder goes to grants that support entrepreneurial and industry networks. VSJF expands this pot of grant money by aggressively writing proposals, bringing in about $350,000 a year.

VSJF operates according to four principles: (1) develop networks of businesses that help small Vermont firms compete in the national and global marketplaces; (2) focus on networks that use available human and natural resources to develop value-added products and markets; (3) help businesses develop markets that require a highly skilled workforce; and (4) plug the leaks in the local economy by convincing large institutions to buy goods produced by local businesses (see Plugging the Leaks Tactic on page 60).

Among their top projects is the Cornerstone Initiative, which connects large Vermont institutions to entrepreneurs who produce goods and services that are economically priced, environmentally friendly and socially responsible. Already they have persuaded seven major institutions, such as the University of Vermont, to sign agreements to purchase wood products from local manufacturers who use Vermont hardwoods.

VSJF has helped to spawn networks in diverse industries that meet wide-ranging challenges. A sampling includes:

**High Technology Business Cluster:** Nine rural businesses and two regional development corporations, with the help of a $30,000 grant from VSJF, formed a network to peddle their services and products in European markets. The network has since attracted another 20 firms and spawned three joint ventures between members. One joint venture underway is between a member company and a European company.

**Vermont Quality Meats Cooperative:** A VSJF $25,000 grant allowed nearly 50 Vermont producers of quality meats to band together to sell directly to 80 high-end restaurants in New York and Boston. Members jointly bought a refrigerated truck so they could quickly ship their products to market. By delivering meats to chefs’ doors, the cooperative bypasses meat brokers and its members receive twice the price for their products. Business income has risen by $200,000.

**Yankee Forest Safety Network:** With a $20,000 VSJF grant, 20 small logging firms across Vermont were able to leverage an additional $350,000 to train loggers in safety procedures. The training not only improved work site safety, it enabled the firms to reduce their payments for workers compensation insurance by 30 percent—saving them $80,000 to date.

**Vermont Cheese Council:** Vermont cheese makers, famed for their independent natures, created the Vermont Cheese Council to improve their research and marketing. The council has enabled its 30 members to diversify their product lines, share facilities such as aging caves, mentor new cheese makers, and penetrate new markets. The council has also developed a “best practices code,” which establishes quality and food safety standards for the “Vermont Label of Quality.”

Not all of VSJF’s networks succeed. Wayne Fawbush, the Fund’s Executive Director, recalls a fruitless effort—involving two seed grants and a year-and-a-half of hard work—to improve networks in the state’s textile industry, a $150 million sector that produces everything from tie-dyed t-shirts to Vermont Teddy Bears. Fawbush figures that of their network attempts about a third succeed, a third meander along, and a third fail.

Nevertheless, VSJF’s successes have earned it countless glowing testimonials such as that from Jamie Stewart, of the High Technology Business Cluster, who said, “Simply put, if we did not have the support of the Sustainable Jobs Fund, we could not have done what we did this past year.” With its strategic thinking and drive, VSJF is building “networks upon networks” and developing a host of new markets for Vermont’s entrepreneurs.

For more information about VSJF, call Wayne Fawbush at 802-828-5320 or go to their website at [www.vsjf.org](http://www.vsjf.org). If you click on resources, you can download their strategy paper, *Walking with the Tiger: A Path for Growing Vermont’s Economy in the Era of Globalization*, which examines how a small rural economy can successfully compete at the global level in the 21st century.


Economic Gardening in Littleton, Colorado

In 1987, Littleton, Colorado (a suburb of Denver) wanted an alternative to the recruitment approach to economic development. At the time, an “oil bust” depressed the Denver metropolitan economy and the city had over one million square feet of vacant retail space.

As significant as the Houston-based oil companies to Littleton’s economy was Martin Marietta, maker of space shuttle external fuel tanks. Headquartered in Bethesda, MD, Martin Marietta employed between 7,000 and 14,000 people in the Littleton area. The main problem with recruitment, reasoned Littleton’s town council, was that it made the city a colony of distant corporate headquarters. In addition, after 14 years of recruiting businesses, Littleton had only 4,000 more jobs than before.

The town council believed Littleton could gain independence from distant corporations by fostering its own homegrown businesses. They directed their economic development program, known as Business/Industry Affairs (B/IA), to help companies with their roots in Littleton create jobs.

Chris Gibbons, Director, of B/IA, partnered with Phil Burgess and Kent Briggs at the Center for the New West to craft the entrepreneurial approach to development they called “economic gardening.” Using cutting edge thinking by economists and researchers around the country, they blended ideas about innovation, complexity theory and temperament. They thought beyond helping local businesses solve problems and instead focused on helping businesses find new opportunities for growth. Struck by the statistic that 75 to 95 percent of growth comes from local businesses anyway, they asked, “What can local government do to help growth that is already occurring?”

After some trial and error, they came up with “economic gardening” which has three components:

- **Information**
- **Infrastructure**
- **Connections**

**Information** represents three-quarters of B/IA’s work. B/IA helps small businesses exploit information technology, giving them access to the kind of market intelligence large corporations have in-house.

Here’s one example of how economic gardening works. English Gardens is a flower shop owned by two sisters. When they gave B/IA a list of existing customers, B/IA created a map showing the location of the store and its customers. Then they used a lifestyle database to identify neighborhoods in which people buy a lot of fresh flowers. They drew lines around neighborhoods in which people buy a lot of flowers and printed mailing labels for all residents in those zip codes. The sisters could target promotional mail to likely customers and not waste marketing dollars on poor prospects. This service cost English Gardens the price of the labels, about $20 per zip code.

**Infrastructure** takes 20 percent of B/IA’s time, and includes three types: basic, quality of life and intellectual. Basic includes the traditional sorts of infrastructure: transportation, sewer and water. One recent project was to move the historic 1880s railroad depot to a new site where it serves as a light rail station.

B/IA defines quality of life infrastructure as things such as parks and open space. Part of its budget supports the Town Hall Arts Center and every major drainage channel in Littleton has a trail. Intellectual infrastructure includes facilities for live broadcasts of engineering courses from Colorado University.

**Connections** represent the remaining 5 percent of Littleton’s work. This consists of connecting local entrepreneurs to information networks such as higher education, research facilities and industry organizations.

Littleton’s experience shows that economic gardening requires constant outreach. After 15 successful years, they still find businesses every week who haven’t heard of B/IA. One staff member regularly knocks on doors and sets up meetings with business leaders. At the meetings, B/IA staff explains the program and explores how B/IA can help the company.

Another lesson is that speed is key. Market intelligence has a very short shelf-life and to really help, B/IA has to work on business timeframes. Thus they try to answer every company’s questions within 24 hours.

Chris Gibbons underscores that economic gardening is not a quick fix. There is no fast payoff. It is a long-term investment and commitment.

But does economic gardening work? In 10 years Littleton’s jobs grew by 12,000—a threefold increase over recruiting in two-thirds of the time. Sales tax revenues more than doubled from $7 million in 1990 to $15 million in 2000.

Need more proof? Littleton has a provision that if tax revenues exceed a certain cap, the city has to ask voters for permission to spend the excess. Since starting the economic gardening program, Littleton has exceeded that cap every year and every year the voters have approved spending that money on capital improvements.

Littleton even exceeded the cap during the last two recession years, at the same time virtually every other city in the Denver metro area faced budget cuts or hiring freezes.

And remember, Littleton achieved this growth with no marketing budget and no big travel budget. B/IA doesn’t give tax rebates and it doesn’t do real estate deals. It offers no business recruitment or financial incentives. Littleton’s growth came about because B/IA created an environment in which entrepreneurs can thrive.

For more information, go to B/IA’s website at www.littletongov.org/bia/ and read about the New Economy Program. From there, you can subscribe to the econ-dev email discussion group by clicking on the Econ-Dev link and following the instructions.
West Company Cultivates Microenterprises

Skip Sloan and Nicky Bartell came to West Company in April of 2000 with a dream of starting a wholesale tree nursery. Skip had owned a small retail nursery over twenty years ago, but lost it due to drug addiction. Since then he’d mostly lived on welfare and spent some time in jail. Nicky lacked marketable skills and hadn’t held a job since her daughter was born in 1984. She felt she needed to stay home to care for her disabled eleven year-old son.

When they first came to West Company, Skip and Nicky had already taken the difficult step of completing a twelve-month drug treatment program and remaining clean and sober for nearly 2 years. But rebuilding isn’t easy when you’ve got no money in the bank, no credit, no job history, no collateral and few employment options.

West Company began in 1987 when a group of women in Mendocino County decided to help low-income women and minorities gain access to economic resources and become more self-sufficient. Its central strategy is to help people start and grow microenterprises — businesses with fewer than five employees. By starting microenterprises, the founders reasoned, people would build financial stability, self-confidence, and social and personal responsibility.

Mendocino, like many rural California counties, has a chronically struggling economy. Its unemployment rate always runs higher than the state average, but that gap exceeded four percentage points in 1984 when the county’s unemployment rate rose to 12 percent. By 1987, the county’s unemployment rate had improved to 8.5 percent, but per capita income was still only three-quarters of the state average.

Over the years, West Company has developed an array of services to help low-income families start and run businesses. Its core program is to train people in basic business skills and write a business plan, but that is not enough. West Company has devised a continuum of services that help budding entrepreneurs gain access to microloans, industry-specific advice, technology and asset building.

Training

The heart of West Company’s program is “Building a Better Business,” a series of 3-hour workshops that train enthusiastic, budding entrepreneurs in the tools and strategies they need to succeed. Paying only $5 to $15 for a workshop, depending on income, business owners can learn about a wide variety of basic business topics, including:

- Evaluating personal and business readiness
- Writing a Mission Statement
- Identifying and conducting the most important areas of market research
- Developing a marketing image and strategy
- Pricing their product or service
- Analyzing whether they can break even and projecting cash flow
- Organizing business records

West Company also offers two E-Commerce workshops: Introduction to E-Commerce and Designing A Web Site. These workshops cover the basics of technical, business and personal preparation to conduct business on the Internet and to organize an effective web site.

One of the skills Skip and Nicky learned from their West Company training is income patching. While they have set in motion plans to open their Mendocino Tree Nursery, they realize this is a long-term proposition. In the meantime, they have to meet the regulations of the welfare-to-work program and bring in extra income. So a year ago Skip began to work part-time making deliveries for another local wholesale nursery, and he uses the job to build relationships with retail nursery owners and wholesale plant purchasers who can become customers for Mendocino Tree. A few months ago, Nicky began to work a few days a week propagating plants at the same nursery. Skip also makes extra money collecting and selling wild mushrooms from the forests.

Using the income patching strategy, Nicky and Skip increased their total household income from $18,428 in 2000 to $22,888 in 2001, this despite a drop in their welfare benefits.
from $7,368 to $3,600. West Company projects their 2002 income will be $31,700, placing them well above local and national poverty levels and within reach of the Mendocino County median household income of $32,306.

Asset Building

People who graduate from the “Building a Better Business” series and start a business are eligible for West Company’s “Bridge to Success” Program, an Individual Development Account (IDA) savings and management training program that helps clients build up capital for one of three purposes:

- Starting or expanding a small business
- Buying a home
- Getting post-secondary education

Participants learn how to manage money and set a little money aside each month. Donors then match $2 for every $1 participants set aside to help them build capital more quickly. By the second year, 36 participants had saved over $26,000 in earned income, which totaled—with matching funds—$60,000. With this money clients had bought two homes, two college enrollments and 10 business assets.

After completing 18 hours of money management training, one participant said, “I’m more aware of where my money goes each month, and know I can adjust what I spend or what I earn to make ends meet. I feel more in control and less worried.”

Nicky and Skip used their IDA funds to buy over 2000 seedlings which they expect to be ready for market soon. While they wait for their trees to grow, they are taking steps to build their business and a future they can be proud of. According to Skip, “We’ve been through some tough challenges and we’ve had a lot of support, not only from our friends, but from West Company and the Department of Social Services Job Alliance. Growing these trees and our business is a way of giving thanks for that support.”

For more information, check out the West Company website at www.westcompany.org, email questions to info@westcompany.org, or call at 707-468-3553.

Tactic 6: Build Economic Resilience Through Diversity

“It is the part of a wise man to keep himself today for tomorrow, and not venture all his eggs in one basket.”

— Sancho Panza in Don Quixote, Miguel de Cervantes Saavedra

It’s a human tendency—if things aren’t going as well as expected—to try harder to do the same thing. You probably grew up hearing the jingle, “if at first you don’t succeed, try, try again.” But sometimes a different saying is more appropriate, and that is, “Don’t put all your eggs in one basket.” Sometimes the best strategy is not to do the same thing again; rather it’s to try something completely different.

Weight-lifting makes a good analogy. If you want to have more upper-body strength and you have one weak arm and one strong arm, it doesn’t make sense to do bicep curls with only the strong arm. Nor does it make sense to do bicep curls with only the weak arm and let the strong arm wither. What makes sense is to do bicep curls with both arms, building up the weak arm and keeping the strong one strong.

So it is with local economies. Too often, if the economy isn’t as strong as people like, community leaders focus on making the dominant industry stronger. In many rural communities, this means focusing on timber or agriculture or tourism—harder or faster or better. But this may not be the best approach for long-term economic health.

Instead of trying to add to the existing economic base, a better strategy might be to strengthen other economic sectors. A better strategy than continuing to do the familiar may be to cultivate new types of businesses and new ways to create wealth.

Why should you cultivate new types of businesses?

A diverse economy is buffered against the boom-and-bust cycles that plague rural economies. “Economic diversity” sounds technical and complicated, but it’s really the same idea as diversifying your investment portfolio. The collapse of Enron demonstrated the risk of having all your investments in one place: in a matter of months some people lost the retirement savings they’d worked whole lifetimes to build.

Increasing economic diversity is critical because it helps rural economies get off the boom-and-bust roller coaster.
Economies that depend on a single sector or one major employer face a risk of big losses similar to the person with all his investments in Enron. They are vulnerable to anything that affects the fortunes of that company or sector—corporate mismanagement, general economic recession, competition from other places with inexpensive labor or resources and acts of nature like drought or forest fire. After the 1990 Yosemite fire, for example, the local motel business in the tourism-based economy was down by 30% for three months.

Research shows the volatility of rural economies is due less to any particular sector than to low economic diversity. The recent downturn in the high-tech sector hit hard in places like San Jose, places that were overly invested in digital businesses. Places hit hard by the 9/11 tragedy included Las Vegas and Reno, tourism-dependent economies that also tend to be heavily reliant on construction and travel-related services. Places with more diversified economies, like San Diego, have been less affected by the most recent recession.

Since it’s not a question of whether economic down cycles occur but when, a better strategy than simply increasing jobs is restructuring your economy. Specifically, you want to encourage your community to have jobs and income distributed across a wider range of companies and economic sectors; in other words, to have higher economic diversity. Higher economic diversity, like a diversified portfolio, creates a more stable economy because there is little chance all sectors will go up or down at once.

You can see the importance of economic diversity by comparing trends in per capita income and unemployment among economies with different degrees of diversity. In places with low economic diversity, these indicators are more volatile. When California was in a recession in the early 1990s, income in the South Central Sierra, a region with lower economic diversity, fell more and was slow to return to pre-recession levels.

In the North Central Sierra, however, you can see the benefits of high economic diversity. During that same recession, per capita income fell, but not by much, and it rebounded more quickly than in the South Central Sierra.

Greater economic diversity sparks innovation and high-paying jobs. Studies show that innovation and economic diversity go hand in hand and, as discussed under “Nurturing Entrepreneurs,” a more innovative economy has more high-paying jobs. It stands to reason, therefore, that more diverse economies have higher incomes.

Innovation is not a simple function of diversity, but rather of the connections between firms in the local economy. In contrast to simply recruiting new firms or industries, the cluster strategy takes into account the inherent fabric of the economy. This means it builds on the interconnections between businesses and industries that are already there and the cultural values and sense of identity of the region. It considers the ripple effect new business has on suppliers of both new businesses and old.

You can see how this principle works in the case studies of ACEnet, Humboldt County and Shorebank Enterprise. In all three cases, community leaders carefully chose clusters or sectors around which to diversity their economies. Rather than encouraging start-ups across a wide array of unrelated sectors, they identified opportunities within their comparative advantages and brought together complementary activities. The cross-fertilization that occurred within the sectors stimulated new ideas that led to increased economic diversity.

Increasing economic diversity ensures long-term prosperity. Increasing economic diversity is a long-term strategy and not likely to yield dramatic results quickly. But the advantage of it is it smooths out the ups and downs of a local economy and so protects rural communities from the heart-wrenching loss of a lot of jobs, families having to move away, and a general downward spiral in community health. A rural community with a diverse economy is likely to be around for a long time.

Remember the economic space platform discussed under the “Nurturing Entrepreneurs” tactic? It moves through space by creating new economic activities on the leading edge and destroying outmoded economic activities on the trailing edge. Anyone or anyplace that sits on the same place eventually falls off the platform.
Continuing to arrange your economy around one economic activity is like sitting still on that platform. When that activity falls off the trailing edge, so does the community that depends on it. Working harder, faster, better at the same economic activity can only slightly improve what is ultimately a failing proposition. It may help for a short time, but ultimately such a strategy only prolongs the economy’s transition and increases the pain and dislocation caused when that transition comes.

Take, for example, Sierra economies based around both day use and overnight tourists. Day use tourists take up space on highways and parking lots, thereby reducing the infrastructure available to overnight visitors.96 Overnight visitors, for their part, pay for lodging and meals, and thereby contribute more significantly to local economies and governments. As a community converts from an overnight tourism to day use, tourism brings fewer dollars into the economy. Yet as population grows in the Bay Area and the Central Valley, more and more people can drive up to the Sierra for just one day of skiing and hiking. Perhaps it is possible to encourage more overnight and fewer day use visitors, but even so continuing to pin your community’s economic hopes on tourism may be dangerous (see box about tourism on page 54).

A better approach may be to strengthen other sectors so the economy is less dependent on tourism, especially those sectors that support existing businesses. For example, is there a way to encourage more year-round residents instead of tourists and second-home owners? Are there activities for which residents could earn high wages, so they can become loyal customers for high-end stores that currently cater mostly to tourists? Can restaurants adapt to serving a larger population that’s here seven days a week, all year round, instead of catering just to tourists who are here only weekends and holidays? Are there other ways to diversify the economy that move it toward the leading edge of the economic platform?

To learn how to structure economic development policies to make business clusters more innovative and competitive, check out “A Governor’s Guide to Cluster-Based Economic Development,” published by the National Governors Association; available at www.nga.org/center/divisions/1,1188,7_CEN_ECON_TECH*C_ISSUE_BRIEF*D_4063.00.html. The Council on Competitiveness has a number of useful publications: www.compete.org. The National Network of Sector Partners, based in Oakland, CA, has information about funding sources and technical assistance: www.nedlc.org/msp/.

If you’re interested in learning more about business incubators, check out the National Business Incubator Association website at www.nbia.org/. They offer a number of useful publications that will help you learn how to develop and operate a business incubator and serve your clients well.

If you want to learn more about how to build entrepreneurial networks similar to ACEnet, download the step-by-step guide “Building Entrepreneurial Networks,” by the National Commission on Entrepreneurship, at www.ncoe.org/research/Networks_Report.pdf.

If you want to learn more about INFLOW, the software that maps knowledge networks, check out Valdis Krebs’ website at www.orgnet.com/.

To learn more about business clusters, take an on-line course from the University of North Carolina: www.unc.edu/depts/dcrpweb/courses/261/levene/.

How Can You Cultivate New Types of Business

The first step is to survey what assets your community already has that it wants to showcase, then identify the types of businesses you want to cultivate. “The Economic Renewal Guide,” by Michael Kinsley of the Rocky Mountain Institute (available from www.rmi.org/store/p385pid2121.php) gives you a step-by-step guide through this process.

Here are some points to keep in mind as you identify which sectors you want to develop:

Clusters that connect the local economy with the outside world will bring dollars into your economy and force excellence and innovation.

Typically the most effective strategy for diversifying the economy is to target growing sectors that are closely related to your current economic base.97

Trade, diverse manufacturing and high-end services often produce the most recession-resistant economies, so these are good sectors to target if they are related to your economic base.98

To learn more about business clusters, take an on-line course from the University of North Carolina: www.unc.edu/depts/dcrpweb/courses/261/levene/.

If you are interested in learning more about developing a program to support microenterprises, go to the Association for Enterprise Opportunity at www.microenterpriseworks.org/. Or contact the California Association for Microenterprise Opportunity (CAMEO) at www.microbiz.org/.

Check out the “Tools for Revitalizing California Communities” program on California’s Community Debt and Investment Authority Commission website. The program is part of the Treasurer’s “Double Bottom Line” investment initiative, which focuses on achieving successful investment results while simultaneously broadening economic opportunity in California communities: www.treasurer.ca.gov/cd/.

Check out the latest from California Technology, Trade and Commerce Agency: commerce.ca.gov/state/ttca/ttca_homepage.jsp.
When Visitors Come to Town

How Does Tourism Fit Into the Economic Future of Sierra Communities?

In our research for *Investing*, SBC learned from local officials that the advice they get from many economic consultants is: focus on tourism. And that’s no surprise: tourism is the most important activity in the Sierra’s economy today, replacing agriculture, mining and timber as the economic base in many communities. On national forests alone, which account for only 60 percent of recreation in the Sierra, the number of visitor days each year is expected to increase from 83 million in 1996 to 122 million by 2010. If current trends continue, tourism will only become more important with time.

As with any economic sector, though, tourism can build up or erode the region’s wealth depending on how it is done. To avoid more boom-and-bust cycles in the Sierra, tourism must conserve and enhance the foundation of region’s economy: its social, natural and financial capital.

Yet without thoughtful choices, tourism does not necessarily build the Sierra’s overall wealth. Financial capital is at risk when rural communities rely exclusively on tourism, in the same way they depended on other single industries in the past. Sierra towns such as Loyalton and North Fork lost much of their financial capital when their timber operations abruptly shut down. Similarly, the tourism economy of South Lake Tahoe dropped 15 percent in 2001 because of the national recession and the impact of 9/11 on travel.

Other hazards to watch for as tourism grows include threats to your community’s social capital. As wealthy visitors drive up housing prices, middle-class residents cannot maintain their lifestyle and move away. When a community loses its middle class, it loses the very people who have the knowledge and experience to conserve and build its social, natural and financial capital.

In fact, when tourism becomes a major business, it affects not only the destination town, but also communities up to 100 miles away. The tourism boom in Mammoth Lakes has so elevated housing costs that locals have moved to Bishop and now commute 45 miles each way. This in turn has raised housing prices in Bishop, and caused some of its residents to move to Independence and Lone Pine, another 50 to 60 miles away.

Another threat to social capital comes from the low wages of many tourism jobs. An emphasis on low cost labor puts enormous demands on a community for affordable housing and other services for employees in these jobs. Moreover, it can contribute to real cultural conflicts in rural towns when the two dominant populations become wealthy visitors and low-income residents.

The point is that, if carelessly pursued, tourism can squander the very social, natural and financial assets that are the foundation of any economy. Rural communities need to plan carefully to safeguard all three forms of capital. A tourism community can build overall wealth if it provides diverse economic opportunities for its citizens, generates resources to protect and strengthen its natural and cultural heritage, and invests resources to become more livable. Consider the following eight guidelines.

**Diversify your economy.** The most important tactic for building a healthy tourism sector may sound counter intuitive: diversify your economy. Whatever you do, strive to put your economic eggs in multiple baskets. Though increasing economic diversity may take a while, your community’s financial capital will be more resilient as a result.

Start by cultivating businesses closely related to tourism. For example, several Sierra communities have expertise in publishing guidebooks and magazines. *California Fly Fisher Magazine* is produced from Truckee and *Sierra Heritage Magazine* comes out of Auburn. The eastern Sierra is developing a mountain guidebook cluster: John Mognier of Bishop has penned several books about climbing and backcountry skiing; Doug Thompson of Lone Pine has co-authored *Mt. Whitney: Mountain Lore from the Whitney Store*.

But don’t limit your economic development to businesses related to tourism. Faster Internet connections, improved delivery and transportation services, and the competitive location of the Sierra make it possible for communities to diversify in ways they never have before. A variety of professionals who traditionally worked in urban areas can now base their businesses from the Sierra. In fact, virtually all of the tactics in Chapters 2 and 3 of *Investing* can help diversify your economy; build your existing sectors, take advantage of the new economy and entrepreneurial development and plug your economic leaks.

**Coordinate planning for tourism, community development and economic development.** Save your community a lot of waste and expense by coordinating tourism, community development and economic development from the start. Too often, these matters are addressed separately even though in reality, they are tightly intertwined. For example, employee housing is usually contemplated only after a massive influx of tourists (and service employees) is under way. In Jackson Hole, the price of employee housing became so high that service workers could only afford local campgrounds—and many were eventually evicted from them (see the affordable housing tactic on page 81).

Another aspect of coordinated planning is to consider how decisions to boost one sector might affect the three forms of capital. For instance, when a resort community is built miles from town, how will higher real estate prices and traffic affect local ranchers and farmers? How will subdivisions with 5 or 20-acre lots affect signature Sierra landscapes—the very scenery that tourist bureaus market?

Finally, when tourism has regional impacts, it should be planned for regionally. In the eastern Sierra, civic leaders, planners and business people are coordinating responses to the growing numbers of tourists, especially in Mammoth. In Mono County, a coalition of business people, community leaders and county government has done extraordinary work to preserve the scenic beauty of Highway 395.

The most effective way to coordinate these activities is to include a diverse group of stakeholders in the process. This ensures that the outcome will be consistent with the community’s goals and that stakeholders will have buy-in. Once these pieces are in place, local governments and the business community can build broad-based partnerships to implement the plans (see the collaborative planning tactic on page 112).

**Build communities that serve residents.** Businesses that serve tourists depend on employing reliable and well-qualified people. Such people want to live where they can meet basic needs—whether it’s a livable wage, or excellent education for their children, or decent housing they can afford, or accessible health care they trust. Residents with commitment to their communities support
tourism in countless ways. They are credible interpreters of their region’s uniqueness. They frequent local stores and restaurants outside tourist season. They improve livability by volunteering to build trails or to search for lost skiers. Their very presence makes communities real. For many reasons, tourism benefits when diverse stakeholders work together to sustain a genuine community.

**Highlight your cultural and natural heritage.** Your most competitive tourism niche is that which is most important and unique about your community. If you can define a strong sense of place, the next step is to convey that sense to your visitors. Travelers are increasingly looking for genuine experiences. They want to return home feeling they have learned something new about a people, their history and their landscape.

Genuine experiences can be as specific as visiting a local hangout like Poor Red’s in Diamond Springs, or as broad as learning about the people who live in the Great Smoky Mountains through the guidebooks prepared by HandMade in America (see case study on page 102). Some communities succeed by staging events that celebrate local resources. Elko put itself on the map with The National Cowboy Poetry Gathering (case study on page 103). Lone Pine has a Film Festival that celebrates Hollywood movies filmed in Owens Valley and the nearby Alabama Hills. Angels Camp recalls Mark Twain’s famous story set in Calaveras County through its Jumping Frog Festival.

Reinvesting in historic buildings and downtowns is another way to draw tourists, as Murphys (case study on page 28) and Nevada City demonstrate. Some owners breathe new life into old buildings by blending historic charm with the latest technology, as the newly renovated Sutter Creek Theater proves. Then again, your natural features may be the key to a successful tourism strategy. Lee Vining is planning to reorient itself to showcase the overlook of majestic Mono Lake. La Ruta de Sonora, a multi-day tour of the history and landscape of the Sonoran Desert, illustrates that the demand for planned tours extends to cultures, as well as the fast-growing industry of eco-tourism.

**Link major resorts and local businesses.** If you do have large tourist operations in town, link them to local suppliers. They can use their enormous purchasing power to keep dollars in the community and support locally owned firms. The Vermont Sustainable Jobs Forum has pioneered formal memoranda in which the University of Vermont pledged to buy wood supplies from local vendors (see case study on page 46). You can make similar arrangements by cooperating with ski resorts and casinos, for example, to analyze their buying needs and connect them to local suppliers.

Cultivate value-added, tourism-related businesses. Some towns are cultivating value-added businesses that grow naturally from local recreation specialties. Boulder, Colorado, for example, has become a center of innovation for climbing and bicycling gear. Redding has firms that make mountain bikes, part of the broader sector the city cultivates in precision manufacturing.

**Reinvest in your natural and cultural assets.** Find creative ways for tourism to generate revenue for conserving natural resources, managing parks, preserving historic assets, and maintaining public infrastructure used by tourists. You can allocate a portion of your TOT revenues or create a trust fund. The Blackstone Valley Legacy Trust in Rhode Island, for example, solicits private funds to build a river education center and to protect locations that have deep roots in America history.

**Reduce the impacts of major tourism operations.** One encouraging trend is that large tourist operators are finding ways to reduce their environmental impacts. In Oregon, the Mount Hood Meadows ski resort recently followed Whistler’s example and joined The Natural Step (see the case study on page 40). Dave Riley, General Manager, said that although his day-use resort had already enrolled in the national ski industry’s Sustainable Slopes initiative, he wanted to take sustainability to a higher level. After joining The Natural Step, Mount Hood Meadows has reduced its waste and material use. It is applying The Natural Step to develop property it recently bought, fundamentally rethinking everything from overall layout to building design, managing storm water and protecting wildlife habitat.

Another pioneer in reducing the environmental impacts of tourism is Yosemite Concession Services. This company serves tourists in Yosemite National Park and is one of the largest employers in the southern Sierras. In 2002, they became one the first hospitality firms in the United States to be recognized for meeting ISO 14001, an internationally recognized standard for environmental leadership.

To earn this recognition, Yosemite Concessions established a state-of-the-art environmental management system called GreenPath. This system integrates environmental considerations into everything the firm does, from budgeting and purchasing to planning and construction. A sample of their achievements includes: eliminating Styrofoam products; installing 10,000 energy-saving compact fluorescent bulbs; diverting almost half the waste from landfills; using canola-based lubricants and hydraulic fluids for chain saws and heavy equipment; buying furniture and desks made from recycled plastic; and patrolling on bicycles instead of in automobiles.

For more information about locally based and sustainable tourism, contact the Sonoran Institute (at 520-290-0828 or www.sonoran.org) or the Ecotourism Explorer (at 802-651-9818 or www.ecotourism.org). National Geographic also has an excellent web site, including a section for tourism professionals, (at www.nationalgeographic.com/), click on “Travel” then “Sustainable Tourism”). Strategies for sustainable rural tourism are outlined in a working paper prepared by Rural Development Initiatives, based in Eugene (www.rdiinc.org or 541-684-9077). For examples of festivals that celebrate local culture, click on Lone Pine Film Festival at www.lonepinefilmfestival.org and The National Cowboy Poetry Gathering at www.westfolk.org. You can learn more about the Blackstone Valley Legacy Trust at www.tourblackstone.com. For information about how major tourist operators can reduce their impact on the environment, check out Whistler ski resort’s engagement with The Natural Step at www.whistleritsournature.ca or 604-938-9818. To learn more about Yosemite Concession Services, contact Jerry Ernest, Director of Facility Services, at 209-372-1038. Finally, for a thought-provoking look at the challenges of tourism, read Hal Rothman’s book, Devil’s Bargains: Tourism in the 21st Century American West (1998: University of Kansas Press).
**Case Studies**

**ACEnet Fosters Sectoral Networks**

How does an economically distressed, rural Appalachian region evolve from having fewer than a dozen specialty food businesses to having more than 300 in just five years? The answer lies in the power of sectoral networks.

The catalyst prompting the growth of this dynamic sector is ACEnet, the Appalachian Center for Economic Networks. Formed in 1985 to build the economies in southeastern Ohio, ACEnet’s mission is to help communities network, innovate and work together to create a strong and sustainable economy that offers opportunities for all.

This case study focuses on the unique way ACEnet fosters networks to increase local economic diversity, but networks are hardly the only tool ACEnet employs. ACEnet combines fostering networks with an impressive menu of services you might find in other economic development organizations: they train people how to develop and implement basic marketing strategies; help businesses design eye-catching packages; identify high-value market niches that local producers might fill; and offer flexible financing and investments to small businesses. The menu of services constantly shifts as ACEnet’s staff responds to its clients’ changing needs, but whatever the current selection, the mix was carefully chosen to support the specialty food sector, not just individuals or firms alone.

June Holley, ACEnet’s President, became interested in networks when searching for powerful ways to stimulate business start-ups and expansions. She wanted a more effective strategy than helping low-income people start worker-owned businesses, the approach ACEnet used successfully in its early years. “Clusters” or “sectoral networks” had produced remarkable results in northern Italy where per capita income in the Emilia-Romagna region climbed from seventeenth in 1970 to second in 1985. She decided ACEnet would explore how to adapt sectoral networks to southeastern Ohio.

The sectoral network strategy works by connecting firms that have common interests. “Once a certain density of business exists... that sector tends to expand [geometrically]. As people see the success of others and the support services that are available, more and more fledgling entrepreneurs become captivated by the idea of starting a business.” Holley came to see that sectoral networks are most powerful and sustainable when they are self-organizing.

The first step was to select what sector ACEnet would focus on. ACEnet wanted a sector that would connect small firms to high-quality markets because that forces firms to innovate and create products of ever higher quality. The competitive pressures of high-quality markets give small firms powerful incentives to collaborate with each other and with community-based support services. From this crucible of competition comes rapid growth in good paying, upwardly mobile jobs for workers who are creative, flexible and quality-oriented.

When ACEnet surveyed the assets of southeastern Ohio, it found a rich tradition of local farmers’ markets and small-scale producers of fruits and vegetables. But with only six specialty food-processing businesses, the region was missing a golden opportunity to develop value-added, high quality products.

That’s how specialty foods became, in 1993, the first ACEnet sector focus. When you talk to June Holley about ACEnet ten years later, she can barely contain her enthusiasm. “It’s so fun, it’s so fun,” she laughs as she lists the fantastic variety of products people have come up with — paw-paw ice cream, blackberry chipotle salsa, tofu pasta, natural cosmetics. Some farmers are even raising shrimp to sell to local restaurants.

“There’s nothing organized, no association,” Holley explains. “All this develops naturally. When people get together, they cook up ideas. They are doing this on their own.”

And that is the first lesson in making sectoral networks succeed. ACEnet is helping to facilitate a culture of networking, a broad-based and densely woven fabric of networked firms. Holley knows that if ACEnet tries to orchestrate the network, its effectiveness will be limited by ACEnet’s own internal capacity. Although ACEnet does work with firms one-to-one, the network itself must have a life of its own.

To encourage local entrepreneurs to connect directly with each other, ACEnet creates a variety of informal settings in which they can interact. The most effective relationships
emerge when small groups work together on a specific project. Examples of networking opportunities include:

- A kitchen incubator where entrepreneurs can swap ideas and techniques;
- A café at the local farmers’ market where entrepreneurs can taste-test products or share a meal; and
- A TGIF party at the Big Chimney Bakery where 200 entrepreneurs make new connections and seek advice while listening to a local swing band.

A second lesson is that the capacity for innovation increases dramatically when diverse sources of creativity and information are widely distributed throughout the network. To include the full range of expertise in the network, ACEnet tapped researchers at Ohio State University who help create new food products, design web pages and develop business plans.

As the network has flourished, local food producers have become more successful at breaking into regional and national retail markets, one of the toughest challenges they face. They have done this by launching joint ventures that enable them to enjoy economies of scale available to much larger businesses.

One example is a greenhouse owner who developed a way to mass produce at reasonable cost high-quality hanging flower baskets that overflow with vines and unusual plants. When major home improvement stores placed large orders, he subcontracted with three other local greenhouses and gave them the technical advice and support they needed. As a result, the three subcontractors expanded by 25 to 50 percent in the next year.

Another example is that local producers are filling voids, such as the lack of local and regional distributors. A man who grows and sells shiitake mushrooms to restaurants now stops by the ACEnet warehouse and picks up the products of a half dozen other producers and delivers them while he makes his rounds. In this way, he helps other small producers gain access to new markets and earns a little extra money for himself.

Eager to make the ACEnet network as effective as possible, Holley wants to better understand how it functions. She is working with Valdis Krebs, perhaps the nation’s leading innovator in the emerging science of knowledge networks, to adapt his networking software so that ACEnet can map and measure how information travels through the self-organizing networks. That way ACEnet can identify those people who are most effective at distributing information and then tailor support for them.

ACEnet’s calculated mix of services and networking strategies has produced real gains for low income people in southeastern Ohio. About half of the start-up business owners ACEnet initially served lived at or below poverty levels. Today, a third of these businesses are growing rapidly or are poised to do so.

Just as sectoral networks spawn many new specialty food businesses, they also create opportunity for people in other businesses. A former t-shirt designer now designs food labels and has won national acclaim. At any given ACEnet function, you’re likely to see technology experts and organic farmers, graphic designers and horticulturalists, food producers and people in the tourism trade. The specialty food sector is the kernel that catalyzes the growth of a dynamic and diverse network of innovative and ever-changing businesses. A revitalized economy is the result.

For information about ACEnet and the Food Ventures Project, visit their website at www.acenetworks.org or call 740-592-3854.

Shorebank Enterprise Pacific Blends Economy and Ecology

In the early 1990s, rural communities in the Pacific Northwest collapsed under economic decline and natural resource conflict. Headlines broadcast clashes over spotted owl habitat, old growth forests and overseas timber processing. Dwindling harvests suggested salmon would soon receive endangered species status. High wage manufacturing jobs were replaced by low wage service jobs.

Into this seemingly hopeless situation came Shorebank Enterprise Pacific (SEP), a non-profit headquartered at the mouth of the Columbia River in Ilwaco, Washington. Its

“As people see the success of others and the support services that are available, more and more fledgling entrepreneurs become captivated by the idea of starting a business.”

– June Holley
Humboldt County Deliberately Promotes Economic Diversity

Humboldt County, like many rural western counties, built wealth on its resources. Timber employed local residents after World War II when the housing boom peaked demand for lumber. Because mill jobs paid high wages, per capita income matched California’s and exceeded the United States’.

Then, in the mid-1960’s, Humboldt’s economy slid downhill. Timber jobs declined because new technology meant fewer workers could produce the same number of boardfeet. Because new service jobs paid lower wages, personal income in Humboldt County fell below California’s level. Fortunately the county had Humboldt State University, which attracted students who loved the area’s quality of life. Some decided to stay and start their own business, so a strong entrepreneurial culture arose.

Nonetheless, the economy struggled and unemployment averaged three percentage points above California’s. So in 1989, 20 people launched the Humboldt County Economic Development Forum. This roundtable included representatives from economic development, education, government, local utilities, plus local business owners and community leaders.

The Forum’s first step was to commission an assessment of Humboldt County’s economic opportunities and challenges. What Businesses Make Sense in Humboldt County convinced them that an “industry cluster” approach would strengthen their economy by increasing business efficiency and competitiveness. This approach focuses on local industries that do business with each other and have common needs for talent, technology and infrastructure.

When unemployment remained above California’s, the Humboldt Area Foundation (the community foundation serving the north coast) decided to act. In 1996, it convened local business leaders and asked them, “What can be done to jumpstart the local economy?” The business leaders responded:

- Create an economic development strategy that everyone accepts and wants to implement;
- Develop partnerships, not adversarial relationships, between business and government;
- Collaborate among economic development organizations;
- Project a positive regional identity, both within the county and beyond;
- Set land use policies that support economic development and secure the quality of life.

To create broad support for the economic development strategy, the Economic Development Forum expanded its membership to include agencies and organizations with any interest in economic development. It planned a four-part process to conduct the next bi-annual update of the Comprehensive Economic Development Strategy. This process was to:

Be cluster driven and listen to businesses and the marketplace.

The Forum’s strategy married the industry cluster approach with another leading concept of economic development—economic base theory—which promotes industries that bring dollars into an economy by selling goods and services outside. They identified nine clusters in Humboldt County: lumber; education; tourism; dairy; fisheries and aquaculture; agriculture and horticulture; manufacturing; arts and culture; and information and technology.

The dairy cluster, for example, includes not only dairies and cheese makers, but feed suppliers, veterinarians, truckers, advertisers and accountants. Some support businesses serve more than one cluster.

Find common ground and mobilize leaders and stakeholders. The Forum engaged a broad range of community leaders to develop the strategy—representatives from over 200 local businesses; more than 300 local non-profits and economic development organizations; social services and employee training; and federal, state, local and tribal governments. These leaders attended presentations about the overall economy and specific clusters.

Discover competitive advantages; leverage assets and innovate. The Forum knew the plan could succeed only if it secured what business owners valued about the community and removed disadvantages. Participants said that they liked doing business in Humboldt County because it had strong entrepreneurial spirit, rich natural resources, small town atmosphere, and a lively cultural scene. They identified barriers to business growth in transportation difficulties, distance to markets and lack of venture capital. The resulting plan helps local businesses compete globally by reducing costs, increasing efficiency and increasing market share.

Create collaborative mechanisms; develop practical, action-oriented initiatives and work across boundaries to sustain actions. Several partnerships emerged from the planning process. One coordinates economic development across Humboldt, Del Norte, Lake and Mendocino counties, another connects leaders in economic development, education and human services. There is a partnership that links leaders from public and private sectors, and one that coordinates public school programs to develop the workforce.

The update of the Comprehensive Economic Development Strategy, Prosperity! A North Coast Strategy, was adopted by the Humboldt Board of Supervisors in 2000.

“Prosperity! is more than another dust-catching report,” says Judy Hodgson, Publisher of The North Coast Journal. “It sets out a working model for appropriate economic development based on commonly held beliefs, such as the need to grow and support our nine base industry clusters...and to encourage small owner-resident businesses.”

The strategy increases economic diversity because, as an industry grows, so do associated institutions and infrastructure. Partnerships between private business and public agencies quickly focus resources to develop networks, build infrastructure, or train skilled employees. Businesses support each other by sharing information, resources and suppliers.

Since 1989, Humboldt County’s economic diversity rose from low to high. The value of this approach was proven by the response of Humboldt’s economy to the 2000-2002 recession.

“The recent economic diversification has helped cushion the blow,” says economics professor Steve Hackett. “It has led to less of a boom-and-bust cycle, lower unemployment and a more stable economy.”

For more information, contact the Humboldt County Economic Development Forum in Eureka at 707-445-9651, or visit their website at www.northcoastprosperity.com.
mission is to create a “conservation economy”—one that sustains itself on income earned from activities that restore (rather than deplete) the region’s communities and natural resources. Founded in 1995 as a joint project of Ecotrust (a conservation and development organization in Portland, Oregon) and Shorebank Corporation (a community development bank in Chicago), it creates this new economy by using economic enterprise to improve ecosystem health and increase equity.

The most significant aspect of SEP’s work was to form a revolving loan fund to help entrepreneurs create businesses that blend environmental, equity and economic objectives. In its first five years, SEP raised a $7.5 million lending pool from foundations and private investors.

SEP targeted its loans to traditional resource sectors of the Pacific Northwest—seafood, agriculture, and timber. Between 1995 and 2000, SEP lent over $9.5 million—in amounts ranging from $450 to $350,000 — while maintaining a remarkable loan loss rate of less than 0.5%. They also helped over 100 clients with marketing, planning and product development.

The array of innovative businesses that SEP supports is fascinating. They include:

- **seafood firms**, like Goose Point Oysters, which grows Willapa Bay oysters in a way which protects water quality, then uses innovative technology to package oysters raw and bacteria-free;
- **real estate redevelopments**, such as the Astoria Mill Pond Village, a brownfield site that leached PCBs into the Columbia River—now being cleaned up and redeveloped for housing and a commercial village, complete with green development standards;
- **wood product businesses**, like Randall Custom Lumber, a Smart Wood certified firm that buys logs grown and harvested in ecologically sustainable ways and mills them into high quality custom products such as dried lumber, flooring and handrails;
- **specialty products** that use natural materials, such as handmade papers made from local Spartina grasses by Berkana Design or wreaths developed by Endless Rhodes.

SEP deliberately spreads the geographic impact of its work by sharing information through a “portfolio of relationships”—networks of similar enterprises spread from northern California to southern Alaska. For example, SEP helped oyster growers swap ideas about what to do when malfunctioning septic tanks close oyster beds.

Over the years, SEP developed a broad and innovative portfolio of loans that, taken together, strengthen local economies, stimulate ecological restoration, and begin to address equity concerns. Its loans helped to create and retain 540 local. They stimulated new environmentally and socially benign business practices in the shellfish, agricultural, special forest products, real estate, tourism and community service industries. They also helped to create other assets for Ilwaco and Pacific County, including a farmer’s market, community development association and child care services.

SEP has learned that certain goals are hard to achieve. Projects that simultaneously reach economic, social and environmental goals are difficult to find. Gender and equity goals have also proved challenging to meet; of all the businesses financed, only fifteen were owned by women or minorities. The sectors of wood products, seafood and real estate have proven particularly difficult: only 81 jobs for women and minorities in the first five years.

But these difficulties have only whetted SEP’s appetite for more challenges. In its second five year plan, SEP committed to tripling its capitalization to $21.5 million; making more loans outside the lower Columbia River region; and focusing its loans in small, ecologically unified areas. SEP will also broker non-debt investments to help regional businesses access markets, technology and distribution opportunities.

Altogether, SEP is rare—a financial maverick that makes sustainability its bottom line—a networker that diversifies and integrates local economies—a long-range visionary that builds social, natural and financial capital—and an enterprise that increasingly supports itself from its operations.

For more information about SEP, you can go to their website at [www.sbpac.com](http://www.sbpac.com) or call them at 360-642-4265.
**Tactic 7: Plug the Leaks in the Local Economy**

Ever think about where your money goes — in a geographic sense? The next time you pay your bills, look at the return addresses for your mortgage, car insurance and VISA bill — they are likely to be places like San Antonio or Pasadena or Beverly Hills.

Now think about where you spend money around town. If you buy groceries or a gas grill or even rent a video from a national chain, some of your money pays salaries in your town. Most, however, pays for the finance and marketing and accounting done back at corporate headquarters — in Pleasanton, CA, or Atlanta, GA or Dallas, TX.

When you calculate the percent of your income that sits in your bank account for mere nanoseconds before it flies back out of the local economy, the number is astoundingly low. Now, imagine shifting your spending so more money stays in your local economy. You’ll be surprised how hard it is. Maybe there’s an independent bookseller or stand-alone restaurant or locally-owned sporting goods store. Professional and medical services are often owner-operated businesses: the dentist, the lawyer, an accountant.

Even small shifts in spending patterns can help your local economy. Think of your economy like a bathtub. Money flows in when tourists visit, when a local programmer sells software out-of-state, when a Forest Service employee gets a paycheck, or when a retiree gets Social Security. Money flows out when residents consume goods and services from other places, pay taxes, and, depending on where they put their savings, make investments.

Economists point out that one way to grow your local economy is to make each incoming dollar work harder before it leaves. They call this ‘import substitution’ or ‘increasing local multipliers.’ In the bathtub analogy, the idea is to increase the level in the bathtub by slowing the rate at which dollars drain.

We do not mean to suggest that external trade is bad. On the contrary, most interactions with other economies are important and healthy and, in large degree, inevitable. But not all. The point is to be conscious about where your money goes and to make deliberate choices. The point is to plug the unnecessary leaks.

**Why should you keep dollars circulating in the local economy?**

Plugging the leaks increases local self-reliance. When you spend money at locally-owned firms, you help keep active those businesses and entrepreneurs that are the heart of your community's economy. The more residents and businesses support each other, the more a community relies on itself — not only for its goods and services, but for its financial well-being. Building local economic self-reliance develops internal solutions instead of relying on external salvation, whether from recruitment or from government programs.

When you do business with a local firm, your money covers salaries and overhead costs, and may even go towards more local investments. The more successful your local firms, the more jobs they provide. In addition, money spent locally generates local tax revenues, which city and county officials can use for music programs in the park or to build downtown sidewalks — projects that enhance the quality of life.

Plugging the leaks is not just something for households to do. Businesses and governments can be equally effective. They can buy computer paper and pens from the local office supply store. They can contract with the local sewing shop to make custom equipment cases.

Plugging unnecessary leaks creates new jobs as surely as recruiting new industry, without its disadvantages. Plugging the leaks reduces a community’s vulnerability to global forces beyond its control like general recessions. Even if your community is able to recruit industry from outside, the benefit of those new jobs are diluted unless the community has also plugged unnecessary economic leaks. Pouring more money into a leaking economy helps, but greater benefit results by keeping that money circulating locally.

But there’s a caution: local businesses shouldn’t think that people are going to support them only because it’s the right thing to do. They must recognize and address the reasons people shop more and more at national chains. To be successful, local enterprise must know its consumers and provide them with the affordable, high quality products and services that they require.
A business leakage survey conducted in Grass Valley found that, although people want to support local businesses and like the convenience of shopping near home, other attributes of local downtowns can drive them away.116 Because 70 percent of all retail sales take place between 4 pm and 10 pm, stores that close at 5 or 6 pm eliminate potential shoppers. When a shopping district lacks public restrooms and is difficult to park in, potential customers go elsewhere. Downtown merchants can overcome some of these disadvantages by offering quality merchandise and offering good customer services, but their prices must still be competitive.

Consumers and local businesses can work together to address these issues because research shows that people will support local business only if they believe price and quality are similar to what they could find somewhere else.117 Consumers might get a contract for bulk purchases, or order special products from local vendors.

To some extent, the higher prices local vendors charge might be caused by higher transportation costs, more expensive real estate, or the price of superior employees. To the degree higher prices are simply legitimate costs of doing local business, firms can educate consumers so they understand why they might want to spend a little extra to keep a local firm in business.

**Plugging the leaks increases economic resiliency.** Plugging the leaks can increase local economic resiliency for two reasons: local firms are more likely to persevere through economically hard times, and the economy can support a greater variety of businesses.

The people who own, manage and staff those businesses are committed to the places where they live and work. Their firms “tend to be less mobile and more committed and loyal to the community over time, and more willing to endure economic hard times.”118 Helping these businesses remain profitable, helps your community withstand major shifts in national and global markets.

Plugging the leaks — buying locally-produced goods and services — also increases economic diversity in the local economy.119 This makes the local economy more resilient to economic shocks that change the fortunes of the major employer or industry.

Here’s how this might work: a locally-owned nursery offers plants grown in and adapted to the local climate — natives, perennials and proven varieties. Unlike the flats of mass-produced marigolds trucked in by the chain store, the palate of unusual and interesting plants stimulates local homeowners to experiment with more sophisticated gardening. This in turn creates demand for local landscapers and rock garden suppliers. As the nursery thrives and grows, it contracts for the business and professional services it needs to stay in business. And being locally-owned, the nursery is more likely to turn to other locally-owned businesses for these services than the national chain.120

**Plugging the leaks strengthens your community.** Plugging the leaks builds a stronger community in several ways. Local entrepreneurs put down roots in the community. They not only provide products and services, both owners and employees volunteer to coach children’s soccer, participate in PTA, lead the Rotary and the Soroptimists, and perform in local musical and dramatic events.

Plugging economic leaks is also a way to grow the economy without damaging the quality of life and avoiding many growth-related problems and costs.121 The economy can grow without large changes to the locally built environment. It does not rely on attracting major new corporations. It maximizes the efficiency with which you use non-local products.

Another way in which plugging the leaks builds a stronger community is that it reduces the transportation costs of bringing products into the community. This saves both money and the environment. The typical food product on a grocery shelf in the Midwest has traveled over 1,500 miles, while the distance traveled by products sold directly by farmers averages only 45 miles.122 An Iowa State University study demonstrates that conventional food systems use from 4 to 17 times as much fuel to transport food to market as local food systems. And food is only one of the many items that travel great distances to reach Sierra communities.
Case Studies

Oregon Marketplace Trades Connections

Ask ten local businesses to list forty things they buy out of state, then ask other local businesses if they're interested in bidding on any of these items. In Eugene, Oregon, in the early 1980s, the goal of this questioning was to replace supplies purchased outside of the Eugene/Springfield area with supplies produced locally. Initiated by a Eugene-based economic development corporation, this small-scale program quickly grew to cover the entire county, and eventually was adopted by the Oregon legislature as a state-wide program. In its first year in Eugene, by simply matching up these two groups, the neighborhood non-profit created 90 new jobs and $500,000 in new local contracts.

The small neighborhood development group in Eugene had focused primarily on programs like housing development, helping welfare mothers find permanent work, and improving local nutrition, but one of their Board members believed that they needed to look at the Eugene economy more broadly if they really wanted to have a meaningful impact on local poverty. She acquired $38,000 in start-up grant funds from the city and county governments and from a local bank, and set to work meeting with local businesses, trying to broker deals between suppliers and potential customers. The staff of ‘Buy Eugene’ aimed to work with purchasers to document their product needs, conduct a search for local firms that might be able to fill those needs, and collect and submit anonymous bids to the potential purchaser. In addition, they acted as an information conduit between the potential supplier and the potential purchaser.

‘Buy Eugene’ was not a program based on feasibility studies or detailed and expensive research. It was designed to develop over time as the staff learned more and more about local business, but it began with immediate attempts to build community connections. In the first year of operation, Buy Eugene generated 14 new contract agreements and saved local purchasers approximately $125,000. Contracting locally made personal communication between supplier and purchaser easier, more frequent and more economical. This, in turn, enhanced quality control and made it easier for the purchaser to receive goods produced to custom specifications. In addition, there was often a reduction in the lag time between order and delivery. Finally, inventory requirements, warehousing costs and transportation needs were all substantially reduced for the participating purchasers.

‘Buy Eugene’ supported itself by taking a five percent commission on the first contract when it made a match. The fee was figured into the seller’s bid. Staff focused their energy on facilitating that initial connection. Once business-to-business links had been established, ‘Buy Eugene’ staff moved on to searching for new unions.

Local matches catalyzed by the program varied widely. In one link, a local firm that produced lightweight waterproof material for fishing gear and a Eugene-based costume designer formed a new company in order to produce band uniforms for the University of Oregon. In another, the Burley Design Cooperative, a bicycle assembler, realized a 40% reduction in the price they were paying for wheels by purchasing from a Eugene-based company instead of their former supplier in Taiwan.

The local television station, despite protesting that they would already be using local products if it were cost-effective, discovered that by contracting with the printer across the street for their forms and news programs, instead of ordering from a firm in Los Angeles, they could save thousands of dollars.

In one enormous success, a local poultry farm received a $1.2 million contract to supply cooked chicken to a Eugene airline catering company. That one agreement led to an estimated 80 new jobs, and the food processing company saved money by buying from a near-by supplier.

‘Buy Eugene’ began in 1982, and by 1986 the state of Oregon had decided to invest lottery funds in a new state-wide organization that could provide all of Oregon with the same kinds of brokering services that had been successful in Eugene. Regional programs were initiated in 29 of Oregon’s 36
INVESTING FOR PROSPERITY – 63

Working to change state and national control over their local economies further help local businesses by creating credit unions and local investment funds. Some places have created local currencies to keep money circulating within the community. Programs that succeed have a paid manager and include diverse services. Paul Glover, founder of Ithaca Hours, one of the most successful local currency programs, has written “The Hometown Money Starter Kit”; available at www.ithacahours.com/starterkit.html.

To fund any of these activities, check out the “Tools for Revitalizing California Communities” program on California’s Community Debt and Investment Authority Commission website. The program is part of the Treasurer’s “Double Bottom Line” investment initiative, which focuses on achieving successful investment results while simultaneously broadening economic opportunity in California communities: www.treasurer.ca.gov/cdiac/.

How Can You Begin to Plug the Leaks?

When you buy goods and services, buy from the locally-owned store down the street.

Buy local produce at the farmer’s market.
To find the certified farmers’ market nearest you, go to www.cafarmersmarkets.com. You can search by growing region, county, or zip code.

Join a Community Supported Agriculture program in which, in return for paying a flat subscription fee to a specific farm, you receive a weekly basket of farm fresh produce. To find CSA programs near you, go to the Community Alliance With Family Farmers website at www.caff.org/farms/csa.html, and click on “Find a CSA.”

Encourage your business or organization to buy products and services from local suppliers. You may be able to negotiate bulk purchases from local suppliers so that they can better match the prices of supermarkets or bulk distributors. The Hot Lips Pizza chain in Portland, OR did this—and discovered this approach is popular with customers.

Maximize the efficiency with which you use products or materials purchased from outside the local area.

If you want to organize more support for local businesses, To learn more about plugging the leaks, get a copy of “Going Local: Creating Self-Reliant Communities in a Global Age,” by Michael Shuman. Published in 1998 by Free Press, this book includes numerous case studies of communities that are gaining control over their local economies through reinvesting time and money locally, by replacing imports, and by working to change state and national policies that discourage community initiative.

Work with local vendors to provide consumers with the affordable, high quality products they desire. This may include conducting a survey to help local businesses understand what local consumers want.

Organize a ‘Buy Local’ marketing campaign to educate consumers about the benefits of buying products and services locally, and reasons why local products have higher costs.

Survey local businesses to build a comprehensive list of the products and services available in your area, from whom, and at what cost. This makes it easy for local consumers to make informed decisions about where they spend their money.

Ask local businesses and residents what products and services they buy from outside your area. You can make specific connections between purchasers and local suppliers that might be able to fill their demand.

Encourage local government to buy its supplies and services from locally-owned, import replacing businesses. Local government can further help local businesses by training them in basic business skills, or providing local financing for local businesses by creating credit unions and local investment funds.

Independent Business Alliance Supports Boulder Business 126

Walking down the street in Boulder, Colorado, you see it everywhere — on the doors or windows of McGuckin Hardware, Heritage Bank, Peppercorn Cookware and Mountain Sun Pub and Brewery. You find it on the complimentary bookmark tucked into the book you bought at the Boulder Book Store. You notice it on your coffee cup at Sidney’s Café. It jumps out at you from local music stores ads in the Boulder Weekly.

What is it? It is two linked arrows that encircle an uppercase B — the logo of the Boulder Independent Business Alliance (BIBA).

BIBA started in 1997 when David Bolduc, owner of Boulder Book Store, the city’s largest independent bookstore, became disturbed by the trend of national chains driving independent stores out of business. He invited other independent business owners to organize a cooperative effort to build stronger bonds with the community. They decided to form BIBA.

Bolduc invested $2,000 of his own money to hire Jeff Milchen and to launch the new organization. Together, Bolduc and his partners created the Boulder Independent Business AllianceSupports Boulder Business

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INVESTING FOR PROSPERITY – 63

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and Milchen recruited a steering committee of business owners to provide ideas and feedback. Then Milchen enlisted new members by talking to owners of independent businesses — coffee shops, grocery stores and bookstores.

“Losing locally-owned businesses leaves a social and economic void that is palpable and real — even when it is unmeasured,” Jeff Milchen says. “The quality of life of a community changes in ways that you can’t measure solely with economic yardsticks.”

How do local businesses support a community? “They hire local architects and sign makers,” Milchen says. “They work with local accountants and computer consultants. A local retail store will take a chance selling the product of a small manufacturer.” In short, they create local jobs and keep dollars circulating within the community.

Membership in BIBA is open to any business that is majority owned and operated by Boulder area residents and free to make its own business decisions. Annual fees start at $270 for businesses with fewer than 4 employees and increase to $810 and up for businesses employing 40 or more. Nineteen “Sustaining Members” donate $2,000 a year in trade or cash. Some donate in-kind services in return for membership: a local accountant does BIBAs books, a Boulder print shop does $2,000 of printing each year, and a team of website designers provides the website.

In return, BIBA advocates for independent businesses and facilitates collaborative efforts among its members. Member businesses are listed in a directory printed twice a year; they receive window decals to advertise their business is locally owned; they get discounts to advertise with independent member media outlets; and they benefit from the promotion of the buy-local ethic.

BIBA also educates the public about the full value local firms provide to customers and the community. One tactic was to develop a bookmark that listed twenty locally-owned book, music and video stores and five reasons for supporting them.

BIBA coordinates purchasing so its members can gain some of the price advantages enjoyed by larger stores. When Starbucks came to town, BIBA hired a local designer to create a cup that lists nine independent Boulder cafés. The new cups cost the independents less than generic cups, and tell the customer — “By buying this beverage from a local, independent business, you’ve just helped keep Boulder the great town we all love!”

In March, 2001 BIBA launched its Community Benefit Cards, taking the idea even further. For $15 — less than half the price of membership at one big box store — the bearer is eligible for significant savings at over 75 BIBA member businesses — Boulder Book Store offers 10% off everything, and enVISION Boulder grants 20% off eye exams and glasses. Frufrocks gives 25% off all food and coffee and Real Estate Partners will knock $750 off the closing price of your new home.

Anecdotal evidence suggests BIBA is making a difference. In its first three years, BIBA gained over 150 locally-owned businesses, all of which have stayed in business. A scan of local newspapers shows that the number of businesses that use “locally owned” in their ads has risen sharply — even in the daily owned by Scripps-Howard.

BIBA has also succeeded in convincing decision makers that Boulder benefits from having independent businesses. Mayor Will Toor says that city officials are more aware of how their decisions affect local businesses. The city is now considering zoning changes that ensure entrepreneurs can find affordable commercial space.

Similar alliances are forming across the country — in Salt Lake City; Duluth, Minnesota; Corvallis, Oregon; Austin, Texas and more. The success of groups like BIBA demonstrates that educating consumers about the full value local businesses provide the community can encourage them to make choices that help keep the local economy strong.

For more information, check out BIBA’s website at www.boulder-iba.org, call Jeff Milchen or Jennifer Rockne at American Independent Business Alliance, 303-402-1575, or email them at info@AIMBA.net.
Chefs Collaborative Grows Sustainable Agriculture

Most people get their eggs in a carton, their lettuce in a bag and think little about where their food comes from. These days your apples are likely to come all the way from New Zealand, even though tasty apples grow right here in the Sierra.

In 1993, a group of chefs decided to “change the way people make their food choices.” Such notables as Alice Waters (Chez Panisse in Berkeley), Rick Bayless (Topolobampo and the Frontera Grill in Chicago), and Greg Higgins (Higgins in Portland, Oregon) formed a network to encourage people to buy local produce, eat fruits and vegetables in season, and accept blemishes that come with fewer pesticides. They search for farms and ranches near their restaurants, especially ones looking for new markets. They form long-term relationships with local growers and use their purchasing power to encourage growers to use sustainable practices.

For chefs, connections with local growers mean that they receive the freshest foods possible. It also means that chefs can encourage producers to grow items that are hard to find, whether raspberries or Meyer lemons, organic produce or grass-fed beef. Growers can either meet that demand or suggest alternatives better suited to local soils and climate. In this way, chefs can buy locally and offer a varied menu, while upholding an environmental philosophy, or appealing to a particular clientele.

Members of the Chefs Collaborative get newsletters and guides on how to run an economically sound food service. They also learn how their buying habits affect species and food markets, so they can make environmentally sound purchases. The seafood guide, for example, shows that chefs and institutional buyers account for 67% of all seafood bought in the US, spending $31 billion.

Because of these benefits, the Chefs Collaborative has grown to over 1,000 professionals and more than 25 regional chapters. Its $300,000 annual budget comes from membership dues, foundation grants and sponsorships from corporations such as Whole Foods Markets, Stonyfield Farm, and the Alaska Seafood Marketing Institute.

In Portland, Oregon a chapter of the Chefs Collaborative formed in 1998. Today its membership includes 17 of the city’s most widely known restaurants that together spend over $100,000 each week at local farms and ranches.12 As the number of restaurants buying local products has increased, so has the number of farms and ranches that sell in the local market, which in turn had increased how much money restaurants spend at local producers. In this way new markets have grown very quickly. At Hot Lips Pizza, an organic pizza restaurant in downtown Portland, the percent of its food budget dedicated to local producers jumped from 25% in 2000 to 60% in 2001.12

Farmers and ranchers benefit from this approach because, by selling directly to restaurants, they capture a larger share of the food dollar. Not only do they receive full price for their products, they also enjoy substantial premiums for custom service—from 10% to 150% above supermarket prices.

Producers also benefit because good relationships with restaurants assure them a consistent market. While large distributors and grocery stores tend to require set amounts of specific products at set times, chefs may be willing to work with whatever products looked best that morning. Charlie Trotter’s in Chicago, for example, has standing orders with 15 premium fish suppliers to deliver the best quality available, even if the fish is not what the restaurant requested.

Over time a chef learns when local specialties become available and may create dishes that feature them. Becoming a special menu item creates markets for uncommon foods, whether Angus beef from the Sierra Valley or white apricots from the western foothills. This strategy works especially well for foods that have a brief season or grow only within a small area and do not travel well.

For both chefs and producers, this kind of program can help bring the “field to the table”—linking food production and consumption more directly. When menus tell the stories of particular farms and ranches, they help expand the market for regional foods and cuisines. When a restaurant customer returns home, he might search for products from the same farm as those he found on a menu in Quincy, Mammoth or Auburn. Another customer might associate the particular food or wine she tasted at the peak of its season, and return each year to enjoy it once again.

Each chapter of the Chefs Collaborative has its own way of doing business. In some, chefs tour farmers markets and talk about what they can cook with available products. Others organize dinners that feature several local farms or ranches, inviting producers to talk about their produce and the chefs to describe the dishes they prepared. Still others bring chefs into elementary and middle schools to teach kids about how food travels from farm to table, basic cooking techniques and the smell, taste and feel of different foods.

Whatever strategy they choose, all chapters are committed to educating the public and themselves about local and sustainable agriculture and ranching. A constant theme is that restaurants and producers support each other by devoting time to develop and maintain connections. This is no small task when restaurants could easily order everything from one national supplier and growers could sell to one distributor.

But for participants like Odessa Piper, chef and proprietor at L’Etoile in Madison, Wisconsin, relationships with growers form the heart of their restaurants. Living in Wisconsin, Piper preserves fresh produce at the height of the season and uses it during winter. For her, the Chefs Collaborative is not only personally important, it is also practical—“Farmers win through your support, your pocketbook wins because you’re buying in bulk when ingredients are cheap, your palate wins, and the ecology wins.”12

For more information, explore the Chefs Collaborative website at www.chefscolaborative.org, or call their offices, headed by Executive Director Amy Bodiker, at 617-236-5200.
Tactic 8: Encourage the Growth of Information Networks that Speed the Transfer and Use of Ideas and Innovation.

If you can address only one tactic in Investing for Prosperity, this is it. Research shows that people with extensive networks get better jobs and higher pay, have more competitive ideas — they even enjoy better health and longer lives. Business and social networks can be built at the coffee shop or on the telephone, but more and more they are fostered using the Internet. In just a few years the Internet has become the knowledge worker’s supreme tool, providing numberless benefits only touched on below. It will inevitably become more essential with time.

Although rural areas now approach the national average in Internet use, in broadband connections they are falling further behind. Recent growth in Internet use among rural households has been strong enough to bring their rate of Internet use almost up to the national average (Figure 1). However, in broadband connections, rural households fall short of urban households, and the gap is increasing (Figure 2). The digital divide in rural California is striking when compared to nearby metropolitan areas, such as the Bay Area which has the highest penetration of Internet usage in the nation.

Broadband and digital connections are better than standard analog dial-up modems because they transmit information dramatically faster and are more responsive. Broadband powers the Web the way more powerful computer chips power software. With broadband, you can receive and send audio and video files, for example. It has applications for business, education, government and social services. As more applications are developed exclusively for broadband, people without it will be left behind.

Because a broadband connection is always on, it makes the Web more convenient to use. Compared to people with dial-up modems, broadband users are more likely to use the Internet to get health care information, take an online course, and work from home. Broadband users report an increased ability to shop and learn new things. They say that, because of the Internet, they spend less time in traffic, going to stores and watching television. And they are more likely than dial-up users to say the Internet has improved their connections with family and friends.

Significant digital divides continue to exist by income and by race. Rural Hispanics, especially those who live in Spanish speaking households, have less Internet access of any kind, dial-up or broadband. Rural American Indian households are even more disadvantaged with only 8 percent having Internet access of any kind.

The free market is not likely to fix this imbalance anytime soon. With huge debt loads and downgraded bond ratings, traditional carriers are in financial trouble and are cutting back on capital expenditures. In addition, there’s a Catch-22 between supply and demand. Consumers remain unconvinced that they want broadband. Most people using analog modems are unaware of the benefits of upgrading to digital connections. Because many consumers consider only the price of broadband and not its increased function, they don’t express much demand for broadband. Providers, for their part, aren’t willing to provide broadband connections when they aren’t sure consumers will buy them.

The solution is for communities to provide for their own telecommunications needs. Some rural communities have succeeded with this approach, some using city-owned electric utilities as vehicles for network development. With creativity and persistence, you can identify options for your community that will bridge the digital divide.
Why organize to get broadband Internet in your community?

The Internet virtually eliminates two critical barriers to rural development: distance from major metropolitan centers and low information flow. The Federal Reserve Bank of Kansas City states that telecommunications is crucial for rural areas—to attract and retain residents and businesses, and to sustain themselves in an ever-changing economic environment. Using the Internet, a Nevada rancher can market cattle directly to buyers; a graphic artist near Yosemite can design publications for a customer in another state; and a pack trip outfitter in the Eastern Sierra can attract clients from all around the world.

Communities build financial capital with the Internet. Since the dot.coms collapsed, many people have questioned whether the Internet really provides any economic advantage. But economists say that the real benefit of the Internet is that it increases productivity, which translates into lower transaction costs and improved economic efficiency. These benefits are seen not just in “new economy” sectors, but in “old economy” sectors such as manufacturing, sales, education, financial services, government, health care, and transportation. This means that broadband can benefit any community, whether its economy is dependent on tourism or timber, manufacturing or government.

But beyond existing sectors, broadband Internet service provides the opportunity to diversify local economies and increase local incomes. Using the Internet, people can improve their skills and qualify for better-paying jobs. Business owners can get ideas for new products and research whether a new business concept is viable. Access to broadband Internet protects jobs in small businesses—over 90 percent of all firms in the Sierra—by helping them compete more effectively in today’s economy. The graphic artist whose business grows because of the Internet imports dollars into the community and hires more employees. The packer who attracts more foreign clients increases the revenues of other local businesses.

Rural businesses that do not have broadband access are at an economic disadvantage compared with their urban counterparts. This is true if their business depends on email, webpages or transferring digital data. For many graphic artists, architects,
publishers, writers, and others who provide digital information, broadband and digital connections are not a luxury but a necessary part of doing business. Such firms can fail if they have to struggle with slow telephone access or pay long distance rates for Internet service.

The Internet builds financial capital in other ways, too. The mere presence of broadband Internet service increases property values and makes the community more attractive to businesses and residents, second homeowners and tourists. By 2003, any community without broadband Internet service is likely to experience softening property values.

Communities build social capital with the Internet. High school students who create and run their own Internet Service Provider learn valuable business and computer skills; they also learn that fantastic dreams can come true. Health care, made more accessible and convenient through telemedicine (see case study, page 79), means working parents can get medical attention for a sick child more quickly.

The Internet can make government work better for residents—by making it easier to apply for building permits, make payments, or learn the agenda for the next Planning Commission meeting. It can increase efficiencies: the webpage of a local United Way saves staff time by answering routine questions; email saves them money for postage; donations are up. Most adults say that email makes them more social, not less; parents and children away at college can remain close at little cost by emailing messages and pictures back and forth. The Internet can staunch the brain drain from rural areas by creating economic opportunities for young adults.

Communities build natural capital with the Internet. Farmers in Utah are making water stretch further through an entire river basin by collecting and distributing real-time information about water supply and flow. Cleaner air results: people who once drove to work, to shop, or to take a class can now do all these things from home. The Internet also enables a community to move its economic base toward sustainable industry, industry that generates little pollution, industry that trades in knowledge, information and innovation.

These are just a few benefits rural residents can enjoy from broadband Internet service. Without it, rural areas will experience further isolation and economic decline. In the next section you will learn concrete steps for bringing broadband Internet access to your community.

Case Studies

McDermitt School Launches Internet Service Provider

McDermitt, Nevada (pop. 370) is among the most isolated communities in the United States. Straddling the border between Nevada and Oregon (its school is in Nevada but its football field is in Oregon), this one-time mining boomtown has an economy of farming, ranching and little else. If McDermitt can get broadband Internet access, anyone can.

Until September 1998, connecting to the Internet in McDermitt meant a long distance call to an Internet service provider (ISP) in Idaho. All of the local school’s computers connected to a single modem, causing lengthy delays in downloading information.

McDermitt Combined School’s business and computer science teacher, Pat Goff, wanted his students to discover the Web’s potential. “I spent a lot of time complaining about it, but then I realized that there are those who complain and those who look for solutions. I decided to find a solution.” After the Humboldt Telephone Company denied his request for a T1 line (a high-speed direct line) to the school, Goff explored other options.

To provide the school with adequate speed and bandwidth, Goff opted for satellite hookup. The problem was cost: $2,100 per month. Undaunted, Goff did two things. First, he and a group of students formed their own ISP, to be run out of the school, with the goal of covering the costs of the satellite service with subscriptions. He and four high school seniors received non-profit status from the Internal Revenue Service and a business license.
How Can You Get Broadband Internet Service Into Your Community?

The first step is to organize the people who can make it happen. The second is to identify what the community needs. If it is infrastructure, then research available technologies to determine which types best meet your need. If it is access to hardware or knowledge of software, create programs to solve these problems. Develop local leaders who can implement programs. Remember to keep track of your progress: create indicators to track increased computer literacy and Internet use. Each of these points is elaborated on below.

Organize to get appropriate broadband Internet service for your community.

Partners can include:
- policy makers, business leaders, citizens, hospital administrators, school administrators, local telephone companies, cable TV providers, public librarians, community groups, and technology companies and experts.
- Poll broadband providers and report their progress in enrolling subscribers.

Learn what others are doing. Check out:
- The Sierra Telecommunications Coalition: www.sierra-telecom-coalition.com/
- Mother Lode eXpress in Tuolumne County: www.motherlodeexpress.org/
- The Wireless Communications Alliance: www.wca.org/.
- The Center for Excellence in Non-Profits: www.cen.org
- Concurrent Technologies Corporation: www.cenic.org/DCP.html
- The Communications Alliance: www.communicationsalliance.org/
- The Great Valley Center’s program: www.greatvalley.org/nvc/index.aspx
- The Nevada County Community Telecommunications System: www.nvcts.org
- The Sierra Telecommunications Coalition: www.sierra-telecom-coalition.com/
- The Wireless Communications Alliance: www.wca.org/.

Develop coverage maps for these services:
- Internet Service Providers • DSL • ISDN • Wireless • Cellular • Pagers • Cable

Research which technologies best serve your area’s needs.
- DSL reaches customers within three cable miles of the central office.
- Cable serves customers who do not live in sparsely populated areas.
- Fixed and mobile wireless broadband technologies are emerging.

If the community already has ISDN, combine that with wireless technologies to upgrade connections to the Internet.
- Bury conduit for fiber-optic cable every time trenching occurs in public right-of-way

If your community lacks sufficient Internet backbone or hubs
- Look into two-way satellite broadband services. See Hughes Network Systems’ DirecPC (www.hns.com/) or Starband (www.starband.com/).
- Get the high school a satellite link and sell service to community (see McDermitt Combined School www.m-hip.com).

If the Internet backbone comes through your community:
- Auction the right to lay fiber-optic cable along highway rights-of-way to the company that offers the community the most access and bandwidth.
- Gain access from Regional Bell Operating Companies such as Verizon and Pacific Bell, then build a community distribution system.

If the community has fiber but lacks a distribution system:
- Create a municipally owned telecommunications system.
- See Longmont, CO (www.ci.longmont.co.us/).

Increase consumer demand:
- Build public awareness about the value of using the Net (e.g. “Get with it, be efficient, use the Net”, “Save a tree, send email”).
- Educate the community about the value of upgrading to a digital circuit “Get off your lazy modem and go digital”.
- Create an electronic bulletin board system, see Bangor Area Information Resources Network (contact Mary Kellogg-Modig mkellogg@trefoil.com).
- Create a community access center, see Community Technology Center (www.ctcnet.org) and the Community Technology Center Toolkits at the “Computers In Our Future” website www.ciof.org/index.html.

Stimulate computer ownership and home Internet access—see Plugged In (www.pluggedin.org), or Another BytE (www.recycles.org).

Teach businesses and non-profits the benefits of e-commerce, the Internet and technology. See Concurrent Technologies Corporation (www.ctc.com), The Center for Excellence in Non-Profits (www.cen.org), or Network for Good (www.networkforgood.org).

Apply for grants to buy technology and get training (e.g. NTIA’s Technology Opportunities Program, www.ntia.doc.gov/otiahome/otiahome.html).

Create a Broad-band Acceleration Taskforce to increase the number of businesses with web sites and develop unique uses for their web sites.

Create Technology Awards for businesses, schools, government and organizations that increase productivity using technology.

Get training and technical assistance e.g. Internet Masters Program outreach.missouri.edu/Imaster/index.html.

Create community technology forums, seminars or trade shows to introduce new technologies to your community.
Longmont Gets On-Line

In 1996 the leaders of Longmont, Colorado had a vision: a fiber optic network serving every home and business in the community. This network would offer super high speed Internet access, advanced digital cable television, and enhanced data and telephone services. The network could help improve government services. It would help improve education. It would help retain and attract businesses.

To make the vision a reality, in 1998 the City-owned electric utility built a seventeen mile fiber optic loop, paid for by the City and the Platte River Power Authority (the regional power generator that is partly owned by Longmont). This 144-fiber loop provides voice, data and video communications to most municipal buildings. The Longmont Power & Communications Department operates and maintains the loop, which is linked to a 96-fiber optic cable that connects Longmont to Loveland, Fort Collins and Estes Park.

After building the fiber backbone, Longmont wanted private industry to extend services to all of Longmont’s citizens. So Longmont created an incentive: it would grant exclusive rights to some of its fiber capacity to third parties who will lease bandwidth to the company that agreed to build out the network.

The City thought it found its partner in Adesta Communications. In April 2000, the City gave Adesta a 20-year lease on two-thirds of the “dark” fibers (fibers without light transmitters or receivers) in the backbone ring. Adesta agreed to pay Longmont a flat rate of $440,000 per year, plus a percent of revenues over $2.5 million. In addition, Adesta agreed to pay the City for the cable TV franchise and to market and sell network services.

In return, Adesta could attach equipment to light the fibers and extend a “Fiber to the Curb” network to deliver the most advanced communications and video services to the city’s businesses and residents. Adesta also agreed to install fiber optic lines, at no cost to the City, to all schools and remaining municipal facilities.

All appeared to proceed according to plan. In October 2000, Adesta began installing conduit for fiber optic cable in the southern part of the city and built fiber optic links from the backbone ring to four fire stations. Adesta paid Longmont $489,000 for the fiber lease and another $75,000 for the Cable Trust Fund.

But the project stalled in April 2001 when, after installing several miles of conduit, Adesta ran out of money and stopped construction. The final blow came in November 2001, when Adesta filed for bankruptcy. “The telecommunications sector has faced difficult financial times,” said Bob Summerfeld, President of Adesta Communications, “and we have been affected by a large amount of outstanding receivables and a decreased demand for our services.”

Longmont responded first by holding Adesta accountable for breach of contract and later terminated the agreement. Tom Roiniotis, director of Longmont Power & Communications said, “We are very disappointed that the project has been delayed and that Longmont citizens and businesses will not benefit from advanced telecommunications capabilities in the time we envisioned.” He said that in the meantime the City would continue to seek ways to reach its goal of building a citywide broadband network to enhance the services available to citizens.

Despite the setback, just six years after starting the project Longmont has already accomplished much of what it set out to do. The fiber backbone has expanded to 21 miles. Broadband now connects all schools and public facilities. Broadband voice, video and data services link Longmont to other municipalities and public agencies. Government services are more efficient and the City has lower costs because it now owns its own transport and municipal network.

And Longmont is prospering economically. Two years before the City began to construct its fiber backbone, it lost a net of 1,874 jobs. Some of the companies that left said they left because advanced telecommunications were not available. One year after the fiber backbone was installed, the city gained a net of 1,642 new jobs. In 2000, the city gained another 94 net jobs; sixteen new companies brought 537 new jobs and existing companies added another 1,476 new jobs.

Much of Longmont’s economic success can be traced to the recent robust economy, but its expanding fiber optic network is instrumental. The City’s economic development organization actively touts the advanced telecommunications to new companies and existing businesses. Of Longmont’s 220 non-retail employers, over 175 are engaged in computer hardware and software production, biotechnology, telecommunications and pharmaceuticals.

Longmont remains focused and is exploring other options to meet its long-range goal. For example, in the fall of 2002, it will launch a pilot project that uses neighborhood wireless transmitters and receivers to link end-users to the City’s fiber backbone. High speed Internet and other data services will be provided by third parties who will lease bandwidth from the City. Although Longmont is temporarily delayed in extending a broadband network to every home and business, it has learned to be flexible, adaptable and prepared to make tough choices.

For more information, check out LPC’s website at www.ci.longmont.co.us/lpc/index.htm. Or contact Jim Dicke, LPC’s head of telecommunications at 303-651-8386 or jim.dicke@ci.longmont.co.us.

Fiber Optic Location, Longmont Colorado

Fiber optic networks like this one in Longmont help to improve government services, enhance education and retain and attract businesses.
Second, he raised start-up capital from the Northeastern Nevada Technology Consortium and the Schools to Careers Consortium. With $60,000 he bought computer hardware, 10 modems, a modem pod, and the first five months of satellite service. Within two months they had seventy subscribers paying $30 per month for unlimited online time, which covered their overhead.

Today the school's ISP, M-Hip.com, provides service to nearly 200 customers; the volume of business enabled them to reduce the monthly fee to $25 per month. Profits go back to the school for computer upgrades, $1,000 scholarships for graduating seniors, and computer services for rural schools within a 65-mile radius. M-Hip used a recent America Online award to install four new computers at the Town library with wireless connection to their server.

What began as an educational initiative now helps build financial capital in McDermitt. Already the area's ranchers and farmers are using the Web to monitor commodity prices, check the weather, and market their cattle and produce directly to customers. Local mines are online, as well as the Paiute Shoshone tribe. A T1 line came in December 2000. With digital infrastructure in place, McDermitt is connected to the world.

For more information about McDermitt's program, visit their ISP's website at www.m-hip.com. Or contact Pat Goff at McDermitt Combined School at 775-532-8035.

Plugged In's success depends on building effective partnerships with Silicon Valley companies. Hewlett-Packard and others donated networking equipment and 35 Windows-based PCs and Apple Macintosh computers. Hewlett-Packard pledged an additional $5 million to build Plugged In a permanent home. Pacific Bell donated an Asynchronous Digital Subscriber Line (a fast Internet connection line). Gateway Computers offered training to make every teacher in East Palo Alto computer literate.

With this support in hand, Plugged In created three programs: Plugged In Greenhouse, the Technology Access Center, and Plugged In Enterprises.

Plugged In Greenhouse is a creative arts and technology program for younger children. It includes a full production studio where children learn to use computers for creative arts. High school students teach younger children graphic and web design.

The Technology Access Center provides residents of East Palo Alto with access to computers and the Internet. It houses a copy center, a cyber-library, a self-paced learning studio and telecommunications center. From September to December 2000, over 30 customers of the Center got jobs with area companies.

Plugged In Enterprises helps potential teenage entrepreneurs hone their skills. Working in a fast-paced environment, teenagers are taught programs such as Adobe PhotoShop and HTML scripting by volunteers from cutting edge companies such as Intel Corporation, Cisco Systems and Sun Microsystems. The teens design web pages for clients ranging from community members to Pacific Bell and the East Palo Alto Law Project. In a field that changes by the day, the teens are given incentives to keep abreast of new developments. Their hourly pay depends on their skills and their ability to teach other teens.

With its initiative and creativity, Plugged In is providing a poor community with the skills to compete in, and have access to, an expanding economic frontier.

For more information, call Plugged In at 650-322-1134. Their email address is info@pluggedin.org. Or visit their website at www.pluggedin.org.

**Technology Access: Plugged In, East Palo Alto, California**

In East Palo Alto, near the epicenter of the information economy, the student-to-computer ratio in the schools is 28 to 1, compared to 7 to 1 nationally. The community continues to experience poverty and unemployment despite the unprecedented prosperity of the San Francisco Bay Area. Plugged In, a community technology center, was established in 1992 to provide everyone in East Palo Alto with access to information technology.
Chapter 4 • Create Long-Term Social Capital

“Public officials and economic development agencies do their communities a disservice by focusing narrowly on fostering a good business climate. Instead governments and development agencies should be asking ‘What would it take to have a great people climate?’”

—Richard Florida, Planning magazine, July 2002

In this chapter you’ll learn about people who came up with creative ways to invest in rural social capital — often in economical ways. To improve health care, one non-profit created a high-tech telemedicine network that links rural health clinics to major university hospitals. To provide long-term affordable housing — despite skyrocketing housing prices — the resort community of Whistler, British Columbia created new finance and housing institutions. To deal with the rural health insurance crisis, the Siskiyou region created its own cooperative insurance agency.

In researching this chapter, what has surprised us are the often unanticipated benefits that flow from investments in social capital. A modest celebration of cowboy poetry in Elko, Nevada has flourished into a downtown renaissance and spurred a national movement for western arts. Plans for a new school in rural Massachusetts evolved into plans for a joint use facility that includes a library for the public and a cafeteria that can be converted into a welcoming town hall. An affordable housing project in Breckenridge, Colorado — to provide homes for local workers like nurses and firemen — turned out to be an important anchor for downtown economic development.

And the list goes on, as you’ll see in the following pages. What all of the projects have in common is their objective to

Housing, health care, education and the arts make up a baseline social environment that allows citizens and entrepreneurs to thrive.
provide rural residents and business people with a local baseline of social security. Just as important, they provide opportunities to re-weave our communities together, through schools, neighborhoods and culture—creating the fabric that will keep towns sturdy and healthy far into the future.

Tactic 9: Plan and Provide for Health Care, Childcare and Elder Care

In a national health care system plagued with problems, rural communities fare the worst. Studies show that rural residents have poorer health than urban counterparts, and the gap is widening. When asked why this is so, experts point to just about every part of the health care system—doctors, insurance, government, pharmaceutical companies, even the patients themselves. In rural California, the most serious problems in the health care system collide with scattered populations and meager resources.

The problem comes down to money. When health maintenance organizations pulled out of 16 rural counties on January 1, 2002, rural residents suddenly found themselves paying more for health care. A Vallejo couple who recently retired to Redding had difficulty finding affordable health insurance and finally settled on a plan that cost $264 a month plus $175 for their prescription drugs. High health care costs dashed their dreams of traveling during retirement. Stories like theirs give seniors in urban areas second thoughts about retiring in rural California.

As if the costs of insurance and medicine weren't enough, rural residents have fewer medical professionals to choose from than urban dwellers. The shortage is particularly acute among specialists, ranging from radiologists to surgeons, but even affects basic services provided by general practitioners, obstetricians and pediatricians. Medical personnel turns over more rapidly in rural areas, which hinders patients from forming trusting relationships with their doctors. Local hospitals constantly battle bankruptcy, leaving rural residents unsure how long they will have access to a local hospital. Even more worrisome, when a crisis occurs, the distance people have to travel to a highly sophisticated medical center can spell the difference between life and death.

The medical professionals perspective is equally grim. Because people are scattered and communities more isolated, the per person cost of health care is higher than in urban areas. Yet government reimbursement rates do not cover the costs.

And because rural patients don't look like reliable sources of income, doctors are hard to recruit and retain. Statistically, residents of small rural communities have higher unemployment rates and less health care coverage than urban residents. Because a higher percent of their patients are on Medicare and Medicaid, rural health providers are more vulnerable to changes in public policy. For this reason rural hospitals, which always have precarious finances, were the hardest hit by changes in Medicare made by the Balanced Budget Act of 1997.

On top of everything, rural people tend to have more health problems than urban people. One reason is they tend to be older, another is they have less access to preventive health care. Another reason is cultural. Stephen Lewis, former executive director of the California State Rural Health Association, says, “rural populations have a tendency not to go to a doctor or hospital until their illness gets so bad that it requires more extensive or expensive care than they would have needed had they gone sooner.”

Despite these challenges, rural communities must develop good health care to ensure long-term prosperity. The good news is that some programs are beginning to shine. The case studies in this tactic demonstrate that rural entrepreneurs are finding ways to provide essential care services on a shoestring.

Why should you find innovative ways for residents to get basic health care, child care and elder care services?

People have greater dignity and ease just knowing they have access to basic health care, child care, and elder care services. Think about the most stressful times in your life. Maybe it was when you had to leave your preschool children with an adult caretaker you didn't trust. Maybe you wanted to
raise your children yourself, but you needed to work to earn money and get health benefits.

Or maybe it was when your aging father lived alone on the ranch, out of earshot of the nearest neighbor. He was too healthy and independent to live in a nursing home, yet too isolated for his own good. You worried that, because no one was near to help, any accident he had could have serious consequences. So you called him several times a day and drove over the mountains once a week to bring him home cooked food he could reheat for meals. Tending to him affected your performance at work, took you away from your family, and left no time for your own projects.

Certain life stages are inherently stressful regardless of where you live. But for rural residents, these life stages can be especially stressful because they have fewer options. Rural residents have fewer choices for many reasons—they may have less money to pay for services, they must travel longer distances for them, or the services themselves aren’t available. In stressful times, those aspects of rural life that are appealing when people are healthy can have serious downsides.

**Having basic health care services in your community improves its chance for a vibrant economy.** It can help anyone participate in the economy more fully, regardless of age, education or wealth.

Basic health care services can help reduce poverty. Studies show that treating welfare recipients for physical or mental health problems can make them more eligible for jobs. Studies show parents work more productively when their children get good child care. Benefits range from reduced employee turnover, reduced absenteeism and lateness, and improved productivity. In fact, they are so much more productive that many larger companies find it profitable to subsidize child care centers. The Trickle Up case study shows that poverty can be reduced by giving microloans to welfare mothers to start child care businesses.

Neuville Industries, a sock manufacturer in North Carolina, built an on-site day care center for its employees in 1979. The company splits the cost of day care with parents 50/50 and working parents can walk to their children in five minutes. The company says because of the center it attracts a better, more stable work force and their profits have increased by $10,000 to $500,000 per year. This kind of story leads some to say that providing quality child care is a good economic development strategy.

When your community offers basic health care services, young entrepreneurs can stay and raise their families. After a successful career in the Bay Area, a young woman returned to her home town in the Sierra with her husband to raise their two children. They moved their business with them and hired other employees. All went well until one of their children had a serious head injury and had to be taken by helicopter to a trauma center in Oakland. The accident made the family take a long look at the risks of living so far from medical facilities. They moved out of the Sierra, and took their business and its jobs with them. Telemedicine programs like those developed by the Northern Sierra Rural Health Network can bring more sophisticated medical services to rural areas at reasonable prices.

With basic health care services, retirees can stay in your community. Kremmling, Colorado built an assisted-living care facility so families could stay together when seniors could no longer live independently. Kremmling saw that providing its seniors with a place to live also created good jobs and kept wealth from leaving the community. Active retirees contribute to the community; they are often the backbone of many community oriented volunteer organizations — reading to children at the public library or building new bicycle trails. Some become involved in local politics, and hold elected positions. But once again, as soon as people face serious health problems that local health care can’t treat, they often move closer to urban areas.

Even when medical services are present in rural communities, many residents don’t have insurance and therefore cannot use these medical services. Faced with this situation, residents of Siskiyou County created the Community Health Plan of the Siskiyou to reduce medical costs, expand coverage and improve health and also improve the local economy.

> "Investment in community health care is one of the most productive uses of capital."

— Steve Tribuzzi, Illinois Primary Health Care Association
The health care industry itself can be a good form of economic development for your community. “Investment in community health care is one of the most productive uses of capital,” says Steve Tribuzzi of the Illinois Primary Health Care Association. The industry provides high-wage, professional jobs and thereby increases the local tax base. Statistics show that the health care industry provides up to 20 percent of payroll and 15 percent of the jobs in rural communities. The Federal Office of Rural Health Policy estimates that one rural physician generates more than five full-time jobs and $233,000 in local economic activity. In addition, it provides stability to the local economy and causes little environmental harm.

Case Studies

**Trickle Up Microloans Create Childcare Businesses**

A mother of two small children and recently divorced, Pam Weaver Baker found herself in a place she never expected to be: living on AFDC payments and food stamps. “That was about as bad as it could get,” she recalls.

Knowing that she needed an education to support her family, Baker first went back to school while on public assistance. She earned good enough grades in early-childhood education classes at Sierra College to get a scholarship to California State University, Sacramento where she graduated with honors in 1997.

Then, as Baker made the transition from welfare to work, she faced the same obstacle other parents in her position face—getting good childcare. “I knew that I wanted to have my own business, and I wanted to be able to spend time with my children so the child-care industry seemed a natural fit,” she says.

Using her personal savings and a lot of enthusiasm, Baker opened The Playhouse in 1998, a quality childcare facility located in Loomis. Then she discovered two things: she needed a lot of help in starting the business and the Trickle Up program.

Trickle Up is a nonprofit organization that seeks to eradicate poverty one business at a time. Launched in 1979 by former United Nations workers Glen and Mildred Robbins Leet, Trickle Up reduces poverty by helping the lowest income people around the world start or expand their own businesses.

This program has started more than 500 new businesses in the U.S. since it was launched in 1994. It has become an important tool in the welfare-to-work transition because it enables the poor to create their own capital, provides non-formal education, and partners with a network of community groups to administer the program.

The first Trickle Up program in California began in 1998 when the Soroptimists of Historic Auburn partnered with the Sierra College Small Business Development Center to help women in Placer and Nevada Counties start or expand licensed childcare businesses.

The Trickle Up strategy, says Mary Wollesen of the Sierra College Small Business Development Center, is to use small grants of money—typically $700 in the United States—to help low-income people start their own businesses.

“In our area, Trickle Up is a new concept and while the grants don’t appear to be all that much money, we’re finding that it actually can be a motivating sum of money. You’d be surprised how much you can get done with $700 and a lot of focus and planning that we bring to the table.”

To qualify for the $700 grant, entrepreneurs must complete a business plan and agree to spend a minimum of 250 hours over a three-month period working in their enterprise. They must also get 25 hours of business counseling and save or reinvest at least 20% of the profits in their enterprise. So entrepreneurs can help other parents in similar situations, the Auburn Trickle Up program adds one more requirement: they must agree to accept children of parents in the welfare-to-work program.

While Baker first thought of using the $700 for equipment, new toys and a large sandbox, her Soroptimist mentors quickly convinced her to fund her liability insurance instead. “In order for The Playhouse to work with state-funded programs to care for children whose parents are beginning to work or are attending training school, I had to have $300,000 in prepaid liability insurance,” she says.

“The key here has been the added involvement of the
Soroptimist Club, which has done the fund-raising and the mentoring,” says Wollesen. “They worked with Pam to write the required business plan that was the key to getting her business off to a solid start.”

Baker says that initially her mentor came to her child care center one day a week “to help me understand the business plan. Since then I’ve called on such mentors as accountants, attorneys and insurance experts.” She also sought her mentors’ advice when she added her first employee, knowing there were a lot of factors to consider.

After operating for four years, the Auburn program has helped start six child care centers that serve over 39 clients. Pamela Weaver Baker was named 1999 Welfare to Work Entrepreneur of the Year for the Small Business Association's Sacramento District.

For information about Trickle Up contact: Mary Wolleson, Sierra College Small Business Development Center, at sbdinfo@sbdcsierra.org or 530-885-5488. For more information about Trickle Up, visit their website at www.trickleup.org/.

**Siskiyou County Provides Rural Health Insurance**

In the 1980s, the rapid decline in the timber industry put Siskiyou County in an economic depression. With unemployment at twenty percent, many county residents had no health insurance or were paying more for it than they could afford.

In response, community leaders decided to study the impact of this economic depression on the community’s health. In 1991, they convened a partnership of 40 volunteers to conduct a comprehensive assessment of the community’s health care needs. The volunteers represented interests ranging from schools to senior citizen groups, local governments to health care professionals, and businesses to consumer groups.

Over the next year, members of the partnership interviewed many people, surveyed hundreds of households, collected lots of data and held an all-day public forum that drew over 100 attendees. They released their findings in 1993, one of which was to develop a locally based health plan.

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Get the latest information by checking the Office of Rural Health Policy (ORHP) website at www.ruralhealth.hrsa.gov/ sign up for the list-serv: NRDP-HEALTHCARE@LIST.NIH.GOV.

**Conduct a comprehensive assessment of community health care needs.** Find out how by downloading the Community Health Status Assessment, courtesy of The National Association of City and County Health Officials at mapp.naccho.org/chsa/index.asp.

**To work with others trying to get broadband telecommunications in the Sierra** for health care and other purposes, contact the Sierra Telecommunications Coalition at www.sierra-telecom-coalition.com/.

**To learn more about programs, meetings, and funding opportunities to do with telemedicine,** see the Telemedicine Information Exchange website at tie.telemed.org/.

Visit the Office of Disease Prevention and Health Promotion at odphp.osaphs.dhhs.gov/.

Go to the Office for the Advance ment of Telehealth at telehealth.hrsa.gov/grants.htm.

Check out the “Tools for Revitalizing California Communities” program on California’s Community Debt and Investment Authority Commission website. The program is part of the Treasurer's “Double Bottom Line” investment initiative, which focuses on achieving successful investment results while simultaneously broadening economic opportunity in California communities: www.treasurer.ca.gov/cdiac/.
The partnership formed a health plan task force, which in turn hired a part-time executive director. The director raised seed capital from local residents, local physicians and the county’s two private hospitals. Then, in 1994, the task force incorporated the Community Health Plan of the Siskiyous (CHPS), a taxable, nonprofit corporation with a mission to improve community health and promote economic development in Siskiyou County.

CHPS is neither an insurance company nor an insurance agency. Because Siskiyou County is sparsely populated, CHPS could never have enough enrollment to cover large, unpredictable medical claims. Instead, CHPS helps self-insured employers bring down medical costs by creating a network of medical professionals and facilities who limit fees for CHPS enrollees. It also helps self-insured employers reduce costs by processing claims and reviewing treatment plans.

CHPS first negotiated preferred provider contracts with two local hospitals and with most local physicians. It then enrolled its first self-insured employer in 1995. CHPS uses many principles of managed care to improve health and quality of life of local residents. These principles include:

- improve access through lower out-of-pocket costs and expanded benefits;
- emphasize prevention and wellness;
- coordinate care across the delivery system;
- base treatment protocols on solid clinical research;
- be flexible in responding to unique clinical situations; and
- measure health outcomes.

By 1999, CHPS’s preferred provider network had grown to over 500 physicians and 10 hospitals. Given its size, the CHPS board became concerned the organization could lose its focus on providing benefits to the community, so it made some organizational changes. They converted CHPS into a membership corporation and created Klamath Health Services Inc. (KHSI) as its sole corporate member.

KHSI is a charitable 501(c)(3) run by twelve board members who are Siskiyou County residents, most of whom are not health care professionals. KHSI elects the board of CHPS and provides support services for a monthly fee; it also supports other health initiatives, including the newly reactivated health partnership that conducts the community health assessment.

Today, CHPS has over 3,000 enrollees and a network of over 500 preferred providers. In 2000, it expanded its coverage outside the Siskiyou region by making key strategic alliances. CHPS subsidizes wellness care for uninsured persons with high risk to help keep their conditions from becoming expensive medical emergencies. It is also planning to offer full coverage to small businesses and individuals through a joint venture with a licensed carrier.

These services help CHPS accomplish its mission in several ways. First, it keeps in the local economy dollars that would otherwise leave to pay for management and dividends of for-profit companies. Second, by effectively managing care, CHPS not only improves people’s health, but also reduces costs. Lower costs, in turn, make health care affordable for a larger pool of people and frees up resources to subsidize wellness care for uninsured people. Third, CHPS fuels a positive cycle between economic development and health care: saving health care costs leads to higher incomes, which leads to healthier lifestyles, which leads to a stronger health care system, which attracts new business to Siskiyou County.

For more information, contact CHPS at 916-995-4847. Or visit their website at www.healthysiskiyou.com/.

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**Kremmling Develops Economy with Elder Care**

A hundred miles west of Denver lies Kremmling, a small town of 1,200 people. In the heart of the White River National Forest, Kremmling’s economy traditionally depended on a steady flow of timber to lumber mills. In the early 1990s, Louisiana Pacific was the largest employer in town, with 100 jobs in its wafer board mill. Another 100 jobs came from supplying timber to the mill — logging, hauling and the like.
Rural Telemedicine in the Northern Sierra

Frank Lang, a nurse practitioner in Downieville, CA had a problem: he suspected one of his patients, an elderly gentleman, had a severe heart condition, but the patient refused to leave town to see a specialist. So Mr. Lang arranged for a UC Davis cardiologist to consult with the patient using telemedicine. In the consultation, the cardiologist reviewed the lab work sent by Mr. Lang and talked to the patient. When the cardiologist strongly urged the patient see a specialist, the patient finally agreed—and got treatment that saved his life.

That telemedicine conference was made possible by the Northern Sierra Rural Health Network (NSRHN) and the partnerships it has formed. Founded in 1995, NSRHN is a non-profit organization that seeks to improve health care for residents in rural Northeastern California.

Telemedicine became a top priority for NSRHN in 1997 when the non-profit conducted a survey of medical professionals in Northeastern California. The medical professionals identified telemedicine as the top strategy for addressing the region’s shortage of specialists.

Telemedicine is a high priority for rural areas because it connects patients and their local doctors with specialists in urban areas using computers and high-speed phone lines. It links rural residents to specialists with open appointments, even if they are hundreds of miles away. Although not appropriate for all medical conditions, telemedicine helps to diagnose problems and conduct follow-up visits. It also improves medical services by forming stronger links between a patient’s local physician and the specialist.

Without telemedicine, residents of northeastern California who need medical specialists must travel to big city medical centers in places like Sacramento or Reno. A child with seizures or asthma, or an elderly patient needing joint replacement may have to travel long distances, sometimes at great expense. Frequently they can only get appointments several months out, which causes delays in the medical care they need. It was this kind of experience that made the Downieville gentleman reluctant to see a specialist.

There was one big problem with telemedicine in northeastern California: the region’s outdated telecommunications infrastructure could not transmit the large data files, sound or video it created. Citizens Telecommunications, the region’s telephone company, did not plan to invest in ISDN technology, without which video conferencing was a very expensive proposition.

Undeterred, Speranza Avram, Executive Director of NSRHN, joined a coalition of more than 50 other regional organizations to create a regional broadband telecommunications system. Called “coNnECTuP” (which stands for North Eastern California Telecommunications Partnership), the coalition included people who wanted broadband telecommunications for many reasons—for health care and education, local government and libraries, and even to improve air quality.

Working with coNnECTuP, Citizens Telecommunications and Pacific Bell, NSRHN designed a high-capacity telecommunications system to meet the rural area’s telemedicine needs. It kept costs down by sharing lines among the ten most isolated rural medical professionals. NSRHN also installed a multi-port video conferencing bridge so medical professionals could communicate with specialists throughout California, as well as participate in educational video conferences.

Once the telecommunications infrastructure was installed, NSRHN needed links to urban specialists, so it formed partnerships with medical centers such as the University of California Davis Health System, Redding Medical Center, and Cedars Sinai Hospital.

Financing the cost of operating the telemedicine network remains a challenge for NSRHN. “Our telephone bill is currently over $11,000 a month to connect the 10 most isolated rural facilities to the outside world,” said Speranza Avram. NSRHN receives help from the Rural Health Universal Service Fund, an FCC program that gives discounts for telecommunications. “The Universal Service Fund [covers] 83 percent of the cost of that service, which makes this whole program possible.”

Today, NSRHN has 25 telemedicine sites scattered from the Camptonville Wellness Center in Yuba County to Trinity Hospital in Weaverville, covering an area almost the size of West Virginia and serving 144,700 residents. Since 1999, rural medical professionals have conducted over 600 clinical consultations. They have also been able to learn the latest medical innovations by participating in over 160 continuing education courses by video conference. In three short years, telemedicine has made a world of difference in the health care of Northern California’s residents—and saved lives.

For more information, visit the website at www.nsrhn.org or contact Speranza Avram at info@nsrhn.org or (530) 470-9091.

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Thus, Kremmling was hit hard when Louisiana Pacific closed the wafer board plant in December 1991. Overnight, 20 percent of the town's residents lost their jobs and the community's payroll dropped by $2.3 million. Soon economic hardship rippled outward to other businesses as former mill workers cut back on spending.

In response, several members of the Kremmling Chamber of Commerce formed an Economic Development Committee to explore their options. Helped by a grant from the U.S. Forest Service, the Chamber engaged the entire community in a visioning process. Representatives from all levels of government, hospital and school district officials, youth and senior citizens all joined in to create a new future for the town.

Because participants agreed they wanted to maintain the small, rural character of the town, they selected a strategy of diversifying their economy. To implement that strategy, they identified actions “to encourage focused, sustainable and diversified business development which is also environmentally sound.”

Before choosing projects, residents researched the demographics and economy of their town. The data showed their population was aging. Thinking into the future, they realized that Kremmling had no facility for older people who could no longer live in their homes. The only option such people had was to move to facilities in other towns, breaking up families and the community.

The residents also learned a more practical reason for Kremmling's elders to be able to stay in town—economics. Like many rural areas, wages had declined in importance to the local economy. Over a third of the region's personal income now came from transfer and capital payments—social security and investment income. When older people left town, they also took their incomes with them. Thus, the drain of elderly people was also a drain the local economy.

This finding led Kremmling's residents to list an assisted living center as one of the twenty projects in their action plan. Not only would such a center keep families together, it would create meaningful employment and keep money in the community.

Today, the $1.2 million Cliffview Assisted Living Center is reality. Owned by the County Housing Authority and managed by a non-profit organization, the 24-unit facility has become a meeting place for all generations. Community-wide potlucks and Chamber of Commerce meetings enliven the atmosphere. High-school students participate in work-study programs in the kitchen and work on the Center's computers. Elementary students visit on field trips. And every other week, the Center hosts the library's preschool story time.

For its innovative approach to economic development, Kremmling received the National Rural Development Award from the U.S. Department of Agriculture in 1993.

For information about Kremmling's economic development process, call the Kremmling Chamber of Commerce at 970-724-3472. For information about Cliffview, contact the Center at 970-724-3530 or call Senior Housing Options which manages the facility at 303-595-4464.

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Tactic 10: Anticipate and Address the Housing Needs of Employees and Residents

Tim Wake, who provides affordable housing in Whistler, British Columbia, has the kind of passion for his job that comes from painful experience. Tim’s hometown was Banff, Alberta, and he watched as wealthy newcomers came in and drove up housing prices. One by one, local families moved away, forced out by high property values. Now nearly everyone who works in Banff lives elsewhere and commutes. “It gutted the Banff community,” Wake says. “I don’t want the same thing to happen to Whistler.”

The same trend is happening throughout the Sierra. In South Lake Tahoe, second home owners have driven up housing prices and eroded the housing stock for permanent residents. Many South Tahoe employees have moved out to the more affordable markets of Gardnerville and Minden, changing these long settled communities into commuter towns. People who lack transportation and stay in South Tahoe—maids at casinos and fast food workers—have little choice but to live in appallingly substandard and overcrowded conditions.

The same problem is found elsewhere in the Sierra. In North Lake Tahoe, ski resorts had such difficulty housing seasonal employees that they bought a defunct casino in Reno and now bus employees an hour each way. Most of these are foreign employees. A personnel director for one of the ski resorts described these living conditions as “horrible.”

In Mammoth Lakes housing prices shot up more quickly than anyone anticipated. Four-bedroom homes that sold for $250,000 in 1997 cost $550,000 just five years later. Apartments that rented for $600 a month in 1996 went for $1,500 a month in 2001.

It’s no longer just minimum wage earners who are affected by high housing prices, it’s moderate-income households, too—schoolteachers and medical workers, the people essential to community health. In Truckee, the average home sales price is $355,937, yet median income families can only afford a house worth $166,525—less than half the average price. Even though many Tahoe residents face a housing crisis, contractors are not building starter homes. Instead, they build more expensive homes so they can cover the $40,000 of upfront fees plus mounting land costs. Long-time Tahoe and Truckee residents and business owners are giving up, selling out and moving to Reno.

Affordable housing is defined as costing no more than 30 percent of household income. In the past it referred mostly to households earning less than 80 percent of an area’s median income but, as housing prices skyrocketed, the definition has been broadened to include moderate income households as well—those earning between 80 and 120 percent of median income.

Who causes the shortage of affordable housing? All of us do—developers, local officials, homeowners, residents and voters.
Developers, for example, say they are just trying to cover costs—which are higher in California than in other states. Land, labor, materials, developers’ fees, road and sewer improvements, general expenses, sales commission, insurance and profits—all these cost more in California. In Truckee, for example, a developer is out $77,000 before he even starts building—$27,000 in permit fees and at least $50,000 for the lot. Mountain towns in the Sierra face additional challenges of a short construction season and limited labor supply. By the time you add it all up, it’s virtually impossible to build housing middle-class families can afford.

Many factors inflate developers’ costs. Developers’ fees are high because, ever since Proposition 13 limited property taxes, local governments have levied fees to pay for services such as schools and parks. Developers say their profit margins have to be higher in California to cover the risks they face from uncertain and lengthy review processes. They have been discouraged from building townhouses and condominiums by California liability law that gives homeowners more time to sue for construction defects than anywhere else in the country (this law was reformed in 2002). They have a hard time getting insurance for condominium projects because insurance companies have paid some large claims. Low-density zoning discourages affordable housing. And, truth be told, developers prefer to build high-end homes because they make more profit on them than on lower priced ones.

Local officials for their part are trying to balance competing demands while being fiscally responsible. When asked to rank the type of land uses they prefer, managers put retail and office projects at the top of the list and homes and apartments toward the bottom just above heavy industry. The reason housing scores so low is that, unlike commercial development, the revenues raised through taxes and fees reportedly don’t cover what governments must pay to provide police, fire protection, road maintenance and snow removal to new residences. Because high-end single-family housing comes closer to covering public costs than lower-priced housing local officials, like developers prefer more expensive homes.

Local officials also prefer commercial development because they view sales taxes as a more reliable source of revenue than property taxes. The State already takes the greater share of property taxes and, in 1992, it further eroded local government’s portion by reallocating money to school districts. The result is local governments don’t feel they “control property taxes and don’t trust them anymore,” says Michael Coleman, an expert in local government finance. “With sales taxes, they feel they can control what they get through economic development efforts.”

Homeowners help keep housing prices high by resisting changes they perceive might reduce their property values. They know that when supply is restricted, their property values increase. Housing that might attract a different kind of people, more traffic, or more noise is likely to incite the fury of NIMBYs, or worse yet BANANAs (Build Absolutely Nothing Anywhere Near Anyone). If their home value has appreciated, they want to protect their windfall gains and chances for a comfortable retirement. People who bought at the top of the market don’t want to lose their investment. And a decline in the stock market only intensifies homeowners’ vigilance because homes now represent a larger share of their total wealth.

Residents have mixed feelings when it comes to higher densities and affordable housing. On the one hand, they like walkable neighborhoods with local markets and trendy cafes. On the other, they fear affordable housing will erode community quality, reduce property values, and change existing demographics. However, the typical affordable housing development these days incorporates state-of-the-art design innovations and materials, is functionally and aesthetically compatible with surrounding homes, and is enriched by place-based social services that benefit the residents and whole communities.

Voters just don’t like taxes. They distrust efforts to revise government finances, even when intended to change the incentives that developers, local officials, and homeowners face.

When each of us pursues such immediate interests, we deny ourselves the security of living in healthy and well-functioning
communities. Without affordable housing we have no choice—to own homes when we’re young and starting families, to downsize as we grow older, or to have several generations of one family living in the same town. Obviously this is a tough problem and not easily solved. The solution is for each community to come together and decide how it will create a range of housing options that will keep it a good place to raise a family and own a business.

**Why should communities come together to create a range of housing options?**

Because communities risk real financial losses if they don’t solve the problem of affordable housing. If local governments don’t comply with the housing element in their general plan, they risk being subject to expensive lawsuits. In Santa Cruz County, for example, a grand jury urged citizens to sue county supervisors for not increasing affordable housing. Local governments that fail to implement the housing element of their general plan also risk losing critical funds for transportation projects.

Because without affordable housing, local economies suffer. Businesses suffer when housing prices make it hard for them to recruit and retain employees and when their employees are exhausted by long commutes. In Mammoth Lakes, help wanted ads outnumber for-rent ads by 5 to 1. When people spend too much of their income on housing, they have less discretionary money to spend in local businesses. Tight budgets, crowded conditions and long commutes create discontented employees who don’t treat visitors well.

But it’s not just the private sector that is harmed when housing is not affordable. Institutions that perform the essential services for the community are, too. When communities have difficulty recruiting and retaining high-quality nurses and schoolteachers, police and postal workers, their economic development prospects are compromised.

Because without housing that offers residents choice, the social fabric of communities will continue to deteriorate. When communities offer a narrow range of housing types and prices they risk losing their history and stability as well.

A recent survey in Mammoth found that in ten years 88% of current residents will have problems finding affordable housing. If grown children can’t afford to own a home, they go elsewhere to start families and careers. If seniors can’t afford to stay, they lose the support networks they built over their lifetimes and the community loses its ties to the past. Parents who commute long distances to work worry constantly about what they will do if their child has an emergency and what their children do after school. The combined costs of housing, transportation and childcare mean more families are actually living in poverty than government statistics indicate.

Because the problem won’t solve itself. Ignoring the problem will not make it go away. Delay only results in higher costs, more limited options and further unraveled communities. The sooner communities develop plans for obtaining the range of housing options needed for community stability, the sooner residents will be able to choose housing that best fits their lifestyle and budget.

Because this is one of the toughest and most complicated problems we face, it can’t be solved without everyone’s creativity, contributions and cooperation. Solutions will require truly innovative thinking to balance providing housing with maintaining community character within the carrying capacity of both the environment and community services. The best way to have everyone invested in a plan is to include all — developers, local officials, homeowners, and residents — in crafting a solution.
How Do You Give All Community Members Options for Housing that Fit their Budget and Lifestyle?

**Make the public aware of the scope of the affordable housing problem and its impact on the community’s future.**

Survey permanent residents and seasonal employees to determine housing needs.

Educate the public by writing articles for local newspapers and magazines, appearing on radio shows, speaking at Soroptomists and Rotary Clubs.

Hold public forums to discuss how the lack of affordable housing affects the community.

Educate people about well-designed affordable housing projects. For example, visit “Design Matters: Best Practices in Affordable Housing,” an Internet catalog of affordable housing design [www.uic.edu/aa/cdc/AHDC/website/](http://www.uic.edu/aa/cdc/AHDC/website/).

Ensure that city and county housing elements are up-to-date and implemented.

Consider forming a Community Housing Development Organization [www.hcd.ca.gov/ca/home/](http://www.hcd.ca.gov/ca/home/).

Identify suitable properties for affordable housing throughout the community, especially infill downtown and abandoned sites that can be redeveloped.

**Be adamant that new housing match the incomes of new jobs.**

Require new businesses to provide housing for a certain percent of employees generated. Allow in-lieu payments only when projects generate one or two jobs.

Beware that if too many developers opt to pay in-lieu fees, local governments may not comply with state-imposed minimums (see Whistler case study on p. 87). Oxnard addressed this problem by allowing developers to pay an in-lieu fee only after the city met 80 percent of its low and very low income housing goals.

To avoid future resistance to affordable housing, set high standards for its design and construction. Don’t let developers renege on affordable housing and build high-end condominiums instead.

**Connect with groups with expertise on rural and affordable housing.**

The “Equitable Development Toolkit: Beyond Gentrification” describes tools communities have successfully used to finance and provide affordable housing. See [www.policylink.org/EquitableDevelopment/](http://www.policylink.org/EquitableDevelopment/).

The California Coalition for Rural Housing is a statewide network of non-profit housing developers and legal services agencies that provides educational services and technical and organizational assistance to community groups and non-profit agencies; see [www.cafruralhousing.org/](http://www.cafruralhousing.org/).

The Innovative Housing Institute provides technical assistance to people interested in developing housing for a mixture of incomes, where affordable units are indistinguishable from neighboring market-rate properties. Particular expertise in inclusionary zoning. See [www.inhousing.org/](http://www.inhousing.org/).

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The Nehemiah Corporation of California is a not-for-profit commu-

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Set policy for what percent of the workforce will be housed in the community.

**Identify housing needs early.**

Communities that have a limited land base lose options as they approach build-out. Identifying land for affordable housing is essential.

**Organize community groups and government agencies to address affordable housing.**

Form a non-profit housing corporation to contract with the local government to build and buy affordable housing.

Include builders, business leaders, clergy, community organizations, disabled persons, environmental groups, Habitat for Humanity, hospitals and health care professionals, school officials, seniors’ centers and other people who need housing.

Organize retired experts and other volunteers.

Collaborate across town and county lines to develop regional solutions to the housing problem. Consider establishing a Joint Powers Authority. (see Roaring Fork case study on p.111).

Design a process to explore trade-offs between conflicting desires, for example, affordable housing versus avoid high-density, affordable housing versus maintaining open space, extending sewer and water lines versus opposition to growth; providing housing for young and old families versus fear of increased density.

Vermont approached the problem of trade-offs by combining affordable housing and land conservation into a single organization, the Vermont Housing and Conservation Board ([www.vhcb.org](http://www.vhcb.org)). In 13 years the Board spent $156 million to perpetually fund affordable housing and conserve forests and farmland.

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nity development corporation that specializes in homeownership, affordable housing and community development. www.nehemiahcorp.org/.

The National Low Income Housing Coalition educates, formulates policy and advocates for affordable housing. See www.nlhhc.org/.

Change policies to encourage innovative approaches to affordable housing, such as:

Place deed restrictions on affordable housing so it will remain permanently affordable.

Allow people to build auxiliary units that can be rented to local employees; consider creating separate title to auxiliary units and placing deed restrictions on them.

Participate in updating general plans.

When developments require new infrastructure, governments can require they provide affordable housing.


Create incentives for building affordable housing, such as a streamlined permit process, waiving or deferring certain fees, reducing parking standards, and allowing increased density in return for building affordable housing.

Waive fees when deed restricted housing is provided voluntarily. Fees can be reimbursed from the housing fund.

Rehabilitate second and third stories in downtown buildings for housing.

Consider inclusionary zoning, overlay zoning and planned developments.

Consider density bonuses. For a model density bonus ordinance, see www.hcd.ca.gov/hpd/.

Remove barriers to increasing density in unincorporated villages, especially in places near existing infrastructure and services.

Consider forming a community land trust to provide permanently affordable housing by 1) buying land 2) helping people own homes on land they lease from the CLT, and 3) requiring homes be sold at an affordable price. CLTs have been formed in such mountain resort communities as Leavenworth, WA and Jackson Hole, WY. See the Institute for Community Economics website: www.iceclt.org/clt/index.html.

Consider a Lend-Lease Program in which a non-profit owns a home that it leases to renters whose rent counts towards future ownership. See Coastal Enterprises Inc.’s website: www.ceimaine.org/.

Allow deed-restricted accessory units, “live/work” development and mixed-use developments.

Consider rehabilitating existing housing, commercial space and hotels. A good example is “Riverside Hotel Artist Lofts” in Reno which is a 1926 six-story, Late Gothic Revival hotel that closed in 1987 and was converted into 35 affordable live/work apartments for artists. www.artspaceprojects.org/neighborhood/riverside/

Preserve existing subsidized and affordable housing that is converting to market rentals or condominiums by imposing rent controls, requiring adequate tenant notice of termination of subsidies and rent increases, requiring relocation assistance, restricting the number of condo conversions, and affording nonprofit organizations and public agencies the right-of-first refusal to purchase such properties and retain their affordability.

Develop new methods of financing projects.

Dedicate a certain percent of the Transient Occupancy Tax toward housing.

Apply for Federal funding from the HOME Program: see www.hud.gov/offices/cpd/affordablehousing/programs/home/index.cfm.

Use Community Development Block Grants to rehabilitate older buildings into affordable housing.

Develop a local trust fund for housing.

Consider allocating a portion of the hotel tax to a housing fund.

Use rental assistance programs (subsidies and loans) to develop affordable rental housing.

Consider increasing the housing set-aside dollars.

Encourage private builders to make full use of federal and state tax credits available for building affordable housing.

Encourage local banks and other lending institutions to invest funds from Community Reinvestment Act in well planned, affordable housing.

Check out the “Tools for Revitalizing California Communities” program on California’s Community Debt and Investment Authority Commission website, part of the Treasurer’s “Double Bottom Line” investment initiative: www.treasurer.ca.gov/cdici/.

The Low Income Housing Fund based in the Bay Area supplies affordable capital and technical assistance to nonprofit organizations; see www.lihf.org/.

The Clearinghouse for Affordable Housing and Community Finance Resources offers information about more than 200 housing programs, government, private lenders and foundation grants; www.hcd.ca.gov/clearinghouse/.
Case Studies

Santa Fe Creates Affordable Housing Through Public-Private Roundtable

In the mid-1980s, movie stars, chief executive officers and other wealthy migrants began moving to Santa Fe in such numbers that housing prices soared to 50% above the national average. Home builders catered to newcomers’ demands for $1 million mansions in gated communities. But, because wages in Santa Fe’s service-oriented economy were 20 percent below the national norm, 80% of Santa Fe’s population could no longer afford a median-priced home.

The new wealth began to change the cultural make-up of the community. For almost 400 years, most of the city’s residents were of Hispanic descent, many of whom could trace their roots in New Mexico back 15 generations. Hispanics and Pueblo people had learned to live together since the Spanish founded the city in 1610, and Santa Fe had become an important commercial center for the Northern Pueblo people who came to shop and sell fine jewelry, pottery and rugs.

At the time, Joseph Montoya, who has masters degrees in planning and economics, was the only city employee working on affordable housing. Montoya, whose family has lived in Santa Fe more than 400 years, watched as lifetime residents sold homes when they could no longer afford escalating property taxes. Children from families with deep roots moved away, often to substandard housing in rural areas or outlying cities. Some left the area entirely to search for better opportunities elsewhere. By 1991, survey respondents identified lack of affordable housing as Santa Fe’s number one problem.

“I personally saw my family’s history being wiped out,” Montoya said.

In 1991, Montoya convinced Peter Werwath, from The Enterprise Foundation, to help. The Enterprise Foundation, based in Columbia, MD, is a non-profit that works to create new housing opportunities for low-income people. Montoya and Werwath joined forces with several non-profits and concerned citizens to develop a strategic plan for meeting Santa Fe’s affordable housing needs.

Out of the plan came the Santa Fe Affordable Housing Roundtable, a task force of dedicated organizations. Formed in 1992, the group included six local non-profit organizations, the City of Santa Fe, the United Way of Santa Fe County, the Enterprise Foundation, and representatives from two coalitions of organizations that provide housing for people with special needs such as seniors, people with AIDS, the mentally ill and the homeless.

According to Ron Stevens who chaired the Roundtable, “The key was everyone believing that if the overall goal of affordable housing in the community were achieved, then the goals of each individual organization would be met as well.”

One of the first decisions Roundtable members made was that non-profits would do much of the work, not the government, which insulated the program from politics. Final decisions are made by consensus. The city has three people who administer housing programs and it pays the non-profits $430,000 a year, mainly to cover administrative costs. Recently, Santa Fe began to require developers of high-priced subdivisions to make up to 16 percent of their houses affordable.

Roundtable members use 21 programs and strategies to make housing affordable. They set up a trust fund to receive money from developers required by the city to contribute to low-cost housing. They have also gotten about $500 million in construction loans and mortgage loans from local banks, the Department of Housing and Urban Development, tax exempt mortgage revenue bonds, private investors, corporations, national foundations and charities.

Roundtable members do whatever they can to create affordable housing. They build houses and sell them cheap. They sell houses but retain ownership of the land. They make interest-free down payment loans that don’t have to be repaid until the house is sold. They make low-interest renovation loans. They make mortgage loans and then sell them to investors so they can recoup their money and lend again. They relocate mobile home parks threatened with development. They discourage speculation by putting restrictions on homeowner profits.
Long-time residents of Whistler, British Columbia, reminisce about the early 1980s when most lived in vans and ski-club cabins, but they also know that Whistler’s soaring real estate prices risk excluding the very people who make the community work. Neighboring communities are almost an hour away under good driving conditions, and in bad weather Whistler can be completely cut-off.

Twenty years ago, Whistler’s leadership decided to address the housing problem. Tours of older resorts in North America convinced them that Whistler’s long-term prosperity would be jeopardized if they failed to provide housing that residents could afford. They knew businesses could attract a stable and qualified workforce only if comfortable housing was available. They also believed that Whistler’s businesses would be more successful, its economy more resilient, and the community more vibrant if most employees lived in town.

The first step came in 1983 when the Whistler Valley Housing Society (WVHS) was formed. As a non-profit, WVHS was eligible for government funding and assistance programs, especially favorable equity requirements for borrowing capital from the Canada Mortgage and Housing Corporation. Using its access to capital, WVHS built two projects restricted to Whistler’s residents. (“Resident” was defined as someone who lives and works in Whistler.) Whistler needed to have 4,300 such beds.

By 1989 the WVHS had almost 1,000 resident-restricted beds. The next step came in 1989 when Whistler enacted the Employee Service Charge By-law to encourage the private sector to build employee housing. Developers of commercial properties could choose to either build employee housing or contribute to a Housing Fund controlled by local government. A year later, the city created the Whistler Valley Housing Corporation (WHC), a wholly owned subsidiary of the town empowered to build and manage properties and to finance mortgages. The pace picked up and by 1992 Whistler had almost 1,000 resident-restricted beds.

By 1993 it became clear that not enough affordable housing was built because most developers chose to pay into the Housing Fund, so the Town Council exempted resident housing from the growth cap. But the pace at which resident housing was built remained too slow and by 1995 only 12% of the workforce lived in resident-restricted housing.

By 1996, the Town Council recognized that the volunteer WVHS needed Still more help, so it commissioned studies to assess the housing situation and analyze tools to address it. The housing assessment found that because Whistler would have 56,000 beds at build-out in 2004, it would need 16,000 workers. With a goal of having 80% of Whistler employees living within the municipality’s boundaries, 12,800 would need to live in town. If a third of these were to live in housing restricted for residents, Whistler needed to have 4,300 such beds.

The study led to the Whistler Housing Authority (WHA), founded in 1997 as an umbrella organization that coordinates the WHS and the WHC. From the outset, WHA had a committed board and three full-time staff. Able to focus exclusively on housing Whistler’s residents, the WHA has dramatically increased the rate of building housing for residents.

WHA uses the now $6.5 million Housing Fund to buy land and build rental properties. Its operating expenses are covered by fees from project developments and rental administration. The private sector builds properties that residents can own by offsetting costs with sales of market-priced developments. As a liaison between developers and the planning department, WHA advocates for resident housing within municipal boundaries and ensures that housing meets the community’s needs.

In its first 3 years, WHA produced over 1,200 employee beds, as many as were produced in the first ten years Whistler tried to provide employee housing. Today, Whistler has 3,850 resident-restricted beds and plans for another 450, bringing the total to 4,300 resident-restricted beds.

The WHA went one step further and added restrictions that index rent and resale prices of new employee housing to the local cost-of-living. As a result, this housing will remain affordable for at least twenty years despite Whistler’s soaring real estate prices.

Challenges still remain. The 2001 Housing Assessment found that although 77% of Whistler’s workforce lived in Whistler, 22% of them spent more than 40% of gross income on housing—a situation they consider unsustainable. In addition, although WHA has done a good job addressing year-round residents, the needs of seasonal employees still remain unmet.

Despite all this progress, business owners believe the housing shortage remains a problem. A Chamber of Commerce survey conducted in the spring of 2002 revealed an urgent need for 500 more seasonal rental beds. As a result, the WHA’s 2002 business plan proposed increasing the resident housing target to 4,800 by 2003 and suggested strategies to attain that target.

Whistler has taken an aggressive stance toward housing its community and, by adopting several approaches over the years, has made significant progress. Providing housing for people who live and work in Whistler is not just an immediate problem though, it will persist as long as Whistler wants to remain a sustainable community. Therefore, the task goes beyond creating resident housing; it involves ensuring that future residents also have access to affordable housing. In many ways, the work of the Whistler Housing Authority has just begun.

For more information, check out the website at www.whistlerhousing.ca, or contact Tim Wake or Marla Zuch at the Whistler Housing Authority, phone: (604) 905-4688 or email mail@whistlerhousing.ca.
The Roundtable’s road has rarely been smooth. Some builders resented the competition. Lenders distrusted low-income borrowers. Neighbors objected to some projects. An inconsistent permit process delayed construction and drove up costs.

Still, the results have been impressive. Since 1994, Santa Fe has helped 2,250 low-income families get housing they could afford. It did this by building 586 low-cost homes, arranging 1,163 low-cost mortgages, renovating 309 homes, building 564 low-cost apartments, providing 85 houses or apartments for people with special needs, adding 45 beds in shelters, and teaching 3,600 first-time home buyers how to budget, apply for a loan, prevent foreclosure and maintain their homes.

Today, the Roundtable faces new problems — water shortages, a no-growth movement, new NIMBY opposition and a recent city council vote to reduce densities on many parcels. But the Roundtable keeps meeting monthly, plotting strategies, and moving forward.

In honor of the Roundtable’s creative approach to affordable housing, the Ford Foundation and Harvard University awarded Santa Fe the prestigious and highly competitive “Innovations in American Government” award, a prize that came with a $100,000 grant.

The secret of Santa Fe’s success, roundtable members say, is commitment. “It’s not really the techniques and money, but the political will and consensus that make things work,” says Peter Werwath of the Enterprise Foundation. “I’ve been through the process in many many cities, but in Santa Fe you had concerned people, widespread public demand and a legislative body ready to do something.”

For more information, visit the website at sfweb.ci.santa-fe.nm.us/community-services/community-development/Housing.html, or contact Michael Loftin, Executive Director of Neighborhood Housing Services of Santa Fe at 505-983-6214.

Montgomery County, Maryland, with the 18th highest per capita income in the nation, is famous for its economically diverse neighborhoods. This is remarkable in the wealthy Washington, D.C. area, when countless similar places have become uniformly upper-middle-class.

How has Montgomery County achieved this feat? The answer is its inclusionary zoning ordinance. “Historically, there has been no equivalent to this mechanism that enables a community to retain its character while accommodating affordable housing,” says Robert Burchell of Rutgers University, a national expert on housing policy.

Montgomery County adopted its inclusionary ordinance in 1973 after years of trying unsuccessfully to racially integrate its neighborhoods. County supervisors realized the heart of the issue was economic, not racial, segregation and they reasoned the most effective way to integrate neighborhoods was to build housing that residents of all means could afford. Twenty-five years later the County’s inclusionary zoning ordinance has worked. By the year 2000, it had produced nearly 11,000 units — one-third of all the affordable housing in the county.

Given Montgomery County’s success with inclusionary zoning, over 50 other jurisdictions across the country have adopted similar ordinances. These places share the high housing costs found in some Sierra communities. They also have high rates of residential construction, which creates opportunities for inclusionary ordinances to work. Sierra communities, with proposals for developments between 200 and 2000 units, make strong candidates for successful inclusionary zoning programs.

Common characteristics of inclusionary ordinances are:

- they require residential developments above a given size to build a certain percentage of lower-income units;
- families qualify for affordable units if they make less than a certain level of income, usually a percentage of the local median; and
• the stock of affordable housing is maintained by controlling how quickly rents and resale prices can rise, usually for 10 to 20 years.

Inclusionary ordinances have several advantages as a way to create affordable housing. First of all, they scatter affordable units almost invisibly throughout a jurisdiction and do not create pockets of poverty. Young families, retired people, single adults and single-parent families can thus live in neighborhoods they are often excluded from by price. This allows them to live closer to work, send their children to good schools and gain access to first-rate medical care.

Inclusionary ordinances smooth business cycles in construction because, when real estate markets decline, developers can continue to build and sell moderately priced units. Bernard Tetreault, head of Montgomery County’s public housing agency for 24 years, says, “[Affordable units] kept the building industry here alive during the early ‘80s.”

Local governments bear little direct cost for building affordable housing. Instead, developers bear most of the responsibility and financial burden. In return, governments compensate them by waiving density requirements, offering “fast track” permitting, or subsidizing infrastructure. ... units, says “One doesn’t really make money building [them], but if you do it right, you don’t really lose money either.”

Administering inclusionary zoning programs, on the other hand, may cost governments more than approaches that concentrate affordable units. Sandra Barnes, senior manager at Montgomery County’s housing office, says “We do a lot of driving [between units] and we can’t provide as many services.”

Inclusionary ordinances help reduce sprawl. By encouraging compact growth, inclusionary ordinances ease pressures that produce sprawl and create the critical mass required to have vibrant town centers. This, in turn, eases a host of other problems communities face: traffic congestion, the cost of building and maintaining roads and air and noise pollution. Businesses gain because employees are more likely to stay in jobs when they don’t have long commutes.

On the other hand, inclusionary ordinances must be carefully designed and implemented to be effective. Homeowners often oppose having affordable housing nearby because they believe it will hurt their property values. Research finds no basis for their fears: a rigorous study of home sales in the Washington, D.C. area found that market rate housing was not affected when subsidized housing was nearby.171

Even so, homeowners’ fears are real. Experience has shown that homeowners are more accepting of affordable housing when the units are well constructed and look market-rate from the outside. In Fairfax County, where developers have a price incentive to make affordable units mirror expensive housing, $125,000 townhouses sit right next to $800,000 single family homes.

Consider how to balance affordable housing with protecting rural landscapes. It is important for communities to have both rural landscapes and affordable housing. Local officials need to be aware that growth management policies that set minimum lot sizes at 10 acres or more deter builders from creating affordable housing. On the other hand, affordable housing programs have to be careful not to approve inappropriately high densities in agricultural or environmentally sensitive areas. As with other conflicting goals, the art lies in striking an acceptable balance.

Set an appropriate minimum number of units to trigger the inclusionary ordinance. As jurisdictions approach build out, less affordable housing gets built because fewer plots are large enough to meet the minimum threshold of the inclusionary ordinance. To maintain an active program in such circumstances, governments may have to lower the minimum threshold. In Cambridge, Massachusetts, for example, the minimum number of units that trigger the ordinance is as few as ten. Rural areas may also need low minimum thresholds. The planning commission in Waitsfield, Vermont, a small town 25 miles from Montpelier, recently approved a nine home subdivision on the condition that one house be affordable.172

Without affordable housing we have no choice—to own homes when we’re young and starting families, to downsize as our children leave home, or to have several generations of one family living in the same town.
Manage inclusionary zoning programs to permanently provide affordable housing. It is difficult to design a program so that units are permanently affordable. If the resale price of a unit is locked into affordable levels for too long, owners would not be able to realize a good return on their investment and will not participate in the program.

Yet placing a time limit on price restrictions means that communities can lose the affordable housing that gets built. Montgomery County, where the 10 and 20 year control periods are running out, is losing its affordable units. Although 10,600 affordable units have been built since the program began, only 3,800 remain under price controls.

One solution is for non-profit organizations to buy affordable units as price restrictions end and make them permanently affordable for very low to low-income households. In Montgomery County, the public housing authority has bought over 1,400 units and also provides below-market rate financing to eligible households and nonprofits.

For more information about inclusionary zoning ordinances, contact the Innovative Housing Institute at 202-554-3950, or visit their website at www.inhousing.org. For information specific to California, go to The Institute for Local Self Government’s website at www.ilsg.org/inclusionary. You can download a sample inclusionary housing ordinance or order their practical guide, The California Inclusionary Housing Reader.

Breckenridge Builds Long-Term Affordable Housing

In booming mountain regions like the Sierra, one of the most vexing challenges is how to provide affordable housing for local people. Planners and developers face multiple difficulties, including the effect of second home buyers on the market, shorter-than-average construction seasons, a limited (and often expensive) pool of skilled labor, and the design challenges of accommodating heavy snow loads and steep terrain.

A far-sighted development team, headed by Wolff Lyon Architects, has overcome those hurdles through an innovative combination of brownfield reuse and deed restricted housing. The name of their product is Wellington Neighborhood and it’s located in Breckenridge, Colorado. Like many higher elevation Sierra communities, Breckenridge’s housing prices have skyrocketed because of second home buyers, pricing out local workers whose wages are set primarily by service industries. As a result, these workers must travel 40 to 50 miles to find affordable housing — and Breckenridge must cope with the related impacts of this migration: traffic congestion, reduced air quality, a “leakage” of local payroll dollars out of town, and less tangibly, a loss of social capital. Especially in small rural towns, it undermines community cohesion when local workers — including people who are integral parts of the community, such as police, nurses and teachers — have to commute long distances instead of take a short trip home and spend their time with family and friends who they regularly see around town.

Wolff Lyon saw a niche for housing to serve local people — and to do it in a quality way. John Wolff, a principal in the firm, wanted to avoid what he saw as typical affordable housing, which “ends up being nothing more than beds and parking spaces... undistinguished complexes of repetitive housing with very little sense of place or community.” The key ingredients in the Wellington recipe were:

**Having a clear vision.** Throughout the process, Wolff Lyon — with support from the Breckenridge Town Council — stuck to its initial vision of creating a sense of community and a true sense of place. They succeeded in creating a Wellington “pattern language” that offers safe and plentiful connections, buildings with welcoming faces and well-defined public realms.

**Reusing an old dredge mining site** near Breckenridge’s downtown, turning an eyesore into a vital part of the community.
**Requiring deed restrictions** on 80 percent of the first installation of 122 homes. The prices for deed-restricted homes are linked to the area median income (AMI) and set to accommodate people who earn 90 to 140 percent of the AMI. Buyers of the deed-restricted properties are limited to people who work at least 30 hours per week in Summit County and are full-time residents. Initial sale prices for these homes were approximately $250,000—or about $100,000 less than the prices for the market-rate homes in Wellington. Future appreciation is also limited to assure affordability in the long run; the annual cap on appreciation is either 3 percent or the increase in the AMI, whichever is greater.

**Utilizing good design.** Wellington is a nice, neighborly place to live. Wellington's homes front on "greencourts" and are accessed through alleys. They have front porches, pedestrian walkways, and other amenities designed to boost the civic life of the development. In addition, they've been engineered to strike a balance between creating a tightly knit, walkable neighborhood—with narrow streets, alleys and the greencourts—and accommodating the need for snow removal. Another design balance achieved by Wolff Lyon was in the diversity of dwellings. The majority of units are single family homes, but these are complemented by townhouses, duplexes and live/work lofts.

Because of all these innovations, it did take time to get Wellington through the planning process: four years, in all. But the project is paying off in a big way. Breckenridge's Mayor, Sam Mamula, noted that Wellington is a strong anchor for new development close to downtown. And better yet, Wellington is serving the people it set out to serve in the first place; its first buyers include a teacher, a nurse, a ski instructor and a town manager.

For more information about Breckenridge, go to the development's web site at [www.poplarhouse.com](http://www.poplarhouse.com) or check out the article on Wellington in New Urban News (June 2001 at [www.newurbannews.com/June01.html](http://www.newurbannews.com/June01.html)) from which this case study was partly adapted.

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**Tactic 11: Invest in Educational Excellence and Lifelong Learning**

"What can we do so that the Sierra’s most valuable export isn’t our youth?" — Jonathan London

You only have to look at the Sierra’s economic data to know why educational excellence and lifelong learning are critical to the region’s long-term prosperity. In the past thirty years, high-wage manufacturing jobs have largely disappeared, while low-wage service jobs have multiplied—reaching 36 percent of Tuolumne County’s economy and a whopping 40 percent in Mono. With a higher than average percentage of low-paying jobs, it’s no wonder the Sierra’s per capita income is falling behind the rest of the state.

How can the Sierra Nevada increase its share of high-paying jobs and profitable businesses? By providing the region’s residents with the tools and skills of the innovation economy. This includes such skills as negotiation, technology, organizational management, and problem solving. For this, the Sierra needs an up-to-date education system that takes lessons outside school walls and offers opportunities for lifelong learning.

Some might argue that rural areas—with their inherent advantages in tourism and natural resources—don’t need to worry as much about learning the latest in technology or management. But as we have seen throughout Investing for Prosperity, rural economies are under more pressure than ever to compete in the broader economy. And, if residents have the right skills, they can use the innovation economy to diversify and reduce their reliance on single industries.

It’s easy to overlook how much information technology and other aspects of the innovation economy have permeated rural communities. Take, for example, the construction industry. AutoCAD 2002 is now the standard design software used in the building trades. When a house is built in Mammoth Lakes, first a Truckee architect develops a digital design, which she sends by Internet to an engineer in Auburn, who adds his specifications and then sends it to a contractor in Mammoth who subcontracts with roofers and framers and electricians—all of whom have to be able to interpret the digital files.
Today, every profession makes use of information technology. Health care professionals need to operate complex machines. Even retail workers have to know how to use cash registers that automatically track inventory.

And information technology is just the beginning. To start new businesses, design new products, identify unmet market niches, people also need higher-level skills, such as how to identify and solve problems, work effectively in groups, and understand systems of all kinds. Experts say that to develop these higher skills, you need a solid high school education plus at least two years of college.177

Sadly, the evidence suggests that, as hard as teachers, parents, and school administrators are working on education, more needs to be done. Colleges complain that up to 30 percent of students must take remedial courses before they can enroll in college-level courses.178 In 1999, 20 percent of Inyo County respondents to an SBC business poll reported difficulty in finding employees with suitable workforce skills. This condition is so prevalent that a recent federal report found that “more than half our young people leave school without the knowledge or foundation required to find and hold a good job.”179

Schools in the Sierra face the full gamut of challenges. Parents are increasingly dissatisfied with public schools, leading to growing popularity of charter schools and home schooling. In foothill communities, administrators are scrambling to meet rising enrollments, while in tourism communities, enrollments decline as families flee from high-priced housing markets. In rural communities, children have little exposure to the broader world, giving educators a special challenge to prepare them for successful futures.180

What can we do? Because the innovation economy demands more from education than did the old economy, education has to become more effective.

And one way for education to become more effective is to take lessons outside classroom walls where students can learn through application in their community. Experts have found that this approach, known as “context-based” education, is “the most effective way of learning skills.”181 It is more effective than insisting that students learn exclusively in the abstract.

Another key for education to become more effective is to encourage lifelong learning. Technology changes so quickly, people need to continually update their skills. Continuing education makes it possible for people to advance their careers, take advantage of new opportunities, and find new career paths if their old one disappears.

For these reasons, the best way to prepare Sierrans to create and adapt businesses and hold high-wage jobs is to invest in context-based education and lifelong learning.

Why should you invest in context-based education and lifelong learning?

Because people need to have highly developed skills to create businesses and hold high-wage jobs in the innovation economy. These skills are not taught in the old K-12 curriculum that dominated public schools for the past century. That curriculum was designed for an economy that no longer exists, an economy dominated by mass production and industry. That economy needed people who could do simple, routine tasks, follow directions and communicate in simple terms. For this reason, the basic K-12 curriculum emphasized literacy, numeracy, history and science. In the old economy, a person with a high school education could hold a manufacturing job and earn a middle-class income.

But today, it’s hard to hold middle-class work if you have only a high school degree. Research shows that people with less education are falling further behind.182 Moreover, it’s not just years of education that matter, it’s what classes a student takes. People who take advanced math courses in high school are more likely to graduate from college and earn higher salaries than those who don’t.183 Today, if you have relatively few skills and not much education, you risk being replaced by overseas labor or new technology.

Two conditions changed in the last 25 years that have altered economic fundamentals. One is the emergence of a global economy. The other is the explosive growth and use of technology in the workplace. Because of these changes, high
school has become just the start of a good education. With more advanced training, Sierra residents can qualify for and hold high-wage jobs.

Because people with these skills have greater self-determination. A good education makes you less vulnerable to decisions others make. Higher-level thinking skills enable you to continuously learn new information and skills, identify and solve problems, think creatively, and make decisions. These are the skills that help you notice an unfilled market niche or figure out a way to deliver products more quickly. These are the skills you can use to redefine yourself or start your own business when you find yourself jobless. You may not have to move away to find good work as people did in the past; instead you can create a job in your own hometown.

But beyond having more sophisticated skills, a good education opens your mind to a broad range of possibilities, which gives you more latitude. You can imagine more ways to contribute to the world than those demonstrated by adults in the town where you grew up.

Because communities are more likely to attain long-term prosperity when people learn skills in context. Why is this so? In many rural communities, schools have unwittingly encouraged people to leave. By not teaching students about the place they live, they encourage young people to think their future lies elsewhere, most likely in some large urban area. In this way, schools have contributed to youth being the most valuable export from rural communities, therefore reinforcing the cycle of poverty, aging and decline.

More and more, rural schools are constructing lessons around the community. History lessons study how American Indians lived in their place. Sciences are taught by learning what insects live in local rivers, or what birds pass through on their semi-annual migrations. Civics are taught by attending negotiations among ranchers, miners and tourism businesses.

Some schools are using service learning, in which students serve their communities at the same time as they learn new skills. Some have researched community needs for low-cost housing grants, others have studied how much money leaks from the local economy. In some towns, students manage local groceries, lumber yards and ice cream shops, businesses that otherwise would have closed when the original owners retired.

Not only does “context-based” education transfer knowledge and skills effectively, it can reverse the brain drain from rural communities. Students who appreciate the special qualities of their community, and who know how to create their own jobs, are more likely to want to stay in their community and be able to do so.

The Sierra can increase its share of high-paying jobs and profitable businesses by providing its residents with the tools and skills of the innovation economy.

Because businesses are more competitive when employees are well educated. People with advanced training are more productive. They apply new technology to increase efficiency of production processes. They identify unfilled market niches and invent new products. Such employees give the businesses they work for a competitive edge.

Moreover, business leaders say that when local education is inadequate, the local economy suffers. Not only do they have difficulty finding qualified local employees, they have a hard time convincing people with families to move to their area.

Because the Sierra economy is healthier when the region attracts and holds people with higher-level thinking skills. In the innovation economy, talented people create new wealth. These are people who command good paying jobs. These are people who design new products, provide new services, and determine ways to add value. Having such talented people in your community creates a positive feedback loop—as the community develops a reputation as a good place for business, more and more talented people come there.
How Can You Invest in Context-Based Education and Lifelong Learning?

Given all the people and resources already devoted to education, what can we do to make it better? The real problem, some say, is that too often various groups operate in isolation, working at cross purposes, duplicating each other, or missing critical needs entirely. The solution is for community, education and business interests to work together.

In this regard, many Sierra communities have an advantage. Research shows that small, tight-knit communities tend to produce resilient and competent youth. 

The success of children from small towns lies in the personal investment that many adults—not just parents—make in each child.

To build stronger partnerships between schools and communities: Find out how to inventory community assets. Get a copy of Kretzmann, J. P. and J. L. McKnight (1993) Building communities from the inside out: a path toward finding and mobilizing a community’s assets. Chicago: ACTA Publications. 376 p.

The Search Institute program called Asset Building seeks to develop healthy, caring, and responsible youth. It shows adults how they can support youth and youth how they can make better choices. See the Search Institute website for a description of 40 assets all young people need; how to build these assets; how to create an asset-rich community, and tools and resources for asset building www.search-institute.org/.

Caring About Kids in Auburn, CA mentors children by building partnerships with businesses, faith-based organization and non-profits. For more information, contact them at 530-889-2401, or visit www.caringaboutkids.org.

To find out about Local Education Funds (LEF), how to start one, and how they work, visit: www.publiceducation.org/. An LEF convenes key community leaders to launch initiatives for improving student achievement.

To adapt schools as community centers: Steven Bingler of Concordia Design in New Orleans, LA is the leading expert in siting, planning and designing school facilities that serve the whole community. (504) 569-1818 and www.concordia.com.

A great resource is New Schools Better Neighborhoods—with a focus on joint use facilities—at 213/629-9009 or www.nsbn.org.

For more on rural school facilities, particularly on the size and location of schools, contact the Rural School and Community Trust at www.ruraledu.org or (202) 955-7177.

More information about educational facilities can be retrieved from the National Clearinghouse for Education Facilities at www.efacilities.org or 888-552-0624. One helpful report available through NCEF is Smaller, Safer, Successful Schools, which offers 22 examples of partnerships between schools and towns, along with the shared use of facilities.

Another useful NCEF report is Catching the Age Wave: Building Schools with Seniors in Mind, which addresses ways to create intergenerational schools and centers.

To learn how a coalition of business, education, and community leaders in Silicon Valley worked together on education reform in the innovation economy, visit www.jointventure.org/initiatives/21st/21cntry.html. Also see Sierra College Center for Applied Competitive Technologies case study on p 97.

To learn more about service-learning, see the National Service-Learning website: www.servicelearning.org. Service-learning stimulates academic learning by engaging youth in community service projects. Real world projects teach students the relevance of basic math, science, English, and communication skills. Studies find that students who participate in service-learning improve significantly—in their attitude towards education, in academic performance, in self-esteem, and in their sense of citizenship.

To find out how to organize youth to conduct research, planning and evaluation for community development, contact Jonathan London, Executive Director, Youth In Focus, at 530-758-3688 or go to the website at www.youthinfocus.net.

To research issues specific to rural schools, contact ERIC Clearinghouse on Rural Education and Small Schools, www.ael.org/eric. They offer a number of free and low-cost publications that explore issues ranging from experiential and place-based education, to improving academic performance of Native American and Mexican American students, to facilities construction, and to rural busing. Also, see Mendocino case study on page 96.

To get a curriculum for teaching how to create a healthy, habitable and equitable world, take a look at Sustainability Education Handbook: A Resource Guide for K-12 Teachers at www.urbanoptions.org/sustainhandbook/.

To prepare students to become entrepreneurs, check out REAL (Rural Entrepreneurship through Action Learning). Includes separate curricula for elementary, middle, high school and post secondary. www.realenterprises.org/.

As for advanced education, Americans no longer have to choose a four-year college or university. They can further their education from their home computers through distance learning. Distance learning, in fact, has applications in all areas of education—K-12, higher education, home schooling, corporate training, continuing education, military and government training. The benefits of distance learning include: adults can pursue learning at their own pace and on their own schedules; corporations can save millions through online training; rural residents can take courses from distinguished universities.
One of the most exciting trends in community development and education is the movement to build and use school facilities as community centers. The trend is occurring in all sizes and types of communities, and it takes many forms: adapting historic schools to modern purposes; creating new “joint use” facilities that meet school and community needs; and even developing “intergenerational learning centers.”

It’s ironic that this is a “new” trend, because schools used to be the heart of communities, especially in rural towns. But for the past few decades, schools have been pushed out to sites on the outskirts of town and designed only for young students for use in the morning and early afternoon.

Thankfully, communities are remembering the value of centrally located facilities that are places for life-long learning — for young and old, day and night. “The walls between school and community are crumbling everywhere,” says Philip Cicero, superintendent of the Center Moriches Union Free School District in Suffolk County, Long Island. The district is building a new library media center for use by students and local residents. Says Cicero: “We are working collaboratively and sharing resources,” he said. “That mentality was not there 20 years ago.”

Why does it matter to have schools in the heart of communities? They reinforce traditional neighborhoods and downtowns — just look at Nevada City’s handsome art deco elementary school or Sonora’s downtown high school. They create opportunities for students to interact with workday life. They enable children to walk or bike to school — a good way to combat the growing epidemic cited by the Centers for Disease Control in childhood obesity. They use land more efficiently than when schools are located at the edge of town. Finally, they use local financial resources efficiently to provide meeting places and joint facilities for public and private groups — and create synergies between students of all ages.

This trend toward creating centrally located schools comes at a favorable time. The National Education Association estimates that $322 billion are needed for school construction to handle growing enrollments. States and localities are responding with major capital funding: $21.5 billion in 2000 and $26.8 billion in 2001. In 2002, California voters approved the largest bond measure ever for school construction — $13 billion — including $50 million earmarked to stimulate joint use facilities.

How can communities bring schools back to the heart of things? First, they should eliminate local policies that discourage renovating or building centrally located schools. The National Trust for Historic Preservation documents many needless policies that force school districts to choose distant school sites — such as minimum acreage sizes or caps on...

...adapting historic schools to modern purposes; creating new “joint use” facilities that meet school and community needs; and even developing “intergenerational learning centers.”

renovation costs. The Trust also warns that while land donated for schools may look “free,” if it’s remote it may add substantial hidden costs for infrastructure and busing. A number of states, such as Maine, Maryland and Vermont, have adopted policies and funding criteria that actually encourage building schools in central locations.

Many small and mid-sized towns are updating old schools to meet modern needs. Wilson Elementary School in Spokane, WA, Benjamin Bosse High School in Evansville, IN, Logan Elementary School in Columbia, SC, and Boise High School in Boise, ID are all examples of sensitive renovations. These schools kept their historic design but met modern standards for room size, safety and technology. By not building brand new facilities, these districts not only reduced costs, they also included features to better serve the community.
Mendocino Bases Lesson Plan
On Rural Artists

Schools in Mendocino, California are a national model for implementing place-based learning into their curriculums. The North Coast Rural Challenge Network introduces real world projects from the community into the classroom. As a result students are becoming informed and involved citizens and good stewards.

Mendocino students have used the town and its surroundings as an extended classroom. Biology students studied nearby tide pools and created a brochure to educate locals and visitors about tide pool ecology. They also produced a report to the California Department of Fish and Game about the habitat health of two local rivers. Research into Chinese immigration led to a documentary video and a donation from the National Trust for Historic Preservation to restore and preserve a Mendocino landmark, the Kwan Tai Temple. Students also assessed school materials that could be recycled and established a district wide program in which students collect, weigh and chart recycled materials.

English and photography students developed, through their Rural Arts & Artisans Documentation Project, a book celebrating arts and elderly artisans of Mendocino. The Mendocino area became a magnet for artists and craftspeople since the founding of the Mendocino Art Center in the 1950s. Involving students in documenting the creative process, products and lifestyle of the local artisans helped bring about a renewed appreciation for this way of life. By creating a high-quality publication, students played a significant role in honoring and preserving an important human element in the area’s culture. The urgency of the work was highlighted by the passing away of four of the twenty featured artists during the project.

English students interviewed the artists. Photography students used an 8x10 view camera to take one black and white photo of each artist. The result of two and a half years of work, the resulting book, Mendocino Artists: An Endangered Species, features black and white portraits, text distilled from lengthy interviews, and color photographs of the artists’ work. The students’ work has been exhibited at the Mendocino County Administration Building and the Mendocino Art Center.

One of the students involved in the project, Rebecca Miller, said that while producing the book was an excellent learning experience, the greatest benefit was the chance “to honor a community that has done a lot for the town.” For her, the project helped cement her love for Mendocino and influenced her choice of college. "I chose to go to [University of California at] Berkeley because it keeps me close to Mendocino. Even if I don’t return to Mendocino after graduation, I think you have to know and appreciate where you come from in order to know where you want to go.”

For more information about Mendocino’s place-based learning approach, contact Deena Zarlin at 707-937-4750. To learn more about Mendocino Artists: An Endangered Species, contact William Brazill, the faculty member in charge of the project, at 707 937-4007. The North Coast Rural Challenge Network website is www.nccrn.org.

When schools could not be rehabilitated, new schools have been constructed in central locations. The Truro elementary School, in rural Cape Cod, deserves special mention. Although HMFH Architects (www.hmfh.com) designed an essentially new structure, it incorporated a small section of the original building as well as facilities used by both the school and the community—a library media center and a gym that also serves as a town hall.

Joint use centers are popping up everywhere as school districts reach out to their communities. As Charles Szuberla, coordinator of facilities management for the New York State Education Department, puts it, “Construction has involved a fairly significant investment, so people want to know the buildings are being used more than just eight hours a day. Districts are anxious that if they made the investment in capital construction, they would like to have the community feel they had a part in that investment.” For example, when the Wheatley School in Old Westbury, Long Island, built a library media center, the rural village had its first public library.

Intergenerational centers, another strategy for melding schools and communities, enable young people and seniors to mingle in a way that has all but vanished in the last 50 years. The Northfield Community Resource Center in Minnesota combines a senior center with an alternative learning center for disadvantaged youth.

At the Grace Living Center in Jencks, Oklahoma, a school district and nursing home chain combined a nursing home, pre-school and kindergarten. About 110 residents — average age 81 — coexist with 60 four and five year-olds, 20 parakeets, a variety of tropical fish, two black cats, a poodle and a Chihuahua. Residents who need help with their memories play memory games with the children. When asked what makes their class special, one 5-year-old says, “We go to school with the Grandmas and Grandpas. The other kids just have teachers.”

For an excellent report on school location issues, contact the National Trust for Historic Preservation at
Sierra College Prepares Workforce for Local Tech Businesses

Placer County is California’s fastest growing county fueled by its proximity to Sacramento, the San Francisco Bay Area, major transportation hubs and its quality of life. A growing number of technology companies including NEC, Intel, and Hewlett-Packard make the county their home. Placer County’s challenge has been to meet these companies’ demands for a highly trained regional workforce. The result has been an innovative partnership between the county, its school districts, Sierra College, area businesses and the Center for Applied Competitive Technologies Network to develop workforce training programs that begin in high school and can be transferred to community colleges and universities, or that can result in direct entry into the workforce.

Sierra College’s Center for Applied Competitive Technologies program is one of two programs to develop and maintain a competitive, tech-savvy workforce for the local economy. Designed for those who need quick entry into the workforce, classes held in state-of-the-art classrooms offer hands-on, short-term training in skills that have high local demand like high-tech soldering, computer construction and repair, and telecommunications. These are certification programs that cannot be applied to college credit.

At the college’s Roseville-Gateway Center, the Office of Workforce Development offers technical education classes for college credit that can also be used to prepare for A+ Certification. A+ Certification certifies the competency of service technicians in the computer industry and is given by the Computing Technology Industry Association which is made up of over 8,000 computer and communications companies.

Sierra College has also pioneered a new concept in education with its Lincoln High School-Sierra Community College Learning Center to develop a more seamless program to train high school and college students for careers in the technology industry. The center’s goal is to become a magnet facility for students with a special interest in math, science and technology while preparing them for immediate employment and careers in Placer County’s technology firms, or to continue their educations at the collegiate level.

Sierra College’s efforts have earned praise from local employers. Michael Ziegler, President and CEO of PRIDE Industries, says the college “plays an integral role in the economic vitality and growth of our regional high-tech manufacturing industry.” The college has also earned the college national attention for its efforts to redefine the purpose of education, particularly in the effort to understand and meet the needs not only of local employers, but also of its potential students.

For information about the Center for Applied Competitive Technologies, contact the Center at 916-652-2874. To learn more about Sierra College’s Technical Education Program, call the Workforce Development Office at 916-781-6233.

Tactic 12: Investing in the Cultural Life of the Community

If you’ve ever walked around downtown Portland, Oregon you know the surprise and delight that public art can bring. At first it takes you unawares. In the corner of your eye you see a businessman lofting an umbrella on a perfectly sunny day. Something about him seems odd— he’s not moving. You turn to take a harder look and realize he is a life-size bronze sculpture, permanently walking across a public square in often very real rain.

Turn the corner and you pass a series of bronze animals and small pools. A doe and fawn, two river otters, a mother bear with cubs. One cub has a shiny ear because people rub it as they pass. They reach out without thinking, then they smile.

Turn another corner and you find engraved paving stones marching down a block. One says “You blocks, you stones,
you worse than senseless things” (William Shakespeare).
Another one says, “I’ve been on a calendar but never on time” (Marilyn Monroe).

A few blocks further, at river’s edge, you come to the Salmon Street Springs fountain, a wide circular depression ringed by sprays of water that seem to have minds of their own. On hot summer days children play in that fountain as it shoots first high, then low. With children in the center and adults watching from the sidelines, the entire scene is a living tableau, kinetic art both immediate and eternal.

Portland’s public art distinguishes this city from Seattle and San Francisco because it reflects the history and values of people who live on the rainy banks of the Willamette River in the shadow of towering Douglas-firs. It is part of what makes Portland such a nice place to live, work and raise a family.

But what is less obvious is that public art sparks the air with creativity almost the way lightning conducts electricity. It says, “This is a place where you can say what you think; where you aren’t hemmed in by hierarchy or pressured to conform.” It says, “This is a place you can be free.”

Why should you provide consistent local support for the arts?

One of the most obvious reasons for investing in the arts is that it stimulates the local economy. The arts themselves create jobs, income and tax revenues the way any other economic activity does. A 1994 Peat Marwick study found that when the state of California made $254 million in grants to the arts, spending increased by $2 billion. People who traveled to California for cultural events spent $288 million on transportation and lodging, creating 4,200 jobs and $158 million in income. Their spending in turn generated more than $77 million in tax revenues at both the state and local levels.

Evidence that arts boost economies can also be found by comparing economic indicators of different urban neighborhoods. Studies of four different cities found the same trend: economic indicators rise more quickly in neighborhoods that have a history of lively arts and culture.

What are the reasons for this finding? An important one is that the arts create an atmosphere in which entrepreneurs thrive. This is the discovery made by economist Richard Florida who examined why some places become centers of economic innovation and others do not. He found that innovative places are stimulating, diverse and authentic; they allow mavericks and protect personal expression. Being rich with difference, they stimulate people to see things in new ways, to create new ideas, new technology, and new content. Such entrepreneurial thinking is just what drives some organizations to get ahead, whether their work is in engineering, education, law, business, or health care.

Reno, Nevada is living proof of Florida’s hypothesis. In 1995 Reno’s downtown river corridor was dead: five major casinos along its main street were dark. That’s when a small group of business and arts executives came together to launch Artown, a month long festival that takes place along the beautiful Truckee River, the University of Nevada campus, and in historic churches and stately mansions all over Reno. In just seven years, Artown has grown from 30,000 attendees to over 160,000, leading Mayor Jeff Griffin to say, “We’re no longer simply a tourist destination. We are a city brimming with pride, talent and depth.”

While Reno’s low cost of living and proximity to Silicon Valley certainly play a role in its recent economic rebirth, Artown is also a contributing factor. In 2002, the Forbes/Milken list ranked Reno 22nd among the 200 larger metropolitan areas in terms of best places for business and careers. The list is based on growth in employment and wages, particularly within the technology sector. It’s no coincidence that Reno’s stunning rise to the top of the list, the third largest jump of any city, occurred at the same time as Artown’s spectacular growth.

Another reason for investing in the arts is that they are a fundamental element of raising healthy children. Studies demonstrate that students who receive arts education do better in reading, writing and math. On Scholastic Assessment Tests, for example, students of the arts scored on average 59
points higher than their peers in verbal skills and 44 points higher in math. The benefits of the arts are evident even in elementary school, where students improved their writing when they first tested ideas by drawing or acting them out.

The arts simply enhance the overall educational environment. In schools with strong arts programs children are more eager to learn, teachers are more motivated, parents are more involved, and school boards and administrators are more committed to excellence.

Howard Gardner of Harvard University has found at least seven other kinds of intelligence beside verbal and math; these include spatial intelligence, kinetic or body movement, musical and interpersonal intelligence. His theory shows that the arts help students to learn because they draw on a range of intelligences and learning styles, not just the verbal and math skills on which most schooling is based.

The arts prepare students for jobs. A U.S. Labor Department report cited the arts as important for building basic skills needed to succeed in employment today. Many studies show that children who engage in the arts have a better understanding of who they are and how they relate to the world. This in turn improves their self-esteem and their abilities to think creatively, solve problems and take personal responsibility.

Another reason for investing in the arts is that it strengthens communities. Art creates a brand that sets a community apart from its neighbors, makes it stand out. Lone Pine sets a fine example by celebrating its local history of being the movie location of more than 300 films. Each Columbus Day weekend since 1990, the Lone Pine Film Festival has offered nearly continuous showings of movies filmed in the nearby Alabama Hills. You can watch such classics as “Bad Day at Black Rock,” take a sunrise tour of Lone Ranger Canyon, or hear directors, stars, and special effects specialists talk about the unique joys and challenges of making science fiction films.

Cultural activities can make a community more pleasing to its residents. Researchers have found that when people participate in the arts, they are more likely to describe the quality of life in their community as excellent. One telling statistic is that truancy and delinquency among juveniles are lower in neighborhoods where a high percent of residents take part in cultural events. The researchers believe this is because when people express themselves through art they feel a greater sense of control over their environment.

The arts strengthen community bonds in countless other ways. As the story about the National Cowboy Poetry Gathering in Elko shows, arts can help communities talk about issues with potential to divide them. Arts at the Gathering revealed that western folk life is diverse, not homogeneous as it’s often portrayed. They help to improve understanding of people from different backgrounds. They help to build shared understanding and vision.

Supporting the arts is important because artistic expression helps us feel fully alive. Notable artists, such as the country singer Kenny Rogers, describe a drive to create larger than themselves. When Rogers recently released This Is My Country, a book of his photographs of country singers, he said “In my life, there is a constant need for some form of creativity — photography, although secondary to my music, provides me with that creative option.”

But it’s not only professional artists who need to create, as the ancients knew. A common petroglyph design found across the U.S. West shows a central line running from mouth to heart. The heart-line, as it’s called, portrays self expression and says that through self expression we achieve a sense of balance and harmony with our surroundings.

You probably know a disaffected youth who, through art or music, found a way to express his or her pain or alienation, and thereby could channel energy in more positive directions. Through art and music people come to understand themselves better. They discover they are not the only ones who have had such feelings, and in doing so take comfort by feeling connected to timeless themes.

Providing consistent financial support for your local arts organizations is important because it enables arts to build a long-term presence in your community. Arts organizations based in small towns are more dependent on public financial...
How Can You Provide Consistent Local Support for Your Arts Organizations?

Find out what people want. Every year, bring together your community’s artists and organizations and ask what they’d like to see in the arts. Some ideas can easily be met; others may already occur and just need more visibility.

Include organizations involved in:
- Chambers of Commerce
- Convention and Visitor’s Bureaus
- Economic Development Departments
- Housing Agencies
- Law Enforcement Agencies
- Neighborhood and Community Organizations
- Parks and Recreation Departments
- School Districts
- Social Service Agencies

Develop a cultural plan for the community.
- Identify your community’s cultural assets and suggest ways to build upon them. The key is to focus on developing cultural programs that reflect the community instead of developing mass appeal. Not only does this strategy serve the community, it attracts tourism dollars. As Barry Brouillette, Vice President of Yosemite Hotels, says, the secret to success in cultural tourism is “to become more eccentric;” in other words, by becoming more authentic, you draw more people like you. Consider adding cultural activities that:
  - Check out the California Assembly of Local Arts Agencies’ website, www.calaa.net, which has links to resources in the arts and non-profit management. Specifically, get a copy of The Cities Toolkit. from (415) 441-5900 or www.calaa.net. / Provide non-monetary forms of county government support.
  - Central Sierra Arts Council, the Council used that money to bring an additional $304,000 into the county. That’s a return of almost $4 for each dollar spent.
  - To support arts in the schools, check out the California Department of Education Visual and Performing Arts’ website for information about its grant program; www.cde.ca.gov/shsd/arts.
  - TeachingArts.org, which has information about model programs, resources for students and teachers, and professional development; www.teachingarts.org.

Find innovative ways to fund local arts programs. Examples of funding some counties are using include:
- Admissions Tax Revenue
- Cable Television Tax Revenue
- Community Development Block Grants
- Corporate and Private Donations
- Federal TANF Funds
- Headstart and Education Funds
- Juvenile Justice and Afterschool Funds
- Income
- Lottery and Gambling Revenue
- National Endowment for the Arts
- Property Tax Revenue
- Restaurant and Meal Tax Revenue
- Sales Tax Revenue
- State Arts Councils
- Transient Occupancy Tax Revenue

Join contracts to purchase office supplies and equipment to take advantage of lower prices.
- Share county facilities such as school classrooms and auditoriums, warehouses, and conference centers.
- Enroll in employee programs for life and health insurance.

Form partnerships with local business to:
- Create a long-term plan for private sector financial support.
- Implement a coordinated marketing program.
- Create a cultural passport program as an employee benefit.

Form partnerships with architects and planning departments to find ways to incorporate the arts in new construction.

Form partnerships with civic institutions to reach special populations such as:
- Drug and alcohol dependent people
- Incarcerated
- People with disabilities
- Seniors
- Youth at risk

To support arts in the schools, check out the California Department of Education Visual and Performing Arts’ website for information about its grant program; www.cde.ca.gov/shsd/arts.

Case Studies

Merced Arts Center Revitalizes Downtown

In 1993, the Merced Regional Arts Council was housed in a rapidly deteriorating building. The non-profit had no money of its own and lacked funds for needed repairs. Yet something had to be done soon or else the current Arts Council building would become uninhabitable. The Arts Council would have no home.

At the time, Merced’s economy was in recession: unemployment climbed to 17 percent and the building vacancy rate reached an all time high. To cope with the economic downturn, the City cut its budget in basic programs like recreation. It had no extra cash to help the Arts Council.
Among the largest and worst of several empty buildings downtown was a former Montgomery Wards department store. Directly behind the Civic Center, this 28,000 square-foot blight housed pigeons and rats, and provoked complaints from neighboring businesses.

In the midst of these hard times, Joan Sortini, executive director of the Merced Regional Arts Council, envisioned a multicultural arts center in the heart of downtown. “We needed people involved in all aspects of the arts to enrich the community’s culture in different ways,” she says. “We also had to rethink our downtown because we wanted to maintain the core of the city as a cultural crossroads.”

Sortini began talking to William Cahill, director of Merced’s Redevelopment Agency, about the possibility of revitalizing downtown with a multicultural arts center. Given the condition of the City budget, they knew they could not get any money from its general fund.

Two factors got them moving forward. The first was years earlier the Goldman Fund had given the City a bequest earmarked to build a cultural center. By 1993, that bequest had grown to $1.9 million. The City agreed to turn over these funds to the Redevelopment Agency so it could buy the Montgomery Ward building. Resources raised through special events and business partnerships supplemented the bequest.

The second factor was a formal partnership between the Arts Council and the City Council. Although the City could build a cultural arts center, it could not pay for operations. Through the partnership, the two agreed that the Arts Council could use the building rent-free for 10 years in return for management and covering the operating costs.

Next, the City Council appointed an Arts Center Task Force to steer the arts center project, and this is when the magic really began. The task force launched a community-driven design process and invited the public to workshops to contribute their ideas. The task force also sought input from architects, redevelopment staff and local artists. All kinds of people representing all parts of the community had a hand in designing the center.

The award-winning Merced Multicultural Arts Center opened in 1996. Standing three stories tall, the Center houses five display galleries, a studio theater, a dark room, dance rehearsal spaces, classrooms, office and conference rooms. Open seven days a week, the building bears the slogan, “All of the arts for all of the people.”

Today, the Arts Center boasts thriving programs in dance, drama, music, literature and visual arts. Children and teens participate in public school programs; disabled youth have special summer activities. Seniors enjoy classes in western line dancing, woodcarving, quilting and handbuilding with clay. Arts spill out onto the adjacent street, buildings and walkways. The adjoining alley has been improved into a performing arts space and renamed “Arts Alley.” Public art surrounds the Center—a large mosaic, murals and sculptures.

But the story doesn’t end with the Merced Multicultural Arts Center. The Center has inspired further reinvestment in downtown Merced: a new bank built its corporate headquarters in the next block and the Merced County Association of Realtors rehabilitated a nearby vacant building.

For further information contact Joan Sortini, Executive Director, Merced County Arts Council (209) 388-1090; or William Cahill, Redevelopment Director, City of Merced (209) 385-6857.
HandMade in America Capitalizes on Handcraft

In 1993, Western North Carolina was at an economic crossroads. “We were searching for a different way to look at the Western North Carolina economy, but couldn’t quite get our arms around what we were looking for,” says Becky Anderson who at the time was the economic development director for the Asheville Chamber of Commerce.

A conversation with a friend convinced Anderson that the region could take a different tack in rooting its economy securely in a sustainable way. “He said ‘Why don’t you look at what you already have?’ What the region had, he said, was craft.

The result of that conversation and a subsequent planning process that involved over 360 people from around the region was HandMade in America, an organization rooted in Western North Carolina’s handcraft tradition but whose goal, in Anderson’s words, is to “make Western North Carolina the center for handmade objects in the United States.”

The contribution of what Anderson, now the executive director of HandMade in America, calls the “invisible industry” to the Western North Carolina economy is undeniable, if unrecognized. An economic impact survey conducted for HandMade revealed craft to be a $122 million industry in the 20-county region they studied, four times as much as burley tobacco, long considered the region’s economic base. More than 4,000 people—potters, weavers, glass blowers, woodcarvers and others—earned part or all of their income from crafts; 739 full-time craftspeople grossed an average of $35,000 annually from craft production.

HandMade’s job is to develop the partnerships and funding to support the artisan movement by bringing together a broad-based coalition of business leaders, educators, craftspeople, the tourism industry, developers, bankers, craft shop and gallery owners, and interested citizens from over 20 counties in the region. Among HandMade’s comprehensive and far-reaching programs:

- the establishment of an investment bank that provides low-interest loans to craftspeople and crafts-related businesses;
- job training programs conducted at local community colleges designed to increase the viability of craft as a career choice;
- a craft registry database, a teacher certification program;
- a program to integrate arts into the schools;
- the development of networks among artisans;
- an automobile trails project designed to provide tourists with self-guided driving tours of the region’s craft centers.

HandMade has also just embarked on a small-town revitalization program in six small towns designed to support their efforts to refurbish historical buildings, build parks and river walks, and establish museums.

The trick here is to maximize the handicraft industry’s potential without jeopardizing the culture that produces it. The results, so far, have been encouraging: demonstrable results include a 10-15% increase in income for many of the program’s participants and over $11 million leveraged for investment in the revitalizing towns. “The nature of the pioneer stock that settled and stayed in these mountains helps explain why the area is so rich in craft,” Anderson says. “That spirit is creative, adaptive, high energy—and entrepreneurial. Western North Carolina’s future economy must be entrepreneur based; that’s what the craft community is already doing. HandMade wants to help it grow.”

For more information, contact HandMade in America at 828-252-0121, or visit its website at www.handmadeinamerica.org/.
If you had to pick one person who personifies the National Cowboy Poetry Gathering, you might choose Waddie Mitchell. He first heard cowboy poetry as a boy hanging out in the bunkhouse near Jiggs, Nevada. Cowboys entertained each other at night reciting stories and poetry. This unlikely blend of macho and artistic traits was born around lonely campfires.

When Mitchell quit school at 17 to become a buckaroo, his father sent him a set of Harvard Classics. He started reading them “out of sheer boredom” and he started to write poetry. That’s how he came to find himself in 1985 setting out chairs for the first Cowboy Poetry Gathering with Hal Cannon, Founding Director of the Western Folklife Center. Mitchell said, “Who’re we kidding? We’ll never fill 100 chairs.” More than 1,000 people came.

In 1979, state folklorists first proposed the gathering to document a disappearing way of life. Barbed wire, bad weather and rising land prices had all taken their toll on the open range. Caught between rising production costs and falling demand for beef, cowboys were a vanishing breed.

Elko was chosen to host the Gathering because it was a real cowboy town in the heart of Nevada’s ranching country where local cowboys recited poetry. Between its convention center, the Great Basin College, and the Northeastern Nevada Museum, Elko had attractive facilities and good hotels and motels.

Because turnout for the first Gathering was so strong, the Western Folklife Center turned it into an annual event. The Center knew the Gathering had to be supported by the Elko community, so it invited partnerships with local businesses and volunteers. By 1992, nearly half the local businesses said they profited from the Gathering, and the community overwhelmingly said it was important for the town.

Over time, an important strategy for sustaining the Gathering has been to diversify its revenues. At first, admission was free, 10% of revenue came from local sources and 90% from government agencies. Today, admission fees cover two-thirds of the budget; individual contributions, corporate and local business support, and other event revenues each represent about 10%; and government funding is down to only 4%.

Although the Gathering is the Center’s best known event, it is hardly its only activity. In 1991, the Center bought the historic Arts and Crafts style Pioneer Building in downtown Elko. By renovating the building, the Center created a permanent home and space for exhibits of Indian Cowboy regalia and artistry of bits and spurs. With a year-round schedule of exhibits, performances, workshops and other educational programs, Elko has become a cultural Mecca that attracts 50,000 visitors a year.

The Pioneer Building not only attracts tourists to Elko, it also serves as the town’s community center and has become the cornerstone of Elko’s reinvestment in its downtown.

One benefit of the Gathering is that it offers a forum for discussing potentially divisive issues in humane and non-political ways. It bridges the rural-urban divide by allowing traditional artists and communities to speak about their own lives and values. It showcases the surprising diversity among peoples of the West, including Basques, Croatians and Samoans.

Over the years, the National Cowboy Poetry Gathering has grown in every respect. It now attracts 8,000 people and boosts the local economy by $5.5 million each year. What began as a four-day event now lasts nine days. It has expanded its offerings from cowboy poetry and music to workshops on digital communication and conservation easements. It celebrates all aspects of cowboy culture from blacksmithing to rawhide braiding, from fancy knots to ranch cooking. In the highest form of flattery, at least 150 similar local programs have sprung up around the West.

And Waddie Mitchell? He no longer works as a buckaroo; he rides the poetry circuit full time. The National Cowboy Poetry Gathering opened new opportunities for Mitchell and helps to keep his cowboy heritage alive.

To learn more about the Western Folklife Center visit its website at www.westernfolklife.org, or call the Center’s Meg Glaser at 775-738-7508.
Chapter 5 • Catalyze Community Partnerships

“The West is the native home of hope. When it fully learns that cooperation, not rugged individualism, is the quality that most characterizes and preserves it, then it will have achieved itself and outlived its origins. Then it has a chance to create a society to match its scenery.”
— Wallace Stegner

The West is renowned for its cowboy image, in no small degree due to the Sierra Nevada. One of the premier sites for shooting Western movies is in the eastern Sierra, in the Alabama Hills at the base of Mount Whitney. In movie after movie, heroic loners dispatch problems with a fist, bullet or quick retort.

But it’s a new century and the lone ranger doesn’t fare so well any more. Problems often transcend local boundaries. Issues are more complicated and don’t yield to simple solutions. People are better educated and know more these days—they’re less willing to get shoved aside by a know-it-all.

As a result, the Sierra is becoming the backdrop for a different kind of show: the epic of collaboration and cooperation. To solve problems, civic leaders and citizens are reaching across boundaries set more than 150 years ago. They’re moving past the labels used as epithets—“tree hugger,” “welfare rancher,” “big bucks developer”—and trying to create lasting solutions for a place they all love.

Does this mean that Sierrans are becoming less independent? Actually, no—they’re becoming a different kind of independent. As you will see in the following chapters, Sierrans aren’t waiting for a government agency to step in and make decisions. They are working within their communities and getting things done.

In Placer County, builders, environmentalists and farmers got ahead of the curve to preserve habitat and working landscapes—before extensive development destroyed the county’s natural assets and quality of life. In Quincy, loggers and wildlife lovers have struggled to create a new approach to manage the surrounding national forests. In Calaveras County, four small communities figured out a way to work together to revive their economies and community spirit. In the eastern Sierra, of all places, pack trip organizers and environmentalists joined together to create a better management plan for wilderness.

The same thing is happening across the West, from Henry’s Fork in Idaho to the Roaring Fork Valley in Colorado. People are discovering the value of local governance and democracy—small “g” and “d”—and in the process, they’re reweaving communities and building social capital. Through their work, they’re beginning to realize the vision of Stegner, at last creating a society that can truly match the scenery.

Tactic 13: Cooperate Within and Across Regions to Address Common Challenges and Opportunities

A rope that has three parts wrapped together is hard to break.
— King Solomon

If you want to take a trip back in time, look at a map of political jurisdictions in the Sierra Nevada. What you will see are county boundaries carved out in 1850—and which have not changed in more than 150 years. These boundaries made sense when the lines of connection ran from the Sierra’s crest down to the foothills, the way water and timber moved down the mountain slopes.

But today, the way we live in the Sierra is dramatically different. Many issues we face spill across these old boundaries. We routinely cross county lines for trade, recreation and commuting. Highways and new technologies make our sense...
What these changes mean in today’s world is that the old boundaries signify less — and local jurisdictions are beginning to look beyond their borders and work together collaboratively to address issues at a regional level.

This phenomenon has been most evident in metropolitan areas, which have seen the future and understand that “citistates” — regions like the San Francisco Bay Area or Puget Sound, not states or individual cities — are the principal players in the new global economy. Increasingly, metropolitan regions are formally organizing themselves to deliver services and even manage critical issues such as land use. Minneapolis–St. Paul and Portland, Oregon have gone so far as to create metropolitan councils (in Portland’s case, with an elected regional governing body).

Nothing so ambitious has taken place in rural America — yet a movement toward rural regionalism is surging across the country.

Part of this movement is evident in projects to establish new regional economies, such as a craft-based economy through HandMade in America in North Carolina (case study, page 102), or a “conservation economy” via Shorebank Enterprise Pacific in the Pacific Northwest (case study, page 57), or a specialty food and agriculture network through ACEnet in southeastern Ohio (case study, page 56).

Part of it comes from multi-jurisdictional efforts to manage natural resources, including projects like the Quincy Library Group, to create a management plan for national forests in the northern Sierra, or the Henry’s Fork Watershed Council to cooperatively manage land in the Henry’s Fork River Basin straddling southeastern Idaho and northwestern Wyoming (case study, page 108). In fact, one of the principal forms of rural regional activity is through watershed-based natural resource planning; watersheds almost always transcend human-made political boundaries.

And finally, part of the rural regional movement comes from focused efforts to provide services, such as transportation (coordinated transit agencies), housing or social services.

What underlies all of these efforts is the understanding that the issues rural communities face are large-scale and complex. As economic and political spheres become more fast paced, local leaders are increasingly at a loss to respond effectively using old approaches. It is through forming connections among jurisdictions that rural areas can be nimble and competitive, make the best use of their limited resources to build economies, protect natural resources, provide a higher level of services and grow social capital.

**Why should you pursue regional approaches to problem solving?**

*Because regional cooperation can reduce costs.* Increasingly throughout the Sierra, citizens, business groups and public agencies are discovering that they can gain efficiencies and reduce costs by banding together to coordinate local services. In one example, aviation operators and economic development officials are working together to market and manage small airports in the Sierra foothills.

*Because regional cooperation can make governance more effective.* Regional non-profit organizations have proliferated in the past decade, in part because people feel they can develop more defensible policies when they draw on broader data information and consider both cumulative and neighboring impacts. They can also more efficiently gather and distribute information on a regional basis.

California alone has a network of 21 Collaborative Regional Initiatives (CRIs). Although many of these CRIs are focused on urban areas, there are also rural collaboratives, including the Sierra Business Council (www.sbcouncil.org or 530-582-4800), the Institute of the North Coast (www.northcoastprosperity.com or 707-442-2993), and Action Pajaro Valley (www.actionpajarovalley.org or 831-786-8536).

*Because regional cooperation can give rural concerns more attention in state and national forums.* “Even in good financial times, rural areas don’t have equal footing when it comes to anything.”

“Polarized communities make the news but the successful communities are the ones that work together.”

Jonathan Kusel, Forest Communities Research
to education funding, health care and other things," says California Assemblyman Dave Cogdill, whose district covers portions of Madera, Mariposa, Mono, Stanislaus, Tuolumne and Calaveras counties. And in bad times, it can only get worse."

Cogdill was speaking after learning that Governor Gray Davis’ proposal to cut programs that preserve farms and ranches and provide health insurance for retired state employees who live in rural areas. When you consider that 25 lawmakers in the 80-member lower house are from Los Angeles County, you see why representatives from rural places often feel run over by their urban counterparts. To counteract urban political power, Cogdill is trying to revive a special caucus to look out for the interests of rural constituents.

Nicole Parra, Kings County’s Assembly representative, points out that most state agency directors and high-level staff are not from rural areas. “If we don’t look out for rural areas, who will?” she asks.

The Regional Council of Rural Counties (www.rcrcnet.org or 916-447-4806) is a clearinghouse for ideas and as a lobbying force for rural concerns in Sacramento. When rural citizens have an effective voice in state and national arenas, they can raise awareness about how much urban areas depend on rural resources and services, and thereby ensure lawmakers make reasonable investments in rural areas.

Because regional cooperation makes better neighbors. You’ve seen this problem before. The county next-door approves a new subdivision that spills hundreds of cars onto already clogged highways. Suddenly, people who live in your county must spend more time sitting in traffic, or they have to endure new road construction. Another commonplace is when the county next-door approves a new shopping center that empties your downtown of shoppers. Not only does your county lose sales tax revenues, but downtown businesses start to close, sapping the life of your community.

Regional cooperation can avoid one jurisdiction unnecessarily imposing costs on another. It enables local officials to plan more effectively and local governments to have more stable financing. It can apply to agencies that oversee the same ground, not just neighbors. In the Henry’s Fork Watershed Council case study (see p. 108), public agencies and non-profits collaborated to avoid bombarding private landowners along the Upper Teton River with many, sometimes conflicting, initiatives.

Because regional cooperation avoids the need for damage control. The Western Consensus Council recently conducted a survey of multi-jurisdictional regional projects and found that a top reason for bringing different regional actors together was communication—the simple act of face-to-face conversations on a regular basis that humanizes relationships and creates a shared understanding of regional problems. At a minimum, agencies and individuals can learn about issues and projects up front. More affirmatively, regular cooperation can yield projects that save money, provide better services, and help businesses and residents.

The Canyon Country Partnership (CCP) shows how simple communication can benefit. CCP brings together managers from 14 jurisdictions—eight Utah state agencies, three federal agencies (Bureau of Land Management, Forest Service, and Park Service) and three counties (Emery, Grand and Carbon)—to discuss issues facing the canyonlands in eastern Utah.

The CCP originally started in response to a management crisis in the Sand Flats Recreation Area, south of Arches National Monument. At first, the CCP was a mixture of non-profit and government agencies, which succeeded in creating an innovative co-management plan for Sand Flats. Since then, in part because of requirements of the Federal Advisory Committee Act (FACA), the CCP has evolved into its current form of 14 public agency leaders.

The partnership makes a point not to solve specific problems but rather to, through regular meetings and field trips, understand regional problems, build relationships, and share information. According to Maggie Wyatt, a Field Manager for the Bureau of Land Management, the open communications of the group—which she calls one of the most diverse government partnerships she has seen—helps her to understand the region and her counterparts in other agencies.
Because regional cooperation can enhance local control. Local jurisdictions are finding it more and more difficult to solve regional problems on their own. Nothing has brought that home more than watershed health, especially when streams or rivers flow through multiple counties and towns. This realization drove many multi-partner collaborations to form to protect and restore watersheds. In fact, across the Sierra, more than 70 watershed and 20 coordinated resource management planning (CRMP) partnerships exist. One of the most prominent CRMPs aims to restore the Feather River Basin (case study, page 35).

Infrastructure investments are a likely candidate for regional cooperation. The rural Roaring Fork Valley now has the second largest transit district in Colorado (after metropolitan Denver), which it supports through a regional partnership involving five cities and two counties (case study, page 111).

Another good example is the Sierra Telecommunications Coalition, which seeks to bring Internet broadband technology to remote parts of the Sierra. Since October 2002, leaders from nine counties (from Yuba to Tuolomne) have worked together to provide high-speed Internet connections for their communities. As Larry Burkhardt, President of the Nevada County Economic Resource Council, observed, banding together regionally will ensure “we’re not overlooked when broadband is installed.”

By working together and pooling their energies, rural towns and counties can take advantage of economies of scale (for example, in setting up a transit system) or develop more leverage to bring in state or federal resources. In this way, rural areas enhance their local control and ensure that outcomes fit the needs of their communities.

Case Studies

**Increasing Performance and Accountability In the Henry’s Fork Watershed**

In Idaho and Wyoming, just west of the continental divide, lies Henry’s Fork River, the northern branch of the Upper Snake. Since the late 19th century, this 1.7 million acre watershed (draining parts of Yellowstone National Park, five counties, and two states) has appealed to tourists and farmers alike. Tourists came for spectacular scenery and some of the finest trout fishing in the U.S. Farmers treasured its deep, well-drained volcanic soils — the kind to which you just add water to grow potatoes and grain.

As decades rolled by, more tourists and more farmers came, placing higher demands on the watershed. In the lower part of the basin, canals were built to divert water for irrigation. In the 1920s and 30s, the government built dams to store water for farmers.

Then anglers began to notice that the wild trout were declining and they started pushing to keep more water in the river. This threatened farmers and ranchers, who in turn began to defend their irrigation water. And so, as human impacts mounted on the Henry’s Fork, so did tensions between people.

Then, in 1992, two events forced long-time adversaries to find a new way to interact. The first occurred during construction of a small hydroelectric plant when 17,000 tons of sediment spilled into a large tributary. The second came just a few months later when, after the Island Park Reservoir was drawn down, over 50,000 tons of sediment flowed into Henry’s Fork. For two weeks, the blue-ribbon trout river ran mud brown.

These disasters transformed both water quality and people. Frustrated stakeholders and agency representatives believed that both accidents occurred because public agencies had overlapping mandates and jurisdictions. They reasoned that Henry’s Fork would gain if they did a better job communicating and coordinating plans.

The Idaho Division of Environmental Quality first asked local, state, and federal agencies to find a better way to do...
How You Can Find Innovative Ways to Plan and Achieve on a Regional Level?

You can gain the most from regional connections by understanding the true dimensions of your region; determining the needs of your region, exploring the wide variety of rural regional models, and starting with a regional approach that brings real advantages to your area.

Determine your regional geography. What is your region? Start by researching regional definitions appropriate to the issues you want to work on—economic linkages, ecologies, commuting patterns, and shared resources (such as water supply). One resource is the Bureau of Economic Analysis, which grouped counties into “economic areas” by studying commuting patterns and newspaper subscriptions, see www.fcc.gov/oet/info/maps/bea/.

The Alliance for Regional Stewardship has more suggestions (650-623-3082 or www.regionalstewardship.org).

Look at regional models in California and the West. The Western Consensus Center prepared a matrix of more than 70 private or public-private regional collaborations throughout the West (available through the Center for the Rocky Mountain West, at www.crmw.org, or call the Montana Consensus Center at 406-444-2075 or www.discoveringmontana.com/mcc).

To learn about California’s regional organizations, see the California Center for Regional Leadership website at (www.calregions.org).

Use indicators to create a shared understanding of regional issues.

By preparing wealth indicators, you can see how well your region is meeting local needs. In most cases, organizations select a dozen or more social, natural and financial indicators that show trends and conditions in the health of their region. You can find hundreds of indicator projects on the International Institute of Sustainable Development website at www.iisd.org and click on “Measurement and Assessment.”

Closer to home, the California Center for Regional Leadership is analyzing the many regional indicator projects, which you can get from the researcher, Trish Kelly, at 916-448-2456. Excellent examples of rural indicator projects include the Sierra Nevada Wealth Index, prepared by the Sierra Business Council (www.sbcouncil.org or 530-582-4800), and the Northern Forest Wealth Index covering 26 million acres in northern New England, 603-229-0679 or www.northernforest.org.

Plan and collaborate in your watershed. Watershed planning is the most popular approach to rural regional planning, in part because of large public investments—in California, by the Bay-Delta program and the passage of major water bonds, including Propositions 13 and 50.

The California Resources Agency has an excellent website: www.ceres.ca.gov/watershed.

The Sierra Nevada Alliance has a toolkit for planning watersheds councils—call 530-542-4546 or www.sierranevadaaliance.org. The Sierra Fund, which raises funds for conservation, has information about funding (530-265-8454) and River Network publishes an excellent quarterly guide (800-423-6747 or www.rivernetwork.org). You can also get financial information from the California Bay Delta Authority (916-657-2666 or cabled.ca.gov) or the State Water Resources Quality Control Board.

Create a regional institution to coordinate region-wide activities. Often the best way to bring together regional players is to organize a nonprofit that focuses on a specific issue. The philanthropic Colorado Trust fostered several regional non-profits—like Healthy Mountain Communities—to help with community visioning, transportation and housing (case study, page 111). In the high desert spanning New Mexico, Arizona, and Mexico, ranchers formed a group to preserve the ecological integrity and economic viability of the Malpai Borderlands; see www.malpaisborderlandsgroup.org.

In the Sierra Nevada, four counties (Nevada, Placer, El Dorado and Sierra) used a joint powers authority to form the Sierra Economic Development District to pursue cutting edge economic strategies. Click on www.sedd.org or call 530-823-4703.

Another option is to form a council of governments (COGs) that pools resources to hire staff and coordinate regional efforts. To learn more, contact the National Association of Regional Councils (www.narc.org or 202-986-1032).

Consider formal arrangements for long-term regional issues. Formal arrangements for rural regional areas are extremely controversial. Nonetheless some state, federal and local governments have found them to be useful when important regional resources are at stake. The most prominent example in the Sierra is the Tahoe Regional Planning Agency, composed of appointees from the federal government, California and Nevada, four counties and two cities, with statutory authority to regulate activities that affect the ecological health of Lake Tahoe (www.trpa.org or 775-588-4547).

In the early 1990s, Nevada’s legislature created a regional land use planning process between Reno, Washoe County and Sparks. Together, these jurisdictions develop a regional plan—to which their master plans must adhere—and review “projects of regional significance.” For more information, contact the Truckee Meadows Regional Planning Agency at 775-321-8385, or www.tmra.org.

Other examples of rural oriented multi-jurisdictional land use governance bodies are the Cape Cod Commission (www.capecodcommission.org or 508-362-3828) and the Columbia River Gorge Commission (509-493-3323 or www.gorgecommission.org).

Seek out single functions that can be solved at a regional level. Increasingly, cross-border collaborations arise to solve discrete regional problems. Some are two-way collaborations, such as the work of the Nevada County Arts Council and the Placer County Arts Council to bring the arts to the North Tahoe/Truckee area (call Angie Tahti with Placer County Arts at 530-885-5670) or the joint public transportation system operated by Inyo and financially supported by Mono (see Chapter 6). Others involve many participants, such as the regional transportation initiatives in Colorado’s Roaring Fork Valley (case study, page 111) and the Truckee–North Tahoe Transportation Management Association (530-581-3922).

Some regional efforts address land use, such as the collaborative project to develop design standards along the Highway 395 scenic corridor in Mono County. This effort earned the unanimous support of the county Board of Supervisors and praise from planners, businesses and citizens. For more information, contact Eastern Sierra Advocates Network at www.easternsierraadvocates.org or 760-924-8475.

Other regional efforts seek to improve industry practices. One example: a coalition between the Lahontan Regional Water Quality Control Board, the Sierra Business Council, and several ski resorts—Heavenly, Northstar-at-Tahoe, Alpine Meadows, and Mammoth—to improve erosion control. For more information, contact Michael Hogan with Integrated Environmental Restoration at 530-525-1335.
business. Then, in the summer of 1993, two other organizations joined them—the Henry’s Fork Foundation, which promoted an environmental agenda, and the Fremont Madison Irrigation District, which served 1,700 farmers.

This group grew into the Henry’s Fork Watershed Council. The idea was to create an intermediary organization that reconnected citizens to government. Everyone would have an equal voice, whether citizen, agency representative, or PhD.

When the group asked who would facilitate, Jan Brown, director of the Henry’s Fork Foundation, volunteered. An awkward silence followed because everyone knew she was an environmentalist. Then Dale Swensen, director of the Irrigation District, offered to co-facilitate. People had more trust when both environmental and agricultural interests were responsible for organization, and the Council moved forward.

It took the Council several years of holding daylong meetings once a month to develop trust. Each meeting began with 40 to 60 people sitting in a circle and the co-facilitators reviewing the ground rules: civility, respect for others’ views, and no personal attacks. Thirty minutes at the beginning and end were devoted to anyone speaking about whatever they wanted—sharing personal stories or concerns about the watershed. The idea was to focus everyone’s attention on their shared concern for the watershed and develop a sense of community.

Today, most of the agenda focuses on watershed projects. When evaluating a proposal, the council first breaks into three committees—agency roundtable, citizens, and technical. An hour later, the Council reconvenes and each committee reports its recommendations. Then the whole Council discusses the project and decides by consensus. In this way, the Council takes a comprehensive view of each project and considers its impact on the watershed’s social, natural and financial capital.

After several years of these meetings, participants formed subcommittees to carry out some of the work. “It’s through subcommittees that the Council gets its work done,” says Susan Steinman, who replaced Jan Brown as co-facilitator for the Henry’s Fork Foundation. “If you’re trying to do work on the ground, you really need a focused group to be successful.”

Today there are four subcommittees:

- **Native Trout**, which is reintroducing Yellowstone cutthroat trout hoping to avoid the listing of the species as endangered
- **Sheridan Creek**, which is improving water quality of an impaired stream by restoring it to its natural channel, stabilizing banks by planting willows, installing culverts and repairing diversion structures. These measures not only reduce flooding and sedimentation in Island Park Reservoir, they improve trout habitat and increase water available for irrigators.
- **Upper Teton River**, which is collaborating on restoration projects and research on water quality and quantity in the Upper Teton Basin.
- **Water Quality**, which streamlined the process for TMDLs (total maximum daily load) and writing assessments for the Henry’s Fork and Teton subbasins. After submitting comments to EPA, the committee will help coordinate implementation.

These subcommittees form as they are needed and last as long as they are useful. The Upper Teton River subcommittee, for example, formed when participants realized that many groups were working to accomplish similar goals and, through collaboration, they could compliment each other’s work.

Although each group had a different scope and vision, collaboration offered something for everyone—from the Bureau of Reclamation, to Fish and Game, to nonprofits such as Friends of the Teton River and the Teton Regional Land Trust.

When asked to assess what difference the Council has made, Dale Swensen from the Irrigation District says, “I’d never want to go back to the way we used to do things. Look at all that local people have done. We don’t need the government to come in and do everything for us— in fact, we can help the government work better.”
Solving Regional Problems in the Roaring Fork Valley

If there were ever a microcosm of the problems facing rural mountain communities in the West, it would have to be the region where the Roaring Fork and Colorado River valleys intersect. Situated in the heart of Colorado, the region is anchored at one end by Aspen and at the other end by the town of Parachute.

Until the early 1990s, collaborative efforts between the nine communities and three counties (Pitkin, Eagle and Garfield) that make up this region were fitful at best. But that has changed dramatically, as these twelve jurisdictions work more closely to confront major problems like transportation congestion and unaffordable housing. As Colin Laird, coordinator of a non-profit called Healthy Mountain Communities (HMC), puts it, “working across jurisdictional lines has become commonplace” in the two valley region.

In fact, HMC has been a critical factor in creating this regional perspective. Founded in 1994, through a grant from the Colorado Trust, HMC has carried out research and brought local representatives together to talk about everything from watershed health to how to cope with fire hazards to regional indicators of progress.

The organization runs on a modest budget—about $100,000 a year—provided by local contributions and grants. The region gets an enormous payback on its investment, especially in the area of transportation. Sky-high housing prices and rapid job growth in Aspen have forced its workers to seek housing further and further down valley in communities such as Carbondale, Glenwood Springs, and Rifle (which is 70 miles from Aspen).

Although the region had already developed the second largest bus system in Colorado (carrying roughly 3.5 million passengers annually) to accommodate the commuting needs of workers and employers, the system’s funding was uncertain, and there remained gaps in the transit network.

In 1996, HMC launched a regional transportation program to deal with these issues. They started by hosting a regional roundtable on transportation issues and conducting a sophisticated travel patterns study to build a common understanding of transportation problems. The study not only identified problems related to Aspen, but similar problems in Glenwood Springs, which gets many of its workers from more distant towns like Parachute.

Based on the relationships and trust developed through the roundtable meetings, local elected officials asked their state representative to sponsor legislation that permits the creation of rural transportation authorities (which have the power to generate funding and create more complete transportation systems).

The roundtable also created the framework for the region’s 12 local governments to create and adopt a joint resolution in support of the legislation, which became law in 1997.

HMC carried out additional work to examine the advantages and revenue potential of creating a regional transportation authority and secured a $75,000 state grant to kick-start negotiations between local governments to create a regional transportation authority in 1999.

Under the direction of the Roaring Fork Transit Agency staff, local elected officials from seven jurisdictions crafted an organizational structure, service, and sales tax package—with variable increases of .4 to .6 percent for different towns and counties—and put it before the region’s voters in November 2000. All seven of the participating jurisdictions approved the measure and the tax now contributes the lion’s share of the transit system’s $13 to $15 million annual budget.

The region now has the only regional transportation authority outside of Metro Denver and has the organizational and fiscal infrastructure to connect the region through transit and trails. “Our region was fortunate to have many factors supporting regional cooperation on transportation issues,” said Laird. “We already had a great bus system, an obvious traffic problem, and a clear need for additional transit funding since the state provides no funding for transit.

As a regional nonprofit organization, we were able to act as a catalyst and build the trust necessary for local governments to act together faster than they might have otherwise.”

Throughout HMC’s transportation efforts, it became clear that the region also needed more affordable housing. So in 1999, HMC initiated another effort aimed at creating affordable housing. Although this effort involved jurisdictions located only in the Lower Roaring Fork Valley (Carbondale, Basalt, Glenwood Springs, and Garfield and Eagle counties), it has followed the path of trust building and analysis blazed by the transportation coalition.

After initial housing market research and an analysis of strategies to foster affordable housing, a regional task force (which included citizens, elected officials, planning staff, and developers) narrowed its consideration of strategies from twenty-two to four: commercial-lodging linkage (requiring mitigation fees from commercial interests for affordable housing), inclusionary zoning (see the case study on page 88), density bonuses, and an affordable housing overlay zone district. HMC then developed a legal brief and model ordinances for each of these strategies to make it easier for local governments to adopt them. (Two local governments subsequently adopted inclusionary zoning ordinances based on this work.) HMC is currently coordinating the development of a regional affordable housing trust fund with local governments and an existing county housing authority using recently passed state enabling legislation.

“Regional problem solving takes time—often much longer than people have patience for, says Laird. “But the more we try to think and act regionally, the better we get at it.”

For more information, contact Healthy Mountain Communities at 970/963-5502 or visit their Web site at www.hmccolorado.org. You can also learn more about other regional collaborative efforts spawned by the Colorado Trust. Visit the Colorado Center for Healthy Communities at www.coloradocenter.org or www.coloradotrust.org and search for publications on the Colorado Healthy Communities Initiative.
Tactic 14: Create a Culture of Collaborative Problem Solving to Speed Progress Toward Shared Community Objectives

“In democratic countries the science of association is the mother science; the progress of all the others depends on the progress of that one.” — Alexis de Tocqueville, Democracy in America.

When Allan Pietrasanta, a businessman in Bishop, CA, attended a public meeting where national forest officials presented a plan for managing one million acres of Eastern Sierra wilderness, he became more and more dissatisfied. The phone book sized draft was unwieldy, he felt. Worse, it failed to address the issues behind tensions rising between different wilderness users and the Forest Service. Sensing frustration in the room, he stood at the end of the session. “Is anyone here interested in working with me on a different approach to wilderness management?” he asked. “Can’t we find a better way?”

You might share Pietrasanta’s frustrations. Too often, our decision-making processes work badly. Many public meetings are adversarial. Officials first present information to the audience, then the audience comments or asks questions within prescribed time limits. The alternatives are perceived as win or lose. There is more posturing than dialogue. People stick to their scripts; they become more entrenched in their positions.

Other public meetings pay lip service to building consensus, but don’t do the actual work. Facilitators act like traffic cops to keep discussions calm and measured. Recorders write down what people say. But simply going through these motions does not bring people together. And when people experience phony attempts to build consensus, they sour on collaboration. Such poorly run processes can actually do more harm than good.

Many signs indicate that our democracy is not well. Citizens are increasingly disillusioned with government, as can be seen in declining voter participation, increasing numbers of initiatives and persistent taxpayer revolts. And while disillusionment and apathy grow, issues become more complex. If we are to move in positive directions, we must re-envision and reinvigorate our democracy.

What a difference, then, to go to a meeting run by a skillful facilitator who comes thoroughly prepared. It starts with everyone agreeing to what the meeting will accomplish. The facilitator then proposes a realistic agenda and moves participants through it at a comfortable pace. The meeting ends at the appointed hour having reached decisions to which everyone agrees. You appreciate people whose opinions previously seemed incomprehensible and you feel that others took your point of view seriously. You know what next steps to take and trust the plan will be put into practice. The group did good work. Your time was well spent.

Sound like fantasy? Not necessarily. In case study after case study in Investing, communities have moved forward through just such processes to build consensus. After their resource economies declined, both the Blue Mountain Community (page 119) and Kremmling, Colorado (page 78), developed collective visions for their new futures. Both Humboldt and Placer counties engaged a broad spectrum of the public to develop and implement complicated plans — one for economic development, the other for open space protection. The Feather River CRM (Coordinated Resource Management) brought together ranchers and representatives from local, state and federal agencies — people who typically don’t work well together — to restore a major watershed, mile by mile.

Back in Bishop, Allan Pietrasanta’s question — “Can’t we find a better way?” — met with awkward silence. Conflicts between the hikers and horse packers in the audience had a long history and the myths about each other ran deep. Hikers disliked finding manure piles in trails and seeing meadows overgrazed to mud. Some felt such commercial recreation had no place in wilderness. Packers, in turn, resented hikers as newcomers who threatened their traditional way of life. Some believed that horse grazing did no harm. Many were third or fourth generation commercial outfitters who feared they would be forced out of business by policies promoted by environmentalists.
After the meeting broke up, Bobby Tanner, a commercial packer, walked up to Pietrasanta and said, “Did you mean what you said? If you did, I’m interested and I can bring other packers to the table.” Sally Miller, president of Friends of the Inyo and an ardent environmentalist, overheard Tanner and said she could enlist environmentalists, too.

Together, Pietrasanta, Miller and Tanner launched the Whiskey Creek Group, an open monthly meeting of hikers, environmentalists and packers. The group recognized they were too different to ever reach complete consensus about the wilderness plan, so they made “communication” their goal. Then they set about figuring out how they could respond to the Forest Service without alienating each other.

Certainly the process was not easy. The first meetings were strained with tears, shouting and long, uncomfortable silences. “We had packers who didn’t think they could sit in the same room with environmentalists, much less talk to them,” says Pietrasanta. “Slowly, though, people began to talk. And listen.” Little by little, participants found elements of the management plan on which they could agree.

After meeting for nearly a year, the Whiskey Creek Group submitted ten pages of comments on the wilderness plan to the Forest Service. By educating each other and seeking areas of agreement, these traditional adversaries created a new vision for the Eastern Sierra that could build its overall wealth — social, natural and financial capital. They agreed that commercial recreation should be allowed in the wilderness. They also agreed that science should determine appropriate grazing levels.

Regardless of whether the Forest Service incorporates their comments, participants of the Whiskey Creek Group feel their effort produced lasting benefits within the community. “I sure made some new friends — people I thought didn’t like livestock,” said Tanner. “I know now we all love wilderness. We all want to be out there. It matters less to me now that some of us ride in and some of us walk.”

Participants in the Whiskey Creek Group took the courageous, if sometimes painful, path of talking to each other and finding common ground. “Polarized communities tend to make the news,” says Jonathan Kusel, Executive Director of Forest Communities Research. “But the successful communities are the ones that work together.” Hard though this work can be, establishing forums for creating a collective vision is the best way to build long-term prosperity.

**Why should you establish forums for developing a collective vision for building overall wealth — your social, natural, and financial capital?**

Because when communities have a collective vision, they use scarce resources more effectively. In Calaveras County, a school district wanted to build an enrichment and resource program. They first drew a flowchart with boxes and arrows showing all of the resources in the school district. The result looked like a plate of spaghetti. After people went through a collaborative process, they developed a more efficient way to organize their resources. The new flowchart showed clear lines of responsibility and a single contact point. When they applied for a grant, they made the case that they could use resources efficiently because all the participating organizations already had a common vision. The granting agency awarded them $50,000.

Because when communities have a collective vision they increase local control. Rural communities have long been at the mercy of distant government or corporate offices. Now, with the global economy, that may be more true than ever. The only way a community can become more resilient to such external agents is to define the future it wants and then organize itself to get there. When a community speaks with one voice, outside corporations are more likely to pay heed, as in June Lake, when the community developed design guidelines (case study page 26). Other communities organize to create a different future than what market forces might dictate, such as Santa Fe, where several housing organizations developed a collective vision for conserving the city’s authenticity by providing affordable housing to long-term residents who were being excluded by price (see case study, p 86). In Placer County, being proactive to provide habitat has decreased the risk of
How Can You Establish Forums for Developing a Collective Vision for Building Overall Wealth—Your Social, Natural, and Financial Capital?

Assess whether your community is ready for collaboration. If people have fixed positions or don’t trust each other, collaboration is unlikely to succeed.

**Develop Leadership Skills.**
The Sierra Leadership Seminar teaches the skills (negotiation, facilitation, dealing with difficult people) you need to conduct collaborative processes. Contact the Sierra Business Council at 530-582-4800, or visit our website at www.sbcouncil.org.

**Follow 10 Principles for Building Consensus:**

1. **Be Purpose Driven.** Give people a reason to participate by showing how they can meet personal interests by working with others. Here’s how each interest gained in Placer Legacy (page 116): environmentalists knew that the County would fund open space protection; farmers convinced the County to help them access markets; and developers were assured that the open space plan would be compatible with development.

2. **Be Inclusive, Not Exclusive.** Collaboration is more likely to succeed when facilitators make consistent, proactive efforts to engage all parties. When people with significant interests at stake are excluded, they may damage the consensus process.

3. **Voluntary Participation.** Collaborations produce better results when organizers design processes that accommodate people’s abilities to participate. For some, attending meetings is part of the job; others are volunteers. Some can meet during standard work hours; others can meet only on weekends and evenings. Facilitators should solicit and integrate input from people who choose not to participate.

4. **Self-Design.** When parties design their own process, they see clearly how they will build consensus and are more likely to see it through. Choose from a menu of participatory processes depending on whether you prefer to build relationships or solve problems.

5. **Flexibility.** Expect the unexpected—changes in personnel, tight budgets, new legislation, or economic cycles are part of the process.

6. **Equal Opportunity.** One way to build trust is to give all parties equal access to relevant information—that which helps participants better understand the problem and find ways to come together.

7. **Respect for Diverse Interests.** Ground rules and charters help parties maintain respectful dialogue, increasing the chance they will accept people who hold divergent values and interests.

8. **Accountability.** The participants must be accountable to both their constituencies and the process they established. One way is to focus on issues over which the group has control. In Inyo 2020 (see Chapter 6) for example, participants did not try to dictate public land policy even though 99% of the county is publicly owned.

9. **Time Limits.** You can build trust by setting and meeting realistic deadlines. Allow time for the group to build capacity to reach consensus.

10. **Implementation.** People have more trust in collaboration when participants commit to implement the plan and monitor its results. Build support by releasing regular progress reports and planning for change after the process ends.

**Guidebooks**

- Community Resilience Manual from Centre for Community Enterprise, 250-724-1675 or see the website at www.cedworks.com.
- Together We Can offers a number of toolkits and resources to help communities move toward shared visions. Call 202-822-8405, or visit www.togetherwecan.org/.

**US Forest Service, Toolkit for Transitions II Sustaining Community Capacity (FS-632, August 1999); available from Rural Community Assistance Program Coordinator or the web at www.fs.fed.us/raquo/coop/ rca.htm.**

**Support for collaborative problem solving:** Alliance for National Renewal serves individuals, institutions and organizations who want to collaborate to revitalize their communities. They have a directory. Call 202-783-2961 or visit their website at nclweb.org/ann/.

**Resources for Community Collaboration**

- Provides small grants for collaborative efforts. Website at www.rccproject.org, or call 406-587-7331.

**US Forest Service, National Rural Community Assistance Awards**

- Communities get grants to organize and develop broad-based local action plans to build long-term social, natural, and financial capital (i.e. Kremmling, CO on page 78 and the Blue Mountain Communities on page 119). In California, contact Bruce Goines, USDA Forest Service, 1323 Club Drive, Vallejo, CA 94592, 707-562-8910, send e-mail to bgoines@fs.fed.us. In Nevada, contact Scott W. Bell, USDA Forest Service, 324 25th St., Ogden, UT 84401, ph 801-625-5259, or send email to sbell@fs.fed.us.

**The Ford Foundation** supports a wide range of rural development projects. Visit their website at www.fordfound.org, or call 212-573-5169.

**The William And Flora Hewlett Foundation** supports projects in the American West that address rural community development, growth management, and land preservation. Call 415-329-1070 or visit their website at www.hewlett.org.

**The W.K. Kellogg Foundation** supports collaborative efforts for small, rural communities. Visit their website at www.wkkf.org, or call 616-968-1611.

**The Chronicle of Philanthropy**

- Call 1-800-842-7817, or visit their website at philanthropy.com/.

**Suggested Reading:**

- Barb Cestero, Beyond the Hundredth Meeting: A Field Guide to Collaborative Conservation on the West’s Public Lands (Tucson: Sonoran Institute, 1999).


intervention from those state and federal authorities charged with protecting endangered species (see case study, p. 116).

Because creating a collective vision is how a community makes progress on problems that require changes in values, attitudes or behaviors. What kind of problem requires changes in a community’s values, attitudes or behaviors? This is a problem that is not routine, one for which response is unknown, or one authorities cannot fix by themselves. Maybe no fix exists. Maybe several solutions exist, but each involves a cost and the community has to choose which costs it’s willing to accept.

Here’s an example of the kind of problem that requires a community to change its values, attitudes or behaviors. A community has an economy based around a single employer that makes a commodity traded on international markets. The community hums along for several decades making this commodity. Generations of families spend their lifetimes working for this firm. Residents identify themselves as people who produce this commodity. The identity of the firm and the community become one.

Then something changes in the international market. It could be that new supplies of the raw material are found in another country, or a new invention lowers demand for the firm’s product, or more efficient plants are built elsewhere. For whatever reason, the plant can no longer make ends meet and shuts down. Suddenly, a lot of people are out of work. Soon shopkeepers see their sales decline and they have to lay off employees, too.

At first people naturally resist this change in their community. They try to put the community back the way it was. The town council may lobby the company to reopen the plant. When that doesn’t work, they might try to convince other companies to buy and reopen the plant.

But the town council can do nothing about the original condition that made the plant close in the first place. Ultimately, solving the problem requires that residents form a new identity, think of themselves as something other than people who produce this commodity.

But what shall they become? They could become a tourism economy — but this requires people to accept that many of the jobs will be low wage. They could attract a different kind of industry — but this may require learning new skills, or accepting new hazards in the workplace, or higher noise levels, or exposure to new pollutants. Each of these possibilities requires some change in their values, or attitudes, or behaviors.

The point is the town council can’t solve this problem for the community. Its residents have to create a new vision for themselves. For the town council, then, the job is to give the work back to the people. They have to move a community through a process of learning and making adjustments. They have to prepare people for change, but not overwhelm them to the point that they won’t deal with the issue. Leaders have to understand that it takes people time to absorb information that requires a major reorientation of their lives. And this can be done by establishing forums where they can create a new collective vision for their future.

Because communities that have a collective vision are most likely to build long-term prosperity. This is because in
these communities people’s collective energies are directed toward shared goals. Simply agreeing on these shared goals may require some work.

Take, for example, affordable housing. What is the real problem here? Developers say it’s high development fees. Local officials say it’s that home owners defeat every proposal to build affordable housing. Home owners say it’s because developers build too many high-end homes.

When parties define the problem differently, or fix on different solutions, they need to learn more to arrive at a collective solution. It may be that, after they study the problem together and gain understanding of each other’s perspectives, they discover that the problem isn’t a shortage of affordable housing at all. Maybe the community needs more high-wage jobs. Or maybe it needs to use its available land more effectively.

Research shows that those communities with capacity to adapt to change are the ones that are most prosperous in the long-run. When communities develop a common understanding of the challenges they face, they are better able to resolve them. When they collectively see how they can affect the challenges they face, they have a greater capacity to adapt to change. When communities come to a collective understanding of what they value most about their social, natural, and financial capital, they can find ways to conserve and build on that wealth.

Every community in the Sierra can benefit from collaborative problem solving — whether its issue is rapid urbanization or declining resource economies or increasing reliance on tourism or growing numbers of retirees. When economies change or people with different values move in, consensus cannot be reached unless people learn more about the situation and each other. That’s why every place needs to have leaders who know how to lead their communities through processes where real learning occurs. These leaders can either be elected, like Supervisor Robert Weygandt in Placer County (see case study on this page), or not, like Leah Wills in Plumas County (see Feather River CRM case study, p 35).

Case Studies

**Placer Legacy Builds a Broad-Based Coalition**

When Placer County enjoyed an economic boom in the 1990s, its population grew by 44 percent and made it the second fastest growing county in California. County Supervisors supported the growth because it implemented the 1994 General Plan, but at the same time they became increasingly concerned about the growing list of endangered species and shrinking acres of farmland.

The Supervisors knew that Placer’s loss of open space threatened its economy because, if too many species became endangered, federal and state regulations would block new construction. They’d also seen projections that put county population past 400,000 by 2020 and realized that three quarters of this growth would be in the western part of the county — where riparian areas, oak woodlands, and grasslands are already at risk. Supervisor Bill Santucci said, “If we don’t take steps now to preserve our open space, there won’t be any left.” So in August 1998, to head off this gridlock, the Board launched Placer Legacy.

The Supervisors’ goal for Placer Legacy was to integrate planning for population growth and different kinds of open space — agriculture, working landscapes, scenic vistas, biological diversity, recreation and public safety. The Board insisted they would protect open-space only through agreements between willing sellers and willing buyers.

In an unusual move, Placer County enlisted the Sierra Business Council (SBC) to design and coordinate many aspects of developing the plan. SBC was to remain neutral throughout and build trust with a wide array of stakeholders. For two years, SBC’s Tracy Grubbs orchestrated public engagement through newsletters, press releases, and two rounds of public forums. She dogged the details of planning meetings, keeping on schedule and maintaining clear lines of communication. Because Grubbs could work informally with all stakeholders, she had flexibility to anticipate and troubleshoot problems.
SBC also contributed foundation funding at the outset, which gave the County time to develop comfort with the project. These resources went toward services instrumental to the project’s success—gathering data, making maps, designing graphics, and researching public opinion.

The Board also appointed a Citizen Advisory Committee (CAC), instructing it to design a plan that implemented the conservation goals of the General Plan. The eleven CAC members represented a broad spectrum of interest groups, including environmental, building, business, ranching and farming, plus a few “good citizens.”

The County formed two other advisory committees. The Scientific Working Group included experts charged with grounding the plan in the best available science. The Inter-Agency Working Group comprised staff from state and federal agencies responsible for land stewardship and protecting endangered species. They helped the CAC and County define objectives by clarifying state and federal mandates for protecting natural communities that apply to Placer County.

Over the next two years, the CAC worked hard to meet the supervisors’ assignment. They spent hundreds of hours in public forums and monthly meetings. They advised county staff, refined data layers and modified the plan. They held joint workshops with the Supervisors every four months to keep them informed of their progress. They created subcommittees to develop goals for each resource. Then the full CAC adopted the subcommittees’ work and chose a funding package to achieve program goals.

In June 2000—right on schedule—the CAC delivered the completed open space plan to the Board of Supervisors. The plan called for protecting 75,000 acres over the next 30 years. Then this often divided Board adopted the program unanimously, a sign of how effectively the process developed the broad support for Placer Legacy.

The Supervisors then asked voters how they felt about Placer Legacy by putting two initiatives on the November 2000 ballot. A diverse coalition campaigned for both initiatives, including the Building Industry Association, the Sierra Club and the Farm Bureau. The first initiative asked whether voters approved of the open space and agricultural conservation program. The second initiative asked whether to fund the program with a quarter-cent sales tax. The voters said they wanted Placer Legacy but not the funding mechanism.

That’s when the real success of Placer Legacy became evident. In the process of working on the campaign, all coalition members deepened their commitment to the plan. Placer County Supervisors and planning staff made implementing Placer Legacy a top priority. The Planning Department was reorganized to integrate habitat protection and population growth, a move that has advanced the program considerably.
In the two years since the vote, the County has raised over $8 million for acquisitions from its general fund, grants, impact fees, and contributions from developers and private citizens. It is currently working to protect nine properties, for a total of over 2,600 acres. These lands have high biological diversity and include riparian areas, grasslands, blue oak woodlands, and coniferous forests.

Several of these properties will be bought outright to provide the public with more recreation opportunities—a park with fly-fishing access on the south fork of the Yuba River, a trail and conservation easement near Giant Gap above the North Fork American River Canyon, and the addition of Schallenberger Ridge to the Donner Memorial State Park.

But on other properties, landowners are negotiating easements with the County. Supervisor Robert Weygandt says that with easements, the county doesn't acquire the land outright, it only buys the rights to subdivide. The owners are still able to farm or sell the land or pass it on to their children. Weygandt says there are more property owners willing to sell easements to the county than it has dollars to buy.

Placer officials are also working with scientists and state and federal agencies to develop a habitat conservation plan. Weygandt says the habitat conservation plan will allow the county to protect habitat by permitting at the landscape level, instead of the current permit by permit approach, streamlining the permit process for landowners.

In December 2002, Governor Gray Davis awarded Placer Legacy his Environmental and Economic Leadership Award because of its powerful public-private partnership and commitment to collaborative planning.

For more information about Placer Legacy, see the Placer County Planning Department website at www.placer.ca.gov/planning/legacy, or call 530-889-7470.
Blue Mountain Community Renewal in Calaveras County

“We look forward to seeing the ongoing efforts transform the recent community dynamic of defeat, depression, and conflict to one of hope, cooperation, and success.”

—1999 Calaveras Community Renewal Project

Heading uphill from Jackson on Highway 88, if instead of continuing to Carson Pass you turn south on Route 26, you’ll wind several miles on a canyon road until you reach four communities with a combined population of 4,000—West Point, Wilseyville, Glencoe, and Rail Road Flat. Nestled among four forks of the Mokelumne River, these “Blue Mountain” communities declined as local timber mills closed between the mid-sixties and 1999. Unemployment rose, poverty grew, school enrollment fell—and as if that weren’t enough—in 1998 an arson fire destroyed a large building in the center of West Point.

In 1997, the Sierra Nevada Ecosystem Project gave these towns the lowest possible score for “community capacity”—the ability of residents to respond to stress and take advantage of opportunities. “In addition to high unemployment and poverty, the report cited low education levels, substandard housing, and income inequality. In sum, these communities ‘appear to have a difficult time coming together to address even common issues.’”

With help from the Foothill Conservancy, a few residents decided to act. They undertook the “Economic Renewal” process developed by the Rocky Mountain Institute (RMI), supported by $29,000 in grants raised by the Foothill Conservancy and the Sierra Nevada Alliance. Between April and November in 1999, over 200 residents attended eight facilitated workshops. At the kick-off, Michael Kinsley from RMI conducted a two-day workshop on the Economic Renewal process. At the next seven workshops they:

- Built a community vision
- Identified community assets
- Discovered new opportunities
- Generated and evaluated project ideas
- Selected projects and developed action plans

As part of the process, the towns and Calaveras County hired Applied Development Economics in Berkeley, CA to survey the communities. The results helped them select projects and document need when applying for grants. They learned, for example, that

- 30 percent of adults are retired
- Most employees work in business and professional services, the public sector, or construction
- Only 18 percent of adults have at least a four-year college degree
- 85 percent of households buy most of their groceries in Jackson

By November, 1999 the participants agreed to a short list of community projects, all designed to build connections among residents. They:

- Created a long-term organization. In July 2000, the non-profit Blue Mountain Community Renewal Council was created out of the dying West Point Park and Recreation Association—its board added four members of the Economic Renewal process and its bylaws were broadened to embrace the community’s vision.
- Established a Community Learning Center. In public schools in West Point and Rail Road Flat, twice a month residents offer night classes in everything from parenting to quilting, and cooking to computers.
- Created a Community Network. This website (www.bmcr.org) keeps the community informed of meetings at the Community Learning Centers, job openings, volunteer opportunities, a Calaveras County Family Services Directory, and grant sources. They also compiled a Business and Community Services Directory (available on the website and in print).
- Created Community Revive and Re-Leaf. “We want to make the downtown feel and look nice so that people want to be there,” said Harriet Coyne. In West Point, this group organized monthly trash pick ups, cleaned a vacant lot, planted perennial flowers and painted downtown buildings. Volunteers raise funds by selling plants and garden books at Lumberjack Day, sponsoring an annual Harvest Festival, organizing a local garden tour, and holding community concerts. A major project is to create a community garden in downtown West Point that will include growing space, a restored wetland and public buildings for meetings and events.

Because of the Economic Renewal Process, new economic energy runs through the towns. Several new stores have opened—a new health food store, a hobby shop/ice cream parlor, and a pizzeria. The auto parts store added a mechanics shop. The West Point Youth Center bought a downtown building and is adding a hall for movies, classes and dances. A major project is to create a community garden in downtown West Point that will include growing space, a restored wetland and public buildings for meetings and events.

Participants caution that it is really important to build trust that the process will produce results—and not merely be a series of meetings. And they say it’s important to think small and build success incrementally.

When asked what the project meant for them, people use words like “empowering” and “inspirational.” People discovered leadership skills they didn’t know they had. They say it taught them to not pre-judge people. They know that greater richness and community strength results when a broad spectrum of viewpoints are embraced.

For more information about Blue Mountain, see their website (www.bmcr.org) or contact Harriet Coyne (209-293-4166) or Judy Spadoni (209-293-7160).

In many parts of America the people have stopped coming together, discussing their mutual problems; assuming their common responsibilities; and taking necessary group action. Such practices constitute the very essence of democracy and unless we return to these fundamentals we shall further endanger our democratic freedom.

George McLean, Rural Community Development, 1946 pamphlet

“My story is about a small-town’s need to buy a big stud bull,” says Vaughn Grisham, professor at the University of Mississippi, when he starts talking about a nationally recognized model of community development that began in 1946 in Tupelo, Mississippi.

At the time, Tupelo was in one of the poorest counties in the poorest state in the nation. Local banks closed during the Depression. In 1936, a tornado leveled 48 blocks of downtown and killed over 200 of Tupelo’s 7,500 residents. Like other remote Southern farm towns with played out soils, the already struggling community could have become just another ghost town as mechanization on prime farmland drove Tupelo farmers and businesses to bankruptcy and residents to move away in search of economic prosperity.

Instead, Tupelo is thriving. It has twice been named an “All-American City” by the National Civic League. Its North Mississippi Medical Center is the largest non-metropolitan medical complex in America. This city of 34,000 now has 58,000 jobs and draws in workers from all around Lee County. And Lee County now holds the second highest per capita income in the state.

Tupelo’s transformation is due to the “Tupelo Plan,” which created hope, equity and opportunity where none existed. It guided a community through a transition from an agricultural to an industrial economy by conserving and investing in its social and financial capital. While the details of this farm town’s story from sixty years ago may sound strange in the Sierra Nevada of the twenty-first century, it offers a timeless roadmap for any region facing change.

“This has been going on for years, since the ’40s,” says Mayor Larry Otis, referring to the cultural transformation in which every businessperson sees community development as part of doing business and every person expects to be a community leader some time.

Much of the credit goes to George McLean, longtime editor and publisher of the Tupelo Daily Journal. An advocate of local self-help, he was fond of saying “there is no Santa Claus in Washington. If you want the job done, you have to do it yourself.”

“Doing it yourself” meant bringing about and coordinating routine community investment across a multi-county region. It meant creating a dense network of interconnected schools, churches, vocational programs and agricultural programs, all dedicated to improving the life of the small, low-income farmer.

George McLean believed that the first step was to frame the economic, social, and political problems in a way that people could see their own “at stakeness,” the connection of their self-interest to the community’s well being. He went to Tupelo merchants and persuaded them that their bottom lines depended on the prosperity of their customers, that community development related directly to the future health of their business.

To convince a skeptical hardware store owner to put up money so his customers could buy registered stock, McLean said, “You took in $6,000 last year. You’ll never make more than that until you help increase the amount of money your customers make.” A decade later, the average farmer’s cattle had increased by 25 percent in value, which translated into higher sales for local merchants.

McLean’s second step was to bring the common interests of otherwise divergent groups into alignment through broad public engagement. He did this by creating rural community development councils (RCDCs), focused on improving all phases of community life — education, farm management, homes, religion and government. Structured like a New England town meeting, the RCDCs were dedicated to releasing

“There is no Santa Claus in Washington”

– George McLean
the potential of each person and governed by boards that included men, women and youth. By the mid-1950s, nearly every one of the 56 RCDCs had 100 percent of its citizens participating.

Each RCDC undertook communitywide projects. Early on, they emphasized improving the appearance of each community. They removed litter from roadsides. They painted churches and schools, and cleaned and repaired outbuildings. Workdays included food and song. People began to take pride in their communities.

In 1949, the RCDCs invited everyone to participate in a yearlong leadership program. At year’s end, every community had a critical mass of leaders. The program proved pivotal; the RCDCs exploded after that. Today, community leaders continue to be cultivated through yearlong programs that teach that leadership is facilitating a collective vision.

All RCDCs were connected to the town of Tupelo through its civic clubs. Each RCDC had at least one partner from town who attended at least four monthly meetings each year. These partners offered friendship, not advice. They often participated in work projects. In this way, Tupelo became linked with rural communities across the region. Their common self-interest was promoted by coordinating action through dense social networks.

Because McLean believed that the key to community development was to enhance the capacity of each individual, education was another theme of the “Tupelo Plan.” He believed that uneducated, unorganized people were a liability to a community. So, to help unemployed farmers develop skills for higher paying jobs, Tupelo created programs in literacy, vocational education and university classes. And as Tupelo became more wealthy from its economic development, it reinvested in “education, education, education—really a ton of money,” says Vaughn Grisham. For example, each year Tupelo sponsors a day that brings together teachers and business leaders to identify new ways to develop the work force and replace low-wage jobs with better-paying ones.

Another aspect of Tupelo’s success was to create permanent local organizations to provide sustained leadership and action. One was the Community Development Foundation (CDF), founded in 1948 to develop and implement Tupelo’s strategic plan. CDF carries out 5 or 6 major projects every year and engages a broad public to update the strategic plan every 10 years. Another organization is CREATE (Christian Research, Education, Action, Technical Enterprise), which funds projects such as the local library, theater, Boys and Girls Club, and the Salvation Army through a locally-controlled, tax-exempt foundation.

Today Tupelo is beginning to show some strains of its success. Strip developments are starting to blight the outskirts of town. According to Vaughn Grisham, “What we’re seeing in Tupelo is the fruits of past efforts,” he says. “They’re not as diligent in community development as they once were—only economic development—and that may come back to haunt them.”

Still, George McLean’s Tupelo Plan continues to bring results. Ten years ago, Boston-bred Mary Werner resisted spending a month in Tupelo to help her husband close her father-in-law’s failing furniture business. Now she can’t imagine living anywhere else. The atmosphere led Werner and her husband to pack up and move permanently to Tupelo. Today she owns and runs that once failing business, which is now revived and thriving.

“There’s just something about the people in Tupelo,” Werner says. “They go out of their way to help you. People volunteer here. People want to give back to the community.”

Fifty years later, the community continues to cultivate leaders through yearlong programs that teach that leadership is facilitating a collective vision.
Chapter 6 • Investing for Prosperity in Inyo County

“It was a beautiful day and people still came inside.”

Supervisor Julie Bear, commenting on the crowd of county residents who kicked off the Inyo 2020 process

BY NOW YOU’VE READ descriptions of 14 tactics related to community and economic development. You’ve also read case studies that show how these objectives are being met in communities across the U.S. You may be asking: How does my community put it all together?

To answer that question, let’s travel to Inyo County, California, located in the eastern Sierra. Despite its limited resources and remote location, Inyo County pulled off a sophisticated community engagement process, beginning in 1999. The process enabled the county to research community assets, provide a forum for public input, craft a vision, and explore investment strategies to boost Inyo’s social, natural and financial capital. Even more remarkable is that the process has spawned real achievements, a stronger collaborative culture, and more involved citizens working to improve the local quality of life and future economic prospects.

As Supervisor Julie Bear describes it, “Inyo 2020 was really gratifying because so many people took part. Many of the people who got involved didn’t feel like they had a voice in the past. Now they feel there has been follow-through and accountability.”

Before providing details, we should note that this chapter is not a blueprint or how-to for counties, an endorsement of Inyo County strategies, or a complete assessment of the county’s assets. All counties are different, and while Inyo County has taken many steps to develop a comprehensive investment strategy, the range of its investments may not work for other communities. And, like all counties, Inyo’s private and public sectors make hundreds of investment decisions every year. This chapter provides a small sampling of those decisions.

In the Beginning

As Margaret Mead said, “Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it’s the only thing that ever has.” In Inyo County’s case, that small group started with three people: Supervisors Julie Bear and Linda Arcularius, and the county’s chief administrator, Rene Mendez. Late in 1998, the three of them talked about a way to bring together all the county’s disconnected ideas, energy, and people. They also wanted to figure out a way to get more meaningful public input into the update of the county’s general plan.

Because the county has limited financial resources, they consulted with the non-profit Sierra Business Council (SBC) on how to put together a program that would achieve these goals at a reasonable cost—and they came up with The Inyo 2020 Forum. The Forum was designed to:

• Help residents from throughout Inyo County gain an understanding of the County’s social, natural and financial capital;
• Help Supervisors understand the public’s priorities;
• Inform the update of Inyo County’s General Plan;
• Facilitate the development of an integrated investment strategy to build Inyo County’s wealth over the long-term.

The program started with basic research on the state of Inyo County, so everyone could understand what kind of assets (and liabilities) the county had. It followed with a broadly advertised public forum, where people would work through a consensus process to determine the county’s top priorities. And finally, Inyo 2020 moved to implementation—for, as so many other communities know, the road to hell is paved with good intentions, and it’s also littered with community visioning sessions that were never followed-up.
The key was having good information from the beginning—and here is where having a partner like SBC mattered so much. SBC was already preparing a set of “wealth indicators” for the Sierra Nevada region. With a small additional investment, SBC was able to extract a specialized set of indicators for Inyo County that documented the social, natural and financial health of a jurisdiction that is roughly the size of Massachusetts, but has only 17,600 residents. SBC complemented these indicators with a survey of business owners, to uncover the perceptions of the people who power the local economy.

**Inyo County Today**

So what do the facts reveal about Inyo County? Above all, Inyo is the quintessential land of contrasts. The county’s remoteness and vastness emphasize its small population, most of which is clustered along Highway 395 in communities such as Bishop, Independence and Lone Pine. It is miles from everywhere—the nearest city, Reno, NV, is 203 miles away from the county’s largest city, Bishop. Residents in the county’s southeastern corner are closer to Las Vegas than they are to the county seat, 180 miles away in Independence. The county is home to the highest peak in the lower 48 states (Mount Whitney) and the lowest point (Badwater in Death Valley).

On the asset side of the ledger, Inyo has more natural capital than most nations, from the scenic splendors of the White Mountains and eastern Sierra to the austere beauty of Death Valley. This natural capital helps draw an average of two million visitors annually. It was also cited as a key locational factor by 80 percent of the business people who responded to the SBC survey.

Ironically, although Inyo is rich in natural capital, it has limited flexibility in how to use its resources. For example, the prodigious amounts of water that flow into the county off the eastern Sierra escarpment are shipped south, because the City of Los Angeles secured rights to the water early in the 20th century. As a result of this “dewatering,” the biologically abundant Owens Lake was transformed into a dry lakebed and the worst source of particulate air pollution in the United States—and 45 animal species are threatened or endangered.

The use of Inyo’s land is also severely constrained, because 98 percent of it is in public ownership. While this has spared the county of low-density “sprawl” development, it has also made it very challenging for local communities to exercise control over their economic or land development future.

In terms of social capital, Inyo County’s record is uneven. On the plus side, the county’s schools dispel all myths about the limits of rural education. Since 1992, Inyo’s high school students outperformed their peers statewide on the SAT. Housing is generally more affordable than California, although ripple effects from skyrocketing home prices in the resort community of Mammoth are pushing up housing costs all the way to Lone Pine. Inyo is more diverse than most of the Sierra, with the Hispanic and Native American populations representing 10.6 and 9.3 percent of the population. Local support for the arts is strong, with 53% of local Arts Council revenue in 1998 coming from earned income.

On the down side, high teenage birthrates and inadequate prenatal care are causes for concern, as is the increasing rate of children living in poverty (rising from 14 to 19 percent, the highest spike in the Sierra). Inyo also suffers from one of the highest rates of income inequality in the Sierra and a violent crime rate that periodically matches the California state average.

As for financial capital, Inyo County’s economy has undergone a major transformation. With an economy originally rooted in mining and ranching, 88 percent of all county jobs are now dominated by the government and service sectors.

Tourism is the county’s greatest boon and challenge. Tourism spending reached $196 million in 1996, accounting for 37 percent of total payroll, mostly low wage service jobs. The County’s heavy reliance on tourism-related jobs (many of which pay less than per capita income) yields an anemic economic diversity index. And this lack of diversity has been compounded by a lack of facilities for entrepreneurial businesses—especially convenient air service and modern office facilities.

Overall, then, by early 1999, the wealth index for Inyo County was decidedly mixed—featuring incredible natural
beauty and some strong rural attributes, but also a vulnerable, lopsided economy and social problems. It was in this context that a determined group of local residents launched the Inyo 2020 Forum.

Listening, Learning and Setting Priorities

On March 20, 1999, the Inyo County Board of Supervisors and SBC hosted the Inyo 2020 Forum at the Tri-County Fairgrounds in Bishop. At first, organizers were concerned that few people would show up, especially on a beautiful day. But more than 200 people crowded in, many of them from the far reaches of the county, and some of them traveling many hours over dirt roads.

These people evaluated Inyo’s wealth index and broke into ten smaller groups, each led by experienced facilitators from outside the county. The groups spent the first hour discussing their visions for Inyo County in the year 2020. Then they discussed how to get there, by responding to these questions.

- What do we want Inyo County to be like in 2020?
- What current strengths do we need to maintain?
- What problems or concerns do we need to address?
- What steps should we take to achieve the vision for 2020?

Toward the end of the day, the groups reassembled as one and distilled their top priorities. (see box on right) What “stunned” most of the participants, according to local business owner, James Wilson, was how much Inyo residents agreed about what really matters. Even people who had fought over individual issues were impressed by the way they had forged a common vision in the space of a day.

The momentum of March carried over into the refinement of the priorities and their presentation to the county Board of Supervisors in June 1999. The Board made the Inyo 2020 priorities an official touchstone for a wide array of investment efforts. In fact, what impresses Supervisor Julie Bear today is the way that Inyo 2020 permeates the culture of decision making in the county. “Four years later,” she said, “people are still talking about Inyo 2020—not just the staff and Board, but regular people.”

**Inyo 2020 Priorities for Action**

<table>
<thead>
<tr>
<th>PRIORITY</th>
<th>Maintain Inyo County’s Natural Environment and Quality of Life</th>
<th>Support and Expand Tourism in Inyo County</th>
<th>Improve Government Decision Making in Inyo County</th>
<th>Improve Health Care, Social Services and Education</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Action:</strong></td>
<td>Update General Plan policies and guidelines to ensure continued environmental quality</td>
<td>Create a coordinated countywide tourism strategy</td>
<td>Increase citizen involvement in collaborative planning processes</td>
<td>Determine Inyo County’s health and social service needs</td>
</tr>
<tr>
<td></td>
<td>Protect agricultural lands</td>
<td>Enhance tourism by providing regular air service at Bishop airport</td>
<td>Build bridges between North and South Inyo County</td>
<td>Recruit HMOs, doctors, etc. to service the County</td>
</tr>
<tr>
<td></td>
<td>Promote protection of and access to public lands</td>
<td>Enhance community downtowns</td>
<td></td>
<td>Seek legislative health care reform to improve local access to health care</td>
</tr>
<tr>
<td></td>
<td>Develop a strong county water export ordinance to protect environment, local water supplies, vegetation health and groundwater</td>
<td></td>
<td></td>
<td>Expand Cerro Coso Community College</td>
</tr>
</tbody>
</table>

INVESTING FOR PROSPERITY – 125
Transforming Priorities into Reality
In just a few years, Inyo 2020 has had a real impact on Inyo County’s quality of life. Although a number of the community improvement processes were underway before Inyo 2020 was begun, the public process clarified gaps in local efforts and bolstered existing projects. Inyo 2020 has also given the elected officials and the public a set of markers to determine how the county is doing in meeting its priorities. Following is a review of how Inyo County’s efforts have matched up with the strategies highlighted in Investing for Prosperity.

Capitalize on Existing Assets
Perhaps the first evidence of Inyo 2020’s influence is in the way the process shaped the general plan. As Dan Beets, the county’s transportation planner, notes, Inyo 2020 made it clear that the top priorities for future county planning are to “sustain the rural atmosphere, create livable communities and protect Inyo’s environmental assets”—in short, to take advantage of Inyo’s existing natural and community capital. The general plan reflects those priorities, with its call for new development to take place in or adjacent to Inyo’s communities and for protection of the county’s rural landscapes. The plan did such a good job in utilizing the Inyo 2020 input that it was recognized as the best general plan (for small jurisdictions) in 2001 by the California chapter of the American Planning Association.

The challenge has been in implementing the plan. Inyo County is working with the Los Angeles Department of Water and Power (DWP)—which owns much of the land near existing communities—to negotiate land releases that will provide more buildable property. DWP is now in the process of releasing a total of 75 acres—adjacent to or within Bishop, Lone Pine, Big Pine, and Independence—which are being reviewed for development. The county is also considering how to deal with several proposals that are not contiguous to towns, including the Pine Creek Communities Project—more than 300 units in the highly visible and beautiful viewshed above Round Valley north of Bishop.

While planning for future land use, Inyo has not hesitated to enhance its park system, securing large state grants to upgrade Dehy Park in Independence and Lone Pine Park. The county has also tapped the U.S. Forest Services Healthy Communities program to support a Families First program that is building bike paths and a teen center for local residents.

At the larger landscape level, a major focus is on restoring the Owens Valley. As part of its partnership with DWP, earned after decades of conflict and litigation, the county has secured landmark legal agreements to restore the lower Owens River and the valley. Restoration efforts have begun, but the key will be to stabilize the valley floor and eliminate particulate dust storms by 2006.

Another asset that the county is restoring is the Manzanar National Historic Site, near Independence. Originally a source of embarrassment, Manzanar—the site of a large Japanese internment camp in World War II—has now been embraced by the county as an important part of its heritage. The county is working closely with the National Park Service to restore the site, in preparation for a grand opening in late 2003. This effort was best symbolized by the recent donation by the county of a former mess hall that was discovered in Bishop—a building that will be a centerpiece of the historic site.

Another bright spot is the revival of Inyo’s bighorn sheep population—an issue specifically identified in Inyo 2020. A unique sub-species, the bighorn’s numbers declined precipitously in the mid-1990s when mountain lion predation decimated the population to a scant 100. The population has rebounded to over 160 sheep, abetted by its federal listing in 1999 as an endangered species and by supervision by a collaborative Sierra Nevada Bighorn Sheep Inter-Agency Group. Bighorn sheep recovery has become a point of community pride in Inyo County—and even a job generator, with the hiring of trackers and project staff.

Many of Inyo’s unique historic and natural assets are world-renowned—but through the Inyo 2020 process, local leaders discovered that they were not taking full economic advantage of this reputation. Tourist spending data revealed that the county was not doing all it could to promote itself as an
overnight destination. In response, the county Chambers of Commerce created a formal coalition, a marketing strategy, and now work jointly to market the county for tourism and film production. Additionally, work is under way to broaden the county’s ecotourism sector, with a focus on the rebirth of the Owens River.

Cultivate Innovation and Economic Diversity

Another key outcome of Inyo 2020 was the creation of an economic element in the new general plan, which focuses on economic diversity. The element pays special attention to expanding light industry and providing greater capacity to support the infrastructure required for home-based businesses, lone eagles, and other footloose small businesses. The county’s commitment to diversity has been reinforced by the recent hiring of a deputy chief for economic development and natural resources.

It is one thing to talk the talk, but Inyo is beginning to walk the walk on fostering innovation and diversity. The county has struggled mightily to develop more complete Internet service. Several dial-up Internet service providers are in business, but the county has made the leap to create a multi-jurisdictional high-speed system that, in the first phase, will support county government and first responders, but will likely serve as the foundation for private Inyo-wide service.

The county is also following through on the Inyo 2020 commitment to making the airport a hub of office and light industrial space for new types of economic activity. The county is negotiating with DWP to amend its lease on the airport property (owned by DWP), has built a new terminal, demolished several outdated buildings, and is developing engineering plans to access over $3 million in Federal Aviation Administration grant funds already awarded for airport related improvements like runways, lighting, fencing and other infrastructure. In addition, the county has secured a first-ever Community Development Block Grant (CDBG) to conduct a formal feasibility study for a light industrial park.

Another vacuum being filled is for a small business incubator—something you would ordinarily find in a metro area, but not in a county with such a small population base. Inyo County, the California State Employment Development Department, the California State Department for Vocational Rehabilitation, and CalWorks have teamed up to create a One-Stop Center. With small business owners and entrepreneurs as new customers, assistance includes: meeting and office facilities, a computer lab, seminars, and classes addressing real world business needs including marketing, finance and computer skills. Cerro Coso Community College and the county’s Adult Education program are providing classes at times convenient for workers and business owners.

Native American economic development has also been a focus, with a pro-active partnership between Inyo County and
the Bishop Paiute Tribe. The Bishop Paiute Development Council (BPDC) and the Big Pine Tribe, in collaboration with several local, state and national agencies, initiated an entrepreneurship/business development course for tribal members. Federal funding supports counseling services and provides microloans (including revolving loans) through BPDC. To date, more than sixty tribal members have attended courses and six have started their own businesses.

Create Long-Term Social Capital

Inyo County has worked to develop its social capital on a shoestring budget — but signs of progress are everywhere. Perhaps the most visible sign is the new Cerro Coso community college campus rising in Bishop. Years ago, the Eastern Sierra Foundation was created by local residents to find a way to create such a campus. Thanks to funding secured from a state bond measure, a donation of land from Southern California Edison and DWP, and extraordinary fundraising efforts at the local level, Cerro Coso was able to break ground in 2001 and will be open for business in the middle of 2003. The college will emphasize learning linked to local needs: natural resources restoration and management, tourism, business and the arts.

Another visible sign of social capital is in the arts. Inyo County has always been a strong supporter of cultural and historic enterprises, including Mule Days, a festival that draws 40,000 attendees in Bishop. More recently, residents of Bishop — inspired by a program in Toppenish, Washington — launched the Bishop Mural Society, formed to enrich Bishop’s civic and commercial life with historic murals, and to attract more overnight visitors. To date the Society has completed seven murals, four of which depict scenes from Bishop’s past, and plans to work with communities throughout the Eastern Sierra to begin their own mural projects.

The visual arts also get a major boost from the Lone Pine Film Festival, begun in 1990 and now drawing attention and attendees from all over the world. The festival boasts a spectacular setting at the foot of the eastern Sierra and Alabama hills, which have been used as the location for movies such as *Gunga Din*, *Star Trek V*, *High Sierra*, and *Maverick*. To establish Lone Pine as a year round destination for film buffs, local entrepreneurs are in the process of building the Lone Pine Film History Museum, featuring interactive displays, a theater and memorabilia from famous scenes shot near Lone Pine. In 2002, Inyo County, Lone Pine and the City of Los Angeles completed an historic three-way land exchange to acquire land for the museum and move the project forward.

More modest progress has been made on the housing and medical fronts. Building more affordable housing depends on the availability of more land, especially through land releases. One boost to local housing production may be through the efforts of a non-profit, Inyo Mono Advocates for Community Action (IMACA). IMACA is addressing the issue of permanent affordability by developing a community land trust (see the toolkit in Tactic 10). Through a trust and the Rural Community Assistance Corporation, IMACA would gain access to a revolving loan fund to buy land and then use traditional financing sources to create single family home ownership opportunities. This effort will be augmented by a new CDBG grant that will enable the county to do a housing needs survey.

Inyo 2020 identified access to medical services as a key priority. Although the county struggles — as do all rural counties — with the loss of HMOs as a medical care option, it has made headway at providing medical care to people who cannot afford any service. Especially notable is the partnership between the county, Northern Inyo Hospital and local medical providers to secure a HPSA (health professional shortage area) designation and subsequent grants to create a fully subsidized rural health clinic in Bishop. According to Tamara Pound, Inyo’s director of public health services, this clinic came about “only because of the collaborative nature of the community coming together.” She noted that a similar collaborative approach is being taken to provide dental care, possibly through a partnership with the California Endowment for Health and the UCLA Medical Center.
Catalyze Community Partnerships

Over the years, Inyo County has forged a real culture of cooperation. Part of it stems from county residents’ massive conflicts with Los Angeles over water rights (or, as some would argue, water wrongs). Beginning in 1955, Father John Crowley convened a group called Inyo Associates, to provide a setting where warring parties could meet as individuals, and not in their official capacity. Inyo Associates still meets on a monthly basis and helps create the basis for practical problem solving. This collaborative forum has been supplemented by a regular meeting hosted by Inyo’s chief administrative officer that brings the leaders of 20 local, state and federal land use agencies. This pragmatic culture has manifested itself in many ways, including:

• The Inyo County Collaborative Planning Team, a forum to help land managers and planners share the scope of their activities and thus avoid future conflict. The Team has worked on some collaborative projects such as assembling a GIS map of the county (although this failed because each agency has a different approach to mapping), joint transit tracking, and a jointly managed visitors center.

• The Southeast County Advisory Committee to link this section of the county — 180 miles from Independence, and advise on hot button issues like nuclear waste transport (planned to Yucca Mountain, NV) and groundwater resources in Amargosa Valley.

• The Joint Powers Agreement (JPA) negotiated between Inyo and Mono counties in 2000 to create a more efficient, responsive public transit system, especially for senior citizens. The system now provides more than 70,000 rides over a 13,000 square mile region.

The Impact of Inyo 2020

In evaluating the effects of Inyo 2020 over the past four years, it might be fair to say that the jury is still out. In a place where basic resources, like land and water, are hard to utilize, where financial resources are meager, and where communities are relatively isolated, it can be difficult to move projects and make change quickly.

Nevertheless, change is happening — and most of it is consistent with what hundreds of people said they wanted in 1999. Whether prompted by Inyo 2020 or the myriad projects under way before Inyo 2020 was started, county residents have identified and pursued innovative ways to capitalize on existing assets (natural resource restoration, historic centers, parks and livable communities, more sophisticated tourism marketing), make room for entrepreneurs (airport expansion, small business incubator, high speed Internet access), build social capital (new community college campus and the arts) and seek out collaborative opportunities (regional transit system). Perhaps most encouraging is that nearly all of these accomplishments have blossomed in the last several years.

There are some Inyo residents who believe that the local economy and communities regularly teeter on the brink — and that the priorities of Inyo 2020 haven’t truly been tested. But more often, you’re likely to hear people talk about the long view — and that they like what they see.

Says Rene Mendez, Inyo’s chief administrator: “I think what we’ve been doing since Inyo 2020 — and even before that — is lay the foundation for Inyo County to take advantage of its great beauty and good people, at a time when rural communities can compete in the broader market.”

For more on Inyo County’s comprehensive approach to building wealth, here are some resources and contacts: Inyo County (760-878-0366 or www.countyofinyo.org); Cerro Coso Community College (760-872-1565 or www.cerrocoso.edu); Los Angeles Department of Water and Power (800-342-5397 or www.ladwp.com); and the Owens Valley Committee (760-876-1845 or www.ovcweb.org).
“If a window of opportunity appears, don’t pull down the shade.”

—Tom Peters

As INVESTING FOR PROSPERITY amply demonstrates, the Sierra Nevada has a unique opportunity to become one of the most prosperous and attractive rural regions in America.

The Sierra has location, natural capital, livable communities, and an increasingly progressive business sector. It also has access to new technology and transport systems that make it easier for rural regions to compete with urban regions. Perhaps best of all, it has access to investment, planning and finance techniques that can enable the Sierra to grow its social, natural and financial capital at the same time, without sacrificing one type of capital for another.

Do Sierra leaders have the boldness to seize this opportunity? Right now, the evidence is mixed. SBC’s research indicates that many economic consultants and Sierra communities are still focused on a limited array of enterprises, chief among them attracting tourists, retirees and second home owners. Moreover, a recent survey by SBC of business owners reveals that more than two-thirds of these owners don’t believe that Sierra leaders are moving aggressively enough to create more entrepreneurial, diverse and resilient economies and communities.236

What makes this situation troubling is that other rural regions are already heading in new directions that blend environment and economy in profitable ways.

• Humboldt County, on California’s North Coast, is deliberately growing its “next wave” economy: a mix of organic agriculture; chlorine-free paper pulp production; light manufacturing; and even a high tech firm, Carlson Wireless, to bring broadband data access to rural areas.237

• HandMade In America is transforming the central section of North Carolina into a prosperous economy based on local industries and culture.230

• Off the beaten path, Sandpoint, Idaho is mixing timber, high tech and tourism to form a resilient economy.

• Southwestern Washington state is building a “conservation economy” through investments in local industries that generate financial, social and ecological dividends.239

Pockets of the Sierra are also diversifying and becoming wealthier, but far greater expanses are experiencing sluggish income growth, higher poverty rates, and eroding natural assets. Worse yet, these trends are occurring on the heels of one of the greatest economic surges in America’s history.

It is time for Sierrans to capitalize on our extraordinary natural and historic assets, cultivate our entrepreneurs, create social capital, and find collaborative solutions—all to build long-term prosperity for ourselves and our children.

If we don’t act now — at the start of the 21st century — we may never have a better opportunity. The Sierra is on the verge of major changes: some of the highest population growth rates in California; a major influx of retirees and second home owners; and declining timber and mining industries. If we cannot adopt an innovative approach that secures the future health of our economy and communities, we will almost certainly be overwhelmed by a “perfect storm” of change that is cresting over the Sierra.

We end this guide with an appeal to all Sierrans: to look beyond the old routines; to adapt our historic values to a new era; and to proceed with a sense of hope that we can set our own destiny for the Sierra Nevada. We encourage Sierrans to:

Look up. See the big picture and the changing global economy. See how the enviable location of the Sierra positions our home region to build true, long-term wealth.

Look around. Explore the Sierra’s natural and working landscapes. Recognize and conserve the value they contribute to the wealth and well-being of the region.
Look homeward. Reacquaint yourself with the Sierra’s unique industries and town patterns. Remember that capitalizing on these existing assets is the surest bet to build vibrant communities.

Look out. Realize the new opportunities for rural areas, in which local entrepreneurs can create high-wage jobs and drive the economy forward with their constant testing of new ideas and products. Understand that the Sierra can compete—in ways never before anticipated—on many levels with metropolitan areas.

We want to emphasize one last point—the power of examples and choice. Investing for Prosperity lays out hundreds of ideas to choose from to build community and economy. The beauty of this menu is that Sierrans have the power to select what works best for our communities—and to reject projects or programs that fail to generate true social, natural and financial capital.

It means that Sierrans can draw on their independent spirit and, as economic renewal expert Michael Kinsley puts it, work from the “conviction that many small efforts work better than a single one-size-fits-all solution.” Remember: a process of economic change—as defined in Investing for Prosperity—does not have to follow a formula. Instead, as Kinsley notes, it can be “hopeful, creative, civil and fun.”

As we noted at the outset of Investing, it’s a new day for rural America and especially for the Sierra Nevada. We hope that Sierrans will look around, see the opportunities at hand, learn from the experiences of rural communities across North America, and invest for prosperity—for the people and the land that we love.
Appendix A
Resources, Links and Organizations

There are hundreds of resources referenced throughout the 14 tactics and 44 case studies in Investing. But here in one place is a sample of excellent resources and organizations that can help you, your community, and your business invest for prosperity.

Documents


David Birch, Job Creation in America: How Our Smallest Companies Put the Most People to Work (Free Press, 1987). A still timely reminder that small businesses are the foundation of the American economy.

Barb Cestero, Beyond the Hundredth Meeting: A Field Guide to Collaborative Conservation on the West’s Public Lands (Sonoran Institute, 1999). Excellent guide with case studies on how Western rural areas work collaboratively to protect natural and community assets. www.sonoran.org.


Dan Kemmis, Community and the Politics of Place (University of Oklahoma, 1990). Eloquent ruminations on community, civic engagement, and the power of place—from the former mayor of Missoula, Montana.


Ray Rasker, “Your Next Job Will Be In Services: Should You Be Worried?” Chronicle of Community, Volume 3(2): 1999. An experienced economist from the Sonoran Institute looks at how rural areas can and should adapt to a changing economy. For a copy of the article, contact ray@sonoran.org.


Michael Shuman, *Going Local: Creating Self-Reliant Communities in a Global Age* (Free Press, 1998). Highly readable overview of local efforts to create more self-reliant economies. Large appendix that provides many resources for economic and community developers.


**Organizations, Web Links and List Serves**

**Economic Development and the “New Economy”**

California Association for Local Economic Development: Great resource for business and community development in all parts of California. www.caled.org or 916-448-8252.

Center for Economic Development at CSU Chico: Research center on economic development serving northern California. www.csuchico.edu/cedp or 530-898-4598.

New Economy Project: Littleton, Colorado’s renowned economic gardening program. Features a list serve to discuss cutting edge economic development work. Subscribe by going to econ-dev. (www.littletongov.org/bia/NewEcon).

**Community Investment and Business Creation**

ACE Net: Impressive model in Appalachia for how to rapidly grow a new industry in a rural region through a self-organizing sectoral network. Sounds daunting but check it out. www.acenetworks.org or 740-592-3854.


Coastal Enterprises, Inc: A remarkable community development corporation in rural Maine that has developed a wide array of programs to build social, financial and natural capital on the ground (and in the water). www.ceimaine.org or 207-882-7552.

HandMade in America: Perhaps the pre-eminent regional non-profit that has built up a thriving economy based on indigenous handicrafts and other local industries. www.handmadeinamerica.org or 828-252-0121.

Institute for Local Self-Reliance: Innovative ideas about how to promote local business, improve local schools and strengthen downtown districts. www.newrules.org or 612-379-3815.

Main Street Center: Run by the National Trust for Historic Preservation—an integrated program to support the economic health of America’s traditional downtowns. www.mainstreet.org or 202-588-6219.


Rural Community Assistance Corporation: Works for affordable housing, infrastructure and economic development in 13 Western states. Offers a special loan fund to support projects in rural areas. www.rcac.org or 916-447-2584.

Sierra Small Business Development Center: Top-notch center that provides counseling and other services to small businesses in the central Sierra. www.sbdcsierra.org or 530-885-5488.
Sierra Telecommunications Coalition: Coalition of nine Sierra counties to accelerate the introduction of high-speed Internet service. www.sierra-telecom-coalition.com or 530-274-8455.

Small Business Administration (www.sba.gov). Web resource on federal loans, grants, and programs for communities and business people.

Entrepreneurs


Shorebank Enterprise Pacific: Unique bank that lends to entrepreneurial businesses that seek to achieve financial and environmental objectives. www.sbpac.com or 360-642-4265.

Social Capital

California Assembly of Local Arts Agencies: Useful clearinghouse on how to support the arts in your community. www.calaa.net or 415-357-3880.

Clearinghouse for Affordable Housing and Community Finance Resources (www.hcd.ca.gov/clearinghouse). State-sponsored guide to more than 200 resources for housing and community development.

Community Reinvestment Fund: Provides loans and technical assistance to support community development, especially in low-income areas. www.crfusa.com or 800-475-3050 or 612-338-3050.

Rural School and Community Trust: An outstanding resource for learning about schools and lifelong learning in a rural setting. www.ruraledu.org or 202-955-7177.

Natural Capital

California Rangeland Trust: A non-profit working to conserve the open space, natural habitat and stewardship values of California ranchland. www.rangelandtrust.org or 916-444-2096.


Sierra-Cascade Land Trust Council: A regional coalition of Sierra Nevada land trusts. Can be contacted through the Sierra Foothills Conservancy. www.sierrafoothill.org or 559-855-3473.

Sierra Nevada Alliance: A coalition of non-profit groups focused on restoring the Sierra’s watersheds. Of particular interest is the watershed council toolkit and micro-grant program. www.sierranevadaalliance.org or 530-542-4546.

The Natural Step: An international organization that helps businesses be more sustainable and profitable. www.naturalstep.org or 415-318-8170.

General

Regional Council of Rural Counties: Association representing 29 rural counties in California on issues of statewide concern. www.rcrcnet.org or 916-447-4806.

Sierra Business Council: The Sierra’s regional business organization working to secure the economic, social and environmental health of the region. www.sbcouncil.org or 530-582-4800.

### Company Statistics/Demographics

1. **Name of Business:** ________________________________
2. **Name of Contact:** ____________________________________
3. **Address:** ________________________________________
   ______________________________________________________
   ______________________________________________________
   ______________________________________________________
   Telephone: ________________________________

2. **Type of Business:**
   - [ ] Retail/wholesale  [ ] Manufacturing
   - [ ] Computer Related  [ ] Consultant
   - Other: ________________________________
     Further description: ________________________________

3. **When did you start (or plan to start) your business?**
   ______________________________________________________

4. **Where did you start your business?**  [ ] In your home?  [ ] Other
   Are you currently at home?  [ ] Yes  [ ] No

5. **If you did not start in Mill Valley, when did you move here and why?**
   ____________________________________________________________________________________

6. **What is the legal status of your business?**
   - [ ] Sole Proprietorship  [ ] Partnership  [ ] Corporation

7. **How many employees do you presently have?**
   Part-time ____________  Full-time ____________

8. **How many square feet of space does your business require now?**
   - Office _____________________________ sq. ft.
   - Warehouse __________________________ sq. ft.
   - Showroom/retail ______________________ sq. ft.
   - Manufacturing ______________________ sq. ft.

9. **Do you anticipate expanding your business within the next year?**
   ______________________________________________________
   If yes, indicate additional square footage need:
   ______________________________________________________

10. **If you have moved recently, why?**
    ______________________________________________________
    ______________________________________________________
    ______________________________________________________
    ______________________________________________________

11. **Do you have any special facility needs**
    (loading dock, high voltage, special venting, storage, store front, etc?)
    ______________________________________________________
    ______________________________________________________
    ______________________________________________________
    ______________________________________________________

12. **How much do you currently pay for space?**
    (per sq. ft.?) ________________________________

13. **How useful is it to you to be in close proximity to other businesses?**
    [ ] Very useful  [ ] Somewhat useful  [ ] Not important
    If useful, what types: ________________________________

14. **What percentage of your revenue (company’s clients/customers) are from the Mill Valley area?**
    [ ] Less than 25%  [ ] 25%-50%  [ ] 51%-75%  [ ] 76%-100%
15. What is your primary marketplace?
- Mill Valley
- Marin County
- Bay Area
- Western States
- National
- International

16. Which aspects of your business have caused you the most difficulty (e.g., accounting, personnel, capital, marketing/sales etc.)?

____________________________________________________________________________________________________________

17. If you’ve sought help for these problems, who did you go to? (e.g., banks, SCORE, friend, Chamber of Commerce, bookkeeper)

____________________________________________________________________________________________________________

18. Have you ever need business advice or services and not been able to get them?

____________________________________________________________________________________________________________

19. These services I’m about to ask you about are typically included in a business incubator. Please rate them.

Support Service:

Management Assistance Service:

20. If already in business, could you have used an incubator?
- Yes
- No

If yes, what kinds of services could you have used? ______________

____________________________________________________________________________________________________________

If no, why not? ______________

____________________________________________________________________________________________________________

21. Would you be interested in participating in a focus group to discuss this issue further? If yes, please give us your name and phone number.

Name: ____________________________

Phone: ____________________________
End Notes

8. Birch, Job Creation.
12. The calculations are that settlement will increase from 1,741 square miles in 1990 to 6,846 square miles in 2040. For more information, see Timothy P. Duane, “Human Settlement, 1850-2040,” Sierra Nevada Ecosystem Project: Final Report to Congress, vol. II, Assessments and Scientific Basis for Management Options, (Davis: University of California, Centers of Water and Wildland Resources, 1996).
16. In 1999, Dow Jones developed a methodology for tracking the performance of the leading sustainability driven companies worldwide. Three thousand multinational companies on Dow indexes were subjected to a sustainability criteria analysis. The top 10% were then grouped into geographic sustainable indexes—the Dow Jones Sustainability Groups Indexes. “Sustainability Forays into Finance Mainstream,” Tomorrow Essentials: Corporate Sustainability Report, (October 1999); available at www.cenvironmetal-expert.com/magazine/essentials/october/index.htm.
27. Myers and Gearin, Current Preferences.
28. Fully 83% of Californians cite traffic congestion as a problem, making it the top-ranked issue related to growth. Baldassare, Growing Pains.
33. This is just what has happened in Auburn along Highway 49, just north of its wonderful old downtown.
35. Ibid.
38. Florida, Competing in the age of talent.
40. Ibid.
41. Edie Lau, “Sierra will be hit hard by warming, study says,” Sacramento Bee, (June 4, 2002).

Feather River Coordinated Resource Management Group, Organization Profile: Fact Sheet #1 (Quincy, CA, 1997).


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INVESTING FOR PROSPERITY – 139

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213 For more information about this effort, contact Gary Peterson, Nevada County Airport Manager, at 530-273-3374; Leslie A. Maxwell, “Lawmaker Urges Rural Colonials to Unite,” Sacramento Bee (January 30, 2003).

214 For more information about the Canyon Country Partnership, contact Kaaron Jorgen, coordinator for the CCP, at 435-259-4056.

215 FACA can be a challenge in creating multi-jurisdictional partnerships with the involvement of federal agencies. The “open government” legislation was established in 1972 in part to ensure that specific private or non-profit interests did not get favorable access to federal decision makers. Because of FACA’s requirements regarding federal agency involvement, it can be difficult to organize collaborative regional groups with private sector involvement. For a brief description of FACA, see Beyond the Hundredth Meeting, pp. 79-80.

216 The extent of regional natural resource planning in the Sierra is documented in the Sierra Nevada Resource Investment Needs Assessment (2002), prepared by the Sierra Nevada Conservancy Working Group and available through the Sierra Business Council (www.sbcouncil.org).

217 For information about the Sierra Telecommunications Coalition, call 530-274-8455 or click on www.sierra-telecom-coalition.com.


230 Marquand, “Placer Legacy Adapting.”


232 Case study based on Vaughn L. Grisham, Jr., Tupelo: The Evolution of a Community (Dayton, OH: Kettering Foundation Press, 1999); Vaughn Grisham, “Tupelo, Mississippi: Capitalism and Community Life,” Saguaro Seminar on Civic Engagement in America (Cambridge, MA: John F. Kennedy School of Government, 1999);

233 Ellen Eubank, “Tupelo’s Recipe for Success Includes 50-year-old Foundation;” Bridges (The Federal Reserve Bank of St. Louis, 1999);


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237 See the case study on page 102.

238 See the case study on page 57.

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Acknowledgements

The Sierra Business Council is especially grateful to a number of donors whose contributions have allowed us to invest the research and writing time that this project merited. Our thanks to:

**The Ford Foundation**

**The William and Flora Hewlett Foundation;**

**The Clarence E. Heller Charitable Foundation;**

**The James Irvine Foundation;**

**The W. Alton Jones Foundation;** and

**The Surdna Foundation.**

Publication of Investing for Prosperity was also made possible in part by an investment from **The Orton Family Foundation**, a private operating foundation located in Rutland, VT and Steamboat Springs, CO, which will be partnering with Sierra Business Council to integrate the principles expressed in this book with its decision support suite of software, Community Viz, and other programs the Foundation is developing.

Dedicated to Janice Forbes, founding chairman and leading light of the Sierra Business Council

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We could not have completed Investing for Prosperity without the help and guidance of many people, who are listed below.

Jennifer Allen, Laurel Ames, Tom Amesbury, Becky Anderson, MaryAnn Argyres, Speranza Avram

Wayne Baker, David Barrios, Julie Bear, Constance Beaumont, Dan Beets, Lucy Blake, Linda Blum, Jan Bray, Bill Brazill, Barry Brouillette, Russ Brown, Larry Burkhardt, Paul Bush

Tim Campbell, Mary Canada, Elizabeth Carmel, Susan Carpenter, Bill Center, Phil Chang, Loren Clark, Rich Colwell, James and Harriet Coyne, Dennis Crabb, Karen Craig, Breeze Cross

Jim Davis, Ed Delfino, Ed Delhagen, Mike Dickerson, Tom DiGiovanni, Darin Dinsmore, Marieange Dobresk, Robert Donnen, Tim Duane, Arthur Dye

Jim Elias, Rick Ellinger, Susan Elmore, Magda Escobar, Katherine Evatt

David Fenimore, Wayne Fawbush, Debbie Ferguson, Jane Freeman, Steve Frisch

Sid Gardner, Pat Gemma, Sharon Gerber, Chris Gibbons, David Glidden, Adam Gottlieb, Ed Graves, Anna Greco, Sarah Green, Greg Greenwood, Tracy Grubbs, Marianne Guiguere

Lee Hanson, Emily Nack Harris, Doug Henton, Ken Hiatt, Jan and Will Holder, June Holley, Steve Hoyt, Ben Hulet, Penny Humphries

Jeff Irons, Kahi Jaworski, Robert Johnston, E.J. Jones, Sara Jones, Kaaron Jorgen, Jim Jungwirth, Lynne Jungwirth

Ed Kawahara, Trish Kelly, Dan Kemmis, Jim King, Michael Kinsley, Jonathan Kusel

Colin Laird, Debra Lambrecht, Pat Lanthier, Tony Lashbrook, Peggy Lauer, Steve Levy, Steve Lewis, Jim Libby, Jane Braxton Little, Jonathan London


Paul Natchigal, Mark Nechodom, Joanne Neft, Noelwah Netusil, Ernie Niemi

Candy O’Donel-Browne, Jeff Olson, Rudy Ortega, Rick Overton

Allan Pietrasanta, Alana Probst

Ray Rasker, Kay Reynolds, Betty Riley, Dave Riley, Chuck Roe

Jaime Sanz de Santamaria, Mitch Sayegh, John Sheehan, Jennifer Sokolove, Alvin Sokolow, Joan Sortini, Judy Spadoni, David Spaur, Russ Steele, Susan Steinman

Angela Tahti, Paul Tempelt, Elizabeth Tenney, Michael Theroux, Chuck Thistlethwaite, Kerri Timmer, Chris Trott

Roxanne Valladao, Mike Vance, Eric Vink

Bill Waite, Tim Wake, Kim Walesh, Russ Watson, Tom West, Jim Wilcox, Leah Wills, James Wilson, Mary Wollesen, David Wood

Jim Zauher, Paul Zykovsky

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