

Forest Supplement to Rocky Mountain Institute's *Economic Renewal Guide*

If your community's efforts to develop a more sustainable local economy are focused on the forest, please use the attached factor summaries to replace some or all of those on pages 142 through 148 of the *Economic Renewal Guide*. Also, to set the stage for your work, please make available for your community participants Northwest Policy Center's *Toward a Sustainable Region*.

Forest Resource & Production Inputs

Forests, soil, water, wildlife, grasslands, minerals, and air are the foundation of many community economies. The harvest of timber and wildlife, grazing of livestock, growth in the soil, removal of minerals and petroleum, use of water, and aesthetic appreciation of the natural world (*i.e.*, tourism) are traditional sources of jobs and income.

For many years, these resources were carefully husbanded by rural people who lived and toiled with them, and understood their workings in detail. These people realized that if natural resources were used unwisely, the livelihood of future generations would be jeopardized. But more recently these resources have been depleted in many places, often by people who cared little for the communities that depended upon them. In some cases, depletion has been so gradual, and the effects of depletion so subtle, that even caring people haven't noticed that their community's foundation was slowly but surely eroding.

Even communities that have carefully managed their resources have suffered

economic decline due to world markets that imposed tough and sometimes unfair competition. Volatile economic and political events have tormented many resource-based communities to the point that they feel they must fight just to stay alive. Unfortunately, many of them focus on who they can blame for their troubles rather than what to do to succeed in a rapidly changing world.

Some communities have depleted their resources to the point of exhaustion and will surely decline. But other creative communities are learning how to harvest their traditional natural resources sustainably, and finding new ways to use their resources, add value to raw products, develop new products, and put resources to work that had previously been discarded.

The wise and sustainable use of natural resources builds communities. The unsustainable depletion of resources erodes and ultimately destroys those same communities.

Use the following questions to help you fill out your worksheet, though not all will apply to your community. Don't fill out the worksheet with answers to the questions. Rather, use them to stimulate your thinking about assets, problems and needs.

- Who owns what percent of the forest in the vicinity of your community? Is ownership largely private or public?
- What are the various ways in which the forest is used and can be used? Include consumptive and non consumptive uses.
- What is currently harvested from the forest?
- What forest products are used locally? Which ones are exported?
- What changes have occurred over time in the composition of local forest species? What has been the effect of those changes?
- Is the tree age-class mix uniform or diverse?
- What is the composition of non-timber species in the forest? What opportunities or barriers has this created?
- Has there been any changes over time in forest animal populations (examples: fish and deer)? What are the implications of these changes for forest management and the local economy?
- When deciding how to use the forest, what whole-ecosystem factors need to be considered? (examples: watersheds, fisheries, riparian zones, wildlife corridors)
- Are there any practices or conditions that might be reducing the health or productivity of the forest?
- What is the value of tourism or recreation in the area?

- What forest resources might be used to produce new products or services?
- What do local people produce for themselves that might be produced on a larger scale and marketed?
- Is any forest material or practice unique to this area?
- Are there enough forest suppliers and service centers located near the community?
- What lumber harvesting practices are currently in use? Are any alternative or innovative practices being used?
- Is there a source of excess heat in local industry that could be used for other activities (Example: green houses)?

Note: You'll probably identify many assets, problems and needs that are not reflected in these questions.

Markets

As you consider forest products markets, follow the market chain from, harvest to production, processing, wholesale, retail, consumption, and recycling. Think of links in this chain might be strengthened or added. At each link, where are opportunities for savings, new businesses, expansion of existing businesses, increased employment. If you were a forest product producer, product designer, advertiser, or consumer, what opportunities would you see in this chain?

Value-added production is one way to tap into the forest products markets, that is, new businesses or expansion of existing businesses to further process products that are currently shipped elsewhere. Other avenues include producing and marketing products cooperatively; finding new market niches for unique products; and creating new market opportunities.

Use the following questions to help you fill out your worksheet, though not all will apply to your community. Don't fill out the worksheet with answers to the questions. Rather, use them to stimulate your thinking about local assets, problems and needs.

- What forest products are produced locally?
- Where do local producers market their products?
- What types of building materials are available locally? Are they produced locally?
- In what season do local products become available?
- Do any locals produce or market specialty products?
- What other specialty products might be produced?
- Are there any brokers in your area?
- What processed products are made in your community?
- Are there any local producer or consumer cooperatives?
- What are the barriers to the creation of cooperatives?
- Do local vendors in your community sell products to local businesses?
- Where do local stores obtain their forest products?
- What forest products businesses existed in your community in the past? Do those skills still exist?
- Do any local enterprises generate waste products that could be used as inputs for existing or new forest products businesses (examples: excess heat, slash)?
- Are any residents developing non-timber forest products?
- Where might someone find information about non-timber forest products?
- Are any products being produced locally from small diameter trees? (Example: engineered wood products)
- What tourist opportunities exist in the area?
- Could forest products businesses be incorporated into tourism attractions?
- Do any existing activities interfere with forest products development?
- How does price and quality differ between local and imported products?
- What new product or production methods have been tried that have failed? Why?
- How do environmental issues affect local markets? Can these issues be solved in ways that do not affect local markets?
- Might existing or new local agricultural crops or their by-products be used to make building materials, paper, or other wood substitutes.

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Human Resources

Education and retraining of children and adults is crucial to community prosperity. It helps residents secure the jobs that result from economic success. It supplies business with qualified employees.

Most development efforts focus on the skills and energy of specialists, officials, and traditional leaders. Their contribution to the community is certainly necessary

but it's not the only important human resource. Churches, schools, and civic clubs have facilities and volunteers for town projects; seniors, students, and artists offer an array of skills and ideas that increase and enhance a community's options. Their perspectives are useful to any economic development effort. Their skills and grassroots view of the town are vital resources for innovative projects.

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- What proportion of local residents earn their income from forest products?
- What proportion of local government revenues results from timber harvesting? from non-extractive forest uses? Who gets the money?
- Who in the community has special forest skills? Are their skills being passed on to others?
- Are most residents working in jobs that take full advantage of their skills?
- Can local skills cut production time, cost, and risk of existing and new ventures?
- Are there opportunities for advancement?
- Who has knowledge about different ways to make money from the forest?
- Are women or minorities encouraged to start and own their own businesses?
- Are small-business training opportunities available at such nearby institutions as community colleges?
- Do local schools encourage potential entrepreneurs, support newly formed enterprises, or offer vocational training?
- What sorts of people are unemployed? Are they receiving job training? What skills are they learning? What other training might benefit them?
- What about the under-employed? What are their skills? How can they better employ their skills?
- What sources of expertise are available to restore and maintain the health of the forest?
- How good is the match between job skills and job opportunities?
- What types of jobs are hard to fill? Can residents fill them?
- Do local businesses support employee benefits (child care, health insurance, maternity and paternity leave)?
- Are there any human service needs that are unfulfilled?
- Have the beneficiaries of human service expansions (for instance, expansions of police, fire, or school services) paid all the costs? Or have expansion costs been by residents who didn't require the expansion?

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Governance

(Not just government, but all the ways in which the community organizes and manages itself.)

More than any other aspect of a community, the ability of residents to work together determines its success. A community made up of creative, educated, committed, enthusiastic, open-minded people who are willing to take calculated risks is unstoppable. It will succeed despite other major difficulties and deficiencies.

Creativity requires a willingness to discuss important decisions openly, to question basic assumptions, and to consider new ways to preserve the values and traditions that are so important to

communities. Enthusiasm and commitment are maintained by the support and acknowledgment of volunteers and the encouragement of new ideas and leadership. Open-mindedness and risk-taking can be fostered by leaders who encourage alternative points of view.

Community decision-making is most creative when it involves the broadest possible participation, careful consideration, a minimum of name-calling and permanent organizations whose mission is the long-term community success.

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- What groups or individuals have a stake in the forest's future? (Examples: water authorities, habitat advocates, tree farmers, wood workers, outdoor recreationists, hunters, fishers, banks, land developers)
- Is your community effective at organizing itself to get things done? If not, why?
- Does your community have a permanent organization whose mission includes support of the long-term viability of the community and its economy. Does the organization do what it says it will do?
- Does the community encourage new leadership? How?
- Are civic and church groups working effectively to build a stronger community? What services do they provide to the community?
- Do residents volunteer for community projects?
- Does the community support volunteers? How?
- What would it take to get more and different people involved in community affairs?
- Are there residents—especially retirees—with valuable skills who aren't yet involved in the community's development, education, and training efforts?
- What advocacy groups are active in your community? What are their issues? Do they cooperate?
- Are local economic development efforts focused on business recruitment or homegrown economic development, or both?
- What problems, needs, and assets does your community share with neighboring communities?
- What public and private services are available to help existing and new businesses?
- How do local, state or federal government regulations and policies affect forest practices and decisions? (The closer the government, the easier it is to influence.)
- What effect do particular local, state or federal regulations have on new or existing enterprises? (Such a general statement as "too many regulations" is too vague to be useful.)
- Are policy changes needed in order to restore and maintain the forest's health?

- What economic development efforts has the local or state government undertaken? What efforts have been initiated by other local groups?
- Does your local government provide ample opportunity for public participation in decision-making? Does public participation include the formulation of decisions, or just comment on decisions that are about to be made?
- Are local leaders (private and public) aware of forest conditions and potential? Do they act on that awareness?
- What local, state, or federal incentives are available to wood producers locally? (Example: power companies buying forests to off-set carbon emissions.)
- Are there prohibitions against development or road building in local forests.

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Infrastructure

Adequate roads, water, sewer, energy services, and communications systems are crucial to local business and residences. Sound and well-maintained infrastructure helps keep businesses in town and attracts new and expanding businesses. But it requires costly maintenance and replacement. Though some parts of a community's infrastructure may be privately owned (for example, electric utilities), most is built and maintained by local governments and districts. Knowing which parts of the infrastructure are most important to existing, expanding, and relocating businesses can help order capital improvements and maintenance priorities.

In expanding towns, an emerging concern is that tax revenues generated by community expansion are often insufficient to pay the costs of the public services (including infrastructure) demanded by it. As a result, existing taxpayers often unwittingly subsidize much community expansion, especially the residential subdivision of unoccupied land. This is because local government spreads the costs of expansion among all taxpayers rather than charging only those who create the costs. This is often, in effect, a subsidy from the whole community to those responsible for the expansion.

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- What is the condition of each component of your community's infrastructure?
- How does the cost and condition of infrastructure affect local enterprises and families?
- How do area industries get their products to market?
- What elements of the local infrastructure benefit forest products industry? What infrastructure improvements would help the industry?
- In the last five years, how has the community invested in its infrastructure?
- Have the beneficiaries of infrastructure expansions paid all the costs? Or have expansion costs been paid by residents who didn't need expansion?
- Are your taxes increasing to pay the costs of someone else's infrastructure? Do you benefit in ways that compensate for your increased taxes?
- Are there any proposed improvements or changes to the infrastructure?
- Do the local governments and districts who provide infrastructure understand the costs and revenues generated by expansion?
- Is the community trying to attract business that will require the expansion of existing services or facilities? What are they? Who would benefit and who would pay the cost of infrastructure expansion?
- Who uses utilities, roads, and bridges most?
- Should the community borrow money for improvements?
- Is expansion of existing facilities the only way to maintain service, or would repair and renovation get the job done?
- Can demand on infrastructure be reduced through efficiency improvements?
- How are decisions made about infrastructure? By whom? Does public participation effect these decisions?
- What skills are available for infrastructure improvements (examples: construction, masonry, electricians)?

- Can municipal workers assist in the design and construction of new infrastructure, instead of outside contractors?
- Are alternative sources of power available? Consider solar, geothermal, wind, water, and biomass).
- Are alternative modes of transportation available (waterways, railroad, public transportation)?
- What facilities are available for business or public use (airports, railroad stations, piers, grain elevators, parking lots, greenhouses, municipal building)?
- What recreational events or facilities bring people from near and far together?
- How do the various elements of the local infrastructure affect the environment?
- Which elements of the infrastructure benefit the health of the forest? Which detract? What changes would improve forest health?
- What local forest products are used in local infrastructure? (Example: wooden bridges)
- What local forest values are diminished by local infrastructure? (Example: effect on streams and pollinators)
- What elements of the infrastructure benefit from the health of the forest? (Example: water)
- If there are any proposed changes to the infrastructure in or near the forest, who will benefit? Who will pay the costs? Is this situation equitable?

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Access to Capital

The availability of money at affordable interest rates and terms significantly effects development. Adequate seed capital and financing enable existing businesses to thrive, allow new businesses to start up, and attract expanding businesses from elsewhere in the region.

When a community keeps more money at home, the money recirculates, increasing the local “multiplier effect.” It creates more value, pays more wages, finances more investments, and ultimately creates more local economic opportunity.

The projects that you identify during this development effort may require

money. The people responsible for writing the checks—loan officers, foundation program officers, government agency people, investors, and private donors—all want to be winners just as much as anybody else. They win when they support winning projects. Economic development projects, whether private, public, or nonprofit, are far more likely to be winners if we’ve carefully scrutinized them and they’re enthusiastically supported by the community. They stand a much better chance of securing funding than a project developed by one or a few people.

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- What are the financial needs of local businesses?
- What types of business loans are available in your community? Who gets them?
- Are lenders and funders willing to work on unconventional or small projects?
- How could loans be structured to suit the special needs of forest products businesses?
- What types of businesses tend to receive loans? Which do not? Are they starting up, expanding, or relocating?
- Are loan terms and rates better or worse here than other places?
- Is capital available for business start-ups? Could these sources be used for establishing new forest enterprises (forest value-added industries, tourism)?
- Does local wealth tend to stay in the community or is it invested elsewhere?
- In what financial instruments do local people invest their money (examples: pension funds, insurance policies, stocks and bonds)? Where does the money go? Are the funds lent locally by the institutions that hold them?
- Are private investors interested in investing in expanding or new businesses?
- Are venture capitalists interested in providing capital to types of business that the community might be trying to attract?
- What institutions provide capital?
- Are area financial institutions locally owned?
- Are existing financial institutions convenient?
- What incentives do local banks offer (free checking, community reinvestment accounts)?
- Is there a local credit union? How do members benefit?
- What other sources of capital exist (community loan funds, nonprofit foundation, cooperatives, foreign investment)? What are their requirements?
- What types of barter trade take place in your community? How does it help small enterprises?
- What local, state or federal programs are in place to assist in finance of new businesses? Do existing businesses use them?
- Are there any local producer, consumer or marketing cooperatives?

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