

Happy Camp, California

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NEAI Projects *

Year	Applicant	Project	Funding Source**	Amount
1994	Karuk Tribe (Happy Camp Action Committee)	Happy Camp Diversification Project	Forest Service	\$96,200
1994	Siskiyou Economic Development Council (Happy Camp Action Committee)	CA Conservation Corps Camp/Facility Feasibility Study	Forest Service	\$35,973
1994	Karuk Tribe	Karuk Building Center (Hardware Store Purchase & Expansion)	BIA USDA-RD GSA SBA (loan)	\$75,000 \$150,000 85,000 150,000
1995	Happy Camp Community Services District	CCC Summer Pilot Project	Forest Service State CCC	\$30,000
1996	Karuk Tribe	Tribal Design Works Start Up	USDA-RD BIA	\$80,000 59,000
1996	Karuk Tribe	Karuk Community Development Corporation(KCDC)	Forest Service USDA-RD	\$50,000 60,000
1996-2000 1997 1997 1997	Siskiyou County EDC subcontracted to Karuk Community Development Corporation (KCDC)	Business Enterprise Center	DHUD-CSBG Forest Service USDA-RD EDA	\$200,000 \$65,000 50,000 50,000
1996 1997-2000	KCDC	Tribal Business Enterprise Center	SBA BIA SBA	\$47,500 24,000 per year
1997	Siskiyou Economic Development Council	Klamath River Recreation & Tourism	Forest Service	\$20,000
1997	William Hibberts	William Hibberts Trucking	SBA Old Growth	\$84,600
1997	Siskiyou County EDC	CCC Community Projects Coordinator	Forest Service	\$15,000
1998	Ed Head Lumber Company	Hardwood Mill Startup	SBA Old Growth	\$150,000 100,000
1998	KCDC	Small Business Development & Welfare to Work Initiatives	Forest Service	\$66,000
1998	KCDC	Economic Recovery and Personal Discovery Program	Forest Service EDA CDBG	\$29,840 53,910 60,295
1999	Happy Camp Community Services District	Happy Camp Conservation Camp Facility	Forest Service	\$35,100

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

** Key to funding sources: BIA=Bureau of Indian Affairs, USDA-RD=US Department of Agriculture Rural Development, GSA=General Services Administration, SBA=Small Business Administration, CCC=Cal. Conservation Corps, EDA=Economic Development Administration, CDBG=Community Development Block Grant

Background Context

Location, Population, and Land Base

Located in Siskiyou County, California, along the Klamath River, the town of Happy Camp is surrounded by the Marble and Siskiyou Mountains and 350,000 acres of national forest land. This land has long supplied timber and fish, and offers abundant recreational opportunities. The town straddles State Highway 96, midway between Interstate 5 and the Pacific Coast, 20 miles south of the Oregon border. Nearby communities include Seiad Valley, Horse Creek, Hamburg, Scott Bar, and Somes Bar.

The Karuk Indians, the area's longest standing residents, resided in small villages along the Klamath River for hundreds of years. The Karuk, whose name means "upriver people," continue such cultural traditions as hunting, gathering, fishing, basket-making, and ceremonial dances. Federally recognized in 1979 and governed by an elected nine-member Council, the Tribe has 3,000 enrolled members and is the only local government agency in the mid-Klamath River region. Their original Tribal Chair, first elected in May 1987, has served consecutive terms; his current term will end in November of 2003. Over the past 10 years, the Karuk Tribal government has grown from three employees and an annual operating budget of approximately \$250,000 to more than 75 permanent employees, 25 seasonal employees, and a budget of approximately \$12 million. They have developed a comprehensive mix of programs for health services, social services, education, housing and energy assistance, as well as natural resource management projects. In the past decade, the Tribe has purchased over 600 acres of ancestral land, established an active housing authority, built 100 new units of housing, and chartered the Karuk Community Development Corporation.

In 1851, European Americans began to settle in the area, then known as Murder's Bar because of cultural clashes and claim jumping. Later that year, the town gained its current name, Happy Camp. Eighteen-eighty census data showed a population of 597, of which 42 percent were Chinese and 16 percent American Indian. The Chinese population steadily declined as the gold mines closed. In 1990, 72 percent of the

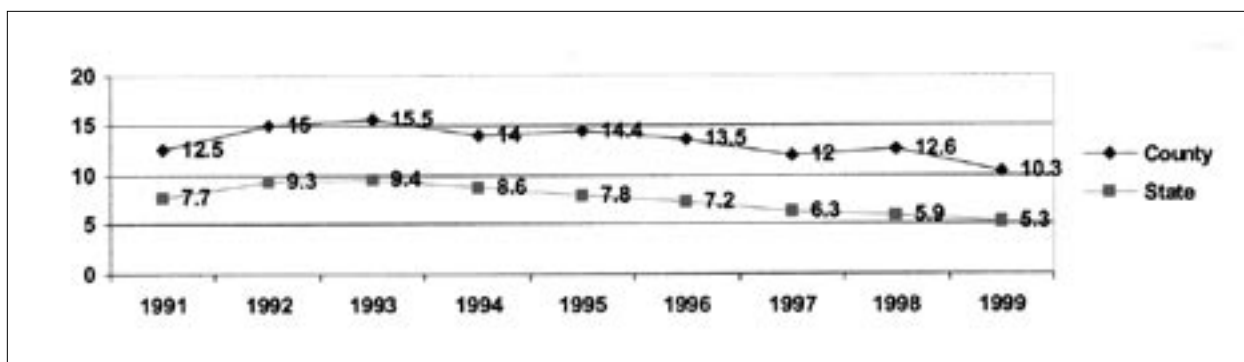
school students were Caucasian, while the American Indian population totaled 16 percent. Census tract data from that year reveals a community that was 79 percent Caucasian, 17 percent American Indian, and nine percent Hispanic. Since then, Happy Camp has experienced a decline in population, largely due to the loss of timber industry and related jobs. Happy Camp Elementary School enrollment fell from 241 in 1995 to 179 in 1999. Most of the families leaving are Caucasian. By 1999, elementary school enrollment was 53 percent Caucasian, 39 percent Native American, and nine percent Hispanic.

Economy

Throughout most of the nineteenth and twentieth centuries, Happy Camp's economy has been based on mining (gold, jade, copper, and chrome), fishing, and logging. In the late 1950s, Happy Camp had at least four fully operational sawmills producing a variety of wood products. The most recent downturn in Happy Camp's economy began in the mid-to-late-1980s as the decreased availability of large-diameter timber forced the Forest Service to halt or reduce timber sales. At the time, five timber mills operated within a five-mile radius of each other.

In the early 1990s, the largest employers were Stone Forest Industries, then the largest timber mill, followed by the Forest Service. Approximately 30 million board feet of saw logs were needed each year to keep the Stone Forest mill operating. With the reductions in harvests, Stone Forest Industries intermittently decreased its operation from two shifts to one shift, and cut its workforce from 145 to 81. The resulting decline in production effectively increased the unit costs of product and further decreased their ability to compete with other mills that had access to timber from private forestland or those that had retooled to handle smaller trees more efficiently. In October 1994, the Stone Forest mill was closed and put up for sale. In response to their dwindling economic base, a Happy Camp resident who had formerly worked in the timber industry stated that approximately 500 community members asked the Board of Supervisors to request access to the public forests.

Table 1: Siskiyou County and California Unemployment 1990-1999



The Klamath National Forest annual sale volume offered fell from a 1990-1994 yearly average of 66 mmbf to five mmbf in 2000. One district ranger attributes the latest reduction in timber harvest to the “survey and manage” requirements of the Northwest Forest Plan.

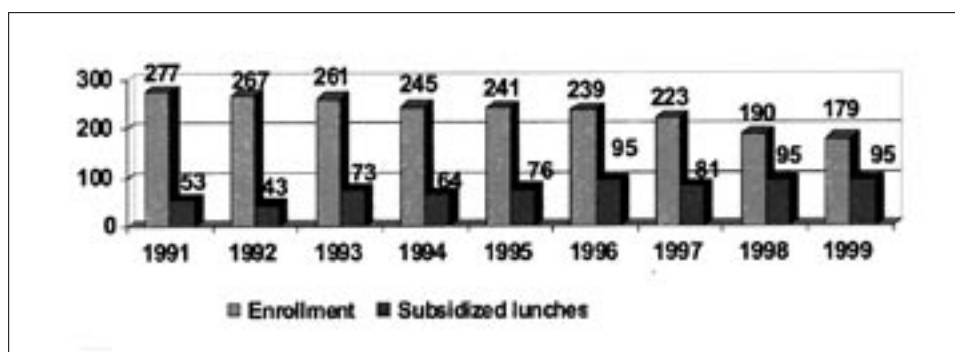
During the past decade, the unemployment rate in Siskiyou County reached a peak of 15.5 percent in 1993, and then decreased to 10.3 percent in 1999. Despite this notable decline, the county’s unemployment rate remains almost double the California rate of 5.3 percent (Table 1). Yearly unemployment statistics are unavailable for Happy Camp, because it is an unincorporated area. The Karuk Tribal Census data, however, shows a 35 percent unemployment rate for its members (70 percent within ancestral territory),

which is over three times the county’s 1999 average.

Schools

Happy Camp has both an elementary and a high school. The elementary school is an independent unit of the Siskiyou County School system, while the high school is part of the Siskiyou Union High School District. Both facilities are fairly new, with the elementary school completed in 1989 and the high school remodeled in 1997. Enrollments at both schools have declined. Between 1996 and 1999, enrollment at the elementary school declined from 239 to 179 (down 26 percent), while enrollment at the high school declined from 140 to 128 (down 11 percent). During this same period, participation in subsidized lunch programs increased by 44 percent.

Table 2: Happy Camp Elementary Enrollment Numbers and Subsidized Lunch Percentages 1991-1999



NEAI Projects and Programs

As a result of the Karuk Tribal presence, Happy Camp had the unique opportunity to access Initiative funds through two mechanisms. The Happy Camp Community Action Committee developed an action plan to address local issues and submitted applications to the California CERT. At the same time, the Karuk Tribe, aware of their role to facilitate economic development for the Tribe and other community members, used their development corporation to secure \$1.86 million directly through federal agencies. They secured well over half of their Initiative grant monies through the Bureau of Indian Affairs or Native American set-aside programs.

This section describes both of these parallel and often interactive processes, beginning with the projects initiated by the Happy Camp Action Committee and then discussing those initiated by the Karuk Community Development Corporation.

Happy Camp Community Action Committee

To qualify for rural or community development funding from the United States Department of Agriculture (USDA), communities need a community action plan detailing projects and priorities. In the fall of 1993, the Happy Camp Community Action Committee (Action Committee) formed to meet this funding requirement. Staff from the Forest Service's Rural Community Assistance Program in Yreka coordinated community meetings and worked with residents to articulate a community vision, prioritize objectives, and identify resources for implementing projects. According to one resident, the Action Committee formed to help the community offset the economic devastation that occurred when the mill shut down. Their goal was to find ways to bring more stability and infrastructure to Happy Camp. Community members credited Forest Service staff with giving the Action Committee direction.

The Action Committee meetings took the form of town hall meetings. Over time, it shrank to the size of a working group composed of representatives from the Chamber of Commerce, the mill, the local business sector, local service districts (water, sewer, ambulance), interested citizens, and, eventually, the

Karuk Tribe. Meetings were announced by word-of-mouth, phone calls, and fliers. The committee established community priorities through brainstorming, discussions, and a voting process in which each committee member named his or her top five issues. Despite dissent within the tribal administration about their participation on the Action Committee, one persuasive Karuk employee successfully persuaded the Karuk Tribal Council to work with the Action Committee by arguing that all residents needed to work together to mitigate the economic downturn. When the Karuk Tribe began to engage in economic development activities with the Action Committee, the committee in turn opened the door for increased collaboration between Native and non-Native Happy Camp residents. The social capital section of this case study will examine this issue in more detail. Through its meetings, the Action Committee developed the following list of priorities:

- the creation of living wage jobs;
- infrastructure development (creating an elder care center, expanding medical care to 24-hour coverage);
- business retention, expansion, and development; and
- social environment (community appearance)

Woods workers were invited to committee meetings, but chose not to participate as their personal struggles to support their families consumed much of their time and attention. Woods workers also distrusted government entities, which they saw as responsible for taking away their livelihoods. Timber workers' participation may not have changed the Action Committee's top priority—the creation of living wage jobs—but it would have had a discernible impact on the strategies pursued to develop economic opportunities. For example, interviewees indicated that timber workers would have advocated local retraining programs. Non-participation by timber workers has had ongoing community implications, which will be discussed in more detail in the “worker effects” section.

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The Action Committee moved beyond outlining a strategic plan to actively designing projects and pursuing funding. A Siskiyou County Economic Development Council (SCEDC) employee, funded by Initiative monies, assisted with grant writing, and acted as the liaison between the community and the funding agencies. Lacking infrastructure and political power to implement objectives, the Action Committee relied on other entities (the Karuk Community Development Corporation, the Karuk Tribe, SCEDC, and the Happy Camp Community Services District) for execution. This collaboration increased opportunities for open dialogue among residents and agencies (Moore 1995). Several committee members attributed the group's success to the dynamic leadership of a Happy Camp District Forest Service employee, who served as chair of the committee.

In 1998, the Action Committee updated their initial plan, deleting references to incomplete

work, because, "the tasks exceeded the community's capacity to follow through without a paid community development specialist" (Happy Camp Action Committee, 1998). In their analysis of their own past performance, the Action Committee cited incomplete projects (the Elder Care Facility, the Conservation Corp Facility, and infrastructure development) and limited community participation since the departure of the original chair as examples of failure. Committee members, however, failed to appreciate the committee's role as a vehicle through which the community could organize, articulate its assets and needs, and develop strategies to address local issues. The Action Committee facilitated community dialog, as well as provided an outlet and hope, said one resident. "They can give community consensus to projects," said a tribal employee. The Action Committee had primary responsibility for the Forest Diversification Study, the California



Happy Camp shrouded in fog.

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Conservation Camp projects, and the Klamath Recreation and Tourism Plan.

Forest Diversification Study

In 1994, the Happy Camp Action Committee secured \$96,200 from the Forest Service-Rural Community Assistance program to examine “the resource inventory within the Happy Camp Ranger District for species with potential commercial development possibilities and products that have value-added potential.” The Karuk Tribe assumed fiscal responsibility for this project and hired a consultant who worked with the Tribe and the Action Committee to complete a study. The study’s final report recommended developing a rustic furniture business, increasing recreational tourism, and exploring the electronic information processing industry (USDA 1996, Moore 1995).

The report facilitated ongoing conversations between the Action Committee and the Karuk Tribe, as well as solidified long-discussed ideas. It led to a rustic furniture market analysis, identification of the raw material supply, and development of a two-year business plan. The report also laid the groundwork for KCDC to secure a \$525,000 four-year grant from California Wellness, a private foundation, for Happy Camp to develop and implement a community computer center. Grant writers used the report’s recommendations (specifically, workforce development training in technology) as the rationale for the computer center.

Despite these achievements, many Happy Camp residents stated that the Forest Service grant money could have been spent more effectively, that the Action Committee failed to implement the report’s recommendations, and that the report produced no tangible results or new information. These comments reflect a general sense of frustration towards the cost of planning activities. Residents would have preferred more tangible results, such as employment for a fellow resident, instead of a contract with an outside consultant and a report “sitting on the shelf.”

California Conservation Corp Projects

With the Siskiyou County Economic Development Council (SCEDC) serving as fiscal sponsor

for a \$35,000 Forest Service grant, the Action Committee hired a consultant to complete a six-month feasibility study to locate a California Conservation Corps (CCC) camp facility in the Happy Camp area. The idea was based on the success of a similar facility, which had operated in the community during the 1950s. The study determined that the project, a 200-resident CCC camp, was not feasible. Following a state mandate to expand their number of satellite centers, the CCC District Office then requested that the community and the state support a 20-member CCC camp (15 residential and five non-residential participants) targeting at-risk youths, ages 18-24 (USDA 1996). But the state refused to support construction and operation of a Conservation camp facility, citing the lack of previous demand for CCC services, as well as the lack of a written commitment from federal and state agencies for fee-for-service work (these facilities traditionally receive half their budget from fee-for-service work).

After this refusal, the Forest Service, the Karuk Tribe, the Siskiyou Training and Employment Program, and the California Conservation Corps Klamath Service District partnered to provide \$120,000 in funds to operate the Seasonal Youth Employment Program. This project, a direct outgrowth of the feasibility study, provided job training and natural resource conservation-related work for 17 local youths and three supervisory staff between June and October 1996. Screened and trained by the Siskiyou Training and Employment Program (STEP), these corp members completed several community projects, such as developing a community-learning garden for elementary school children, building and maintaining trails, conducting a community survey, and completing various beautification projects. In October 1996, the program became a CCC/Ameri-Corp “Cadre of Corps” program, providing participants an educational grant award of \$4,725 for each year of service completed. Ameri-Corp provided the core funding, and the CCC provided the rest.

The Happy Camp Action Committee and the CCC Klamath Service District wanted to create a permanent facility for the program. Difficulty recruiting and maintaining project coordinators, a change in emphasis at Ameri-Corp from natural re-

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source work to mentoring programs, a CCC policy change on infrastructure allocations, and an increasingly tight state budget made a permanent facility unlikely. Despite these issues, the Happy Camp Action Committee and the CCC Klamath Service District continued to push for a permanent facility.

In 1998, the Forest Service provided a \$15,000 grant to the Siskiyou Economic Development Council to hire a part-time Community Project Coordinator for one year to help the CCC Klamath Service District develop community-based project work plans, project funding proposals, and related grant applications to support a CCC facility in the Happy Camp area. A preliminary verbal report by the consultant indicated that funding for the center was available. Based on this information, the Happy Camp Community Services District secured \$35,000 from the Forest Service to set up a Conservation Camp Facility in 1999. This facility would serve as a base for several job training and educational programs, including programs for the CCC and Ameri-Corp. The services district estimated that the facility would in turn provide employment for 24 people initially and 51 people in subsequent years.

The Community Services District donated a

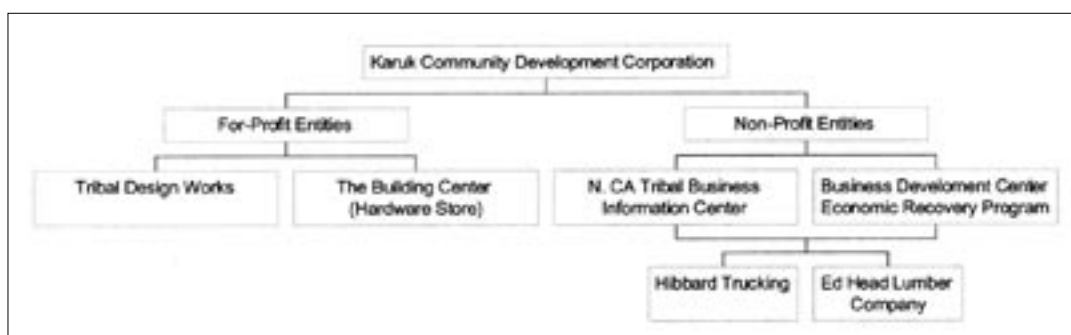
2-3 acre land parcel identified by the previous feasibility study as a suitable location for the camp. The California Department of Transportation helped prepare the land for construction. The local service districts agreed to provide sewage, water, and electrical hook-up for free. The California Conservation Corp's Del Norte Center moved several buildings, valued at \$350,000, from Trinity County to the new location.

When the state rescinded its earlier mandate calling for CCC expansion, policies shifted, reducing the CCC Klamath Service District's ability to fund small infrastructure programs without state permission. When the Forest Service requested a formal commitment from the CCC to cover the ongoing costs of facility overhead as a prerequisite to its providing the final \$35,000 for this project, the CCC formally withdrew from the facility development altogether. In March 2000, the Klamath Service District wrote a letter to the Happy Camp Services District stating that a constrained budget and the Community Project Coordinator's failure to secure site income prohibited the District from providing the additional monies necessary for the infrastructure and overhead needed to start a CCC operation on the site.



Economic changes forced some Happy Camp businesses to close.

Table 3: The Karuk Community Development Corporation as it Relates to NEAI Funding



Originally a rallying point for a community experiencing severe economic downturn, this project heightened local distrust of government officials. Working towards the Conservation Corp facility made Happy Camp dependent upon and vulnerable to the whims of government budgets and ongoing policy shifts. The division of State and Private Forestry in the Forest Service had been one of the biggest supporters of the CCC operation, providing, for example, \$116,000 in Rural Community Assistance Grants to support Happy Camp's efforts establish the facility. But the inability of the land management branch to provide fee-for-service contract work, coupled with the lack of other contract work, doomed the establishment of a CCC in Happy Camp. Increased communication and collaboration between branches of the Forest Service could have aided efforts to site the CCC camp in Happy Camp and, at the same time, help establish a core of laborers who could work on Forest Service projects. In addition, communication between the Forest Service and the CCC could have resulted in a win-win solution for both agencies and the community (Forest Service provides services, CCC provides overhead).

Klamath River Recreation and Tourism Plan

Action Committee members originally envisioned the Klamath River Recreation and Tourism Plan as an opportunity to develop planning and marketing recommendations for the expansion of outdoor recreation resources and tourist attractions in the Happy Camp area, a direct outgrowth of the Forest Diversification Project. Securing \$20,000 from the Forest Service Rural Communities' As-

sistance Grant to address these goals, the SCEDC contracted with a Happy Camp resident to develop an interpretive auto tour along a 110-mile stretch of the Klamath River. The goal of the brochure, which described the cultural, recreational, historic, and natural resources of the area, was to increase tourism in Klamath River communities. The contractor talked with and provided an honorarium for local people and elders. Popular among tourists, only 1,000 of the original 18,000 brochures remain. Since no one tracked the brochure's impact on tourism, the project's direct impact is unknown. However, the contractor, a Business Enterprise client, gained desktop publishing experience on this project.

Karuk Community Development Corporation

The Karuk Community Development Corporation (KCDC) served as a parallel funding mechanism for Initiative projects. In light of its dependence on government support, the Karuk Tribe decided that it needed to be more self-sufficient and to offer more tribal programming. In 1995, the Karuk Tribe founded the KCDC to promote community development within the ancestral territory of the Karuk Tribe. Despite a feeling among some that the Tribe should operate separately from the rest of the community, a tribal employee said, "We chartered this organization because we understand the need for the Tribe to work with the community so that everyone has a win-win." Having the KCDC, which oversees for-profit and nonprofit entities, allows programs to operate outside of the tribal government, providing greater flexibility. The KCDC has the following mission and goal statement:

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Mission : To build diversified, sustainable economies by creating new business ownership and employment opportunities within the Ancestral Territory of the Karuk People.

Goal 1. Develop and manage profitable Tribal enterprises that will employ Tribal and other community members.

Goal 2. Attract and recruit culturally, ecologically, and economically sustainable businesses to locate within the Ancestral Territory of the Karuk Tribe.

Goal 3. Establish and operate a Business Enterprise Development Center for the provision of comprehensive business development services to Tribal and non-Tribal members of communities located within the Ancestral Territory of the Karuk Tribe.

Staff from the KCDC worked closely with the Community Action Committee, applying for and implementing projects that addressed some of the business development and infrastructure needs listed in their action plan. The KCDC also worked with their seven-member Board of Directors to develop and implement an annual strategic plan. The organization secured approximately \$2 million between 1995 and 2000 from the Initiative. In addition, they were given a grant award notice for \$1.3 million to upgrade their water system. However, this money has not been received yet.

The Tribe's sovereign nation status obviated the need for them to participate in the CERT process and gave them access to additional funds. Representatives from the USDA Rural Development, the Forest Service, and the EDA met with the executive director annually to decide on funding for the Karuk strategic plan. The KCDC then applied to each agency directly. "Those funders combined resources to fund a plan of action each year," said a former tribal employee.

The KCDC secured initial funding from a Forest Service–Rural Communities Assistance grant (\$60,000) in June 1995 and a USDA Rural Development

grant (\$50,000) in October 1995. These monies covered the salaries for the KCDC Executive Director, the Executive Assistant, and an accountant. BIA assistance, totaling \$20,000, facilitated the purchase of computer equipment, and covered expenses for local travel and technical assistance. The KCDC, which now employs 18 people, has played a vital role in the Karuk community. The corporation currently operates both for-profit and nonprofit enterprises including the Building Center, the Tribal Design Works, and the Business Enterprise Center.

Through 2000, the KCDC has leveraged approximately \$4 million with an additional award notice of \$1.3 million. Initiative-supported employees secured grants independent of the CERT process for the following programs and activities:

- A Community Computer Center, which features 15 user workstations and a cadre of community volunteers funded by a three-year \$525,000 California Wellness Foundation grant. The center enhances educational and employment potential of targeted low-income populations.
- An Office of Criminal Justice Planning culturally-appropriate child abuse prevention and treatment program. The program was funded \$500,000 over five years and employs two full-time and two half-time staff that provide direct services to children and families.
- The Tribal Health Clinic, built with a \$550,000 Department of Housing and Urban Development grant and \$70,000 from Indian Health Services, opened in 1998 as a dental health clinic. Following its opening, the KCDC secured an additional \$250,000 for preventive dental health. The facility currently addresses critical needs for dental and health education services in the mid-Klamath River region.
- A \$400,000 Department of Health and Human Services grant to hire a Trib-

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al Enterprise Developer and create a virtual campus of the College of the Siskiyou in Happy Camp.

- Development of the Karuk People's Center, a cultural, education, and interpretive center with \$750,000 in federal funds.

For-Profit Projects

The Building Center (Hardware Store)

With Bureau of Indian Affairs funding, the Karuk Tribe completed a comprehensive analysis to determine the feasibility of the ongoing operation of a local hardware store in 1993. Studies suggested that the market potential of households in the Happy Camp vicinity could sustain the store and estimated that it would support five jobs. The Tribe envisioned the store selling hardware, lumber, and building supplies to building contractors for local construction activities, such as those of the Tribal housing projects.

In 1995, after securing a \$150,000 BIA grant, which required a 33 percent match, the Tribe obtained a \$150,000 USDA Rural Development grant and \$85,000 worth of surplus equipment from the General Services Administration. "NEAI came along at just the right time for us . . . and the USDA Rural Development grant was critical," said a former tribal employee. "We couldn't have done it without such a sizable grant because that got us within range of being able to borrow the rest." In need of more funds, the Tribe applied to the Truckee River Bank and received a Small Business Administration loan, the first awarded to a California Tribe.

The Building Center provides core services to the community and has maintained two positions. However, it has been unable to create additional jobs. Although the Tribe realized the hardware store would generate a small profit at best, they decided local ownership of this type of business was critical to the community's well-being. Still struggling, the Building Center doubled the previous owner's sales during its first year of operations. Despite this, the center has never realized its projected sales, nor has the business secured the business of HUD contractors working on housing for the Karuk Tribe.

Tribal Design Works

The Forest Diversification Plan identified a market demand for rustic furniture and an adequate supply of raw materials. This facilitated the Karuk Tribe and the Karuk Community KCDC's ability to obtain \$215,000 of Initiative funding between 1995 and 1996 to begin a new business called Tribal Design Works. This for-profit business, which specializes in rustic décor such as lamp bases, lamp shades, and wall hangings, projected employment for eight residents within the first year, growing to 16 by the third year. The Bureau of Indian Affairs initially provided a \$7,000 Technical Assistance Grant for product prototype development in 1995. Shortly thereafter, the Bureau of Indian Affairs, the USDA Rural Development, and the Forest Service committed \$52,000, \$80,000, and \$76,000, respectively. Leveraging monies already in place, the KCDC secured an additional \$30,000 in 1996 from the First Nations Development Institute for market testing. This grant allowed project staff to receive training in marketing rustic furniture, to show prototypes at furniture trade shows on the west coast, and to complete the marketing portion of their business plan. In August of 1998, Tribal Design Works hired a full-time crew of five people along with a full-time marketing representative. By August 1999, only one employee was working to fill incoming orders. A one-time order allowed the short-term employment of six people in late 2000. Currently, the KCDC, on behalf of Tribal Design Works, is in negotiation with the Forest Service to secure small-diameter wood to build pole furniture.

Limited business expertise, a lack of technical assistance, unsuccessful marketing, and an over-reliance on grant funds to pay staff salaries all contributed to Tribal Design Works' inability to reach its initial employment goals. A KCDC employee felt that if the business had received more technical assistance from someone knowledgeable about business start-up, they would have been able to develop a feasible marketing plan, thereby increasing the demand for their products and ensuring continued success for the business. This employee questioned the wisdom of assigning non-business people the task of developing for-profit business.

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Without additional training and successful marketing, Tribal Design Works will close when the grant funding is depleted.

Nonprofit Projects

Business Enterprise and Northern California Tribal Business Information Center

Following through on its third goal, to provide comprehensive business development services for tribal and non-tribal community members, the KCDC pursued a mix of funds to operate a Business Enterprise Development Center and a Northern California Tribal Business Information Center (T-BIC). These two endeavors have overlapping goals. They provide training in entrepreneurship and business management for existing and prospective business owners, as well as one-on-one technical assistance in business planning, a library of business information, and access to essential computer equipment and software programs. The T-BIC program also serves other Tribes outside of Karuk Territory in Northern California.

Through a collaborative effort with the Superior California Economic Development District, the KCDC secured a \$92,000, two-year contract from the Department of Housing and Urban Development Community Development Services in 1996 to support a Business Development Specialist position and the activities of the Business Development Center. The KCDC continued to receive this grant for the next four years, resulting in a net total of \$212,000. Based on the KCDC's employment of a Business Development Specialist and the Tribe's strategic location, the Bureau of Indian Affairs and the Sacramento Area Credit Office, in partnership with the Small Business Administration, committed \$47,500 towards start-up and operating costs to establish a Northern California Tribal Business Information Center. The Small Business Administration continues to provide the KCDC approximately \$24,000 per year in operating funds.

Since its inception, the Northern California Tribal Business Information Center has served over 320 clients, approximately 40 percent of which have been Native American, and has helped to retain or create approximately 30 jobs. They have also assisted

other organizations in securing \$320,000 of working capital. A local business owner who has started and maintained two businesses attributed her success to the center's technical assistance. Because of business plans written by the Center, Ed Head Lumber Company and William Hibberts Trucking received NEAI loans totaling \$230,000. However, as is discussed in greater detail later, neither business currently provides local employment.

By providing valuable technical assistance to businesses, the center has helped Happy Camp retain jobs that otherwise would have been lost. It has facilitated the expansion and development of new small businesses essential to their community's economic viability. Despite the provision of these services, the overall results of the Center are questionable. Many of the businesses helped or established by the Center have failed to meet their employment goals. The business center's rural location has limited its ability to provide technical assistance to other tribal entities, and has limited these entities' access to the center. While the number of jobs created or maintained by the center seems marginal given the operating costs, the area's declining population has reduced the need for services, limiting the center's ability to develop businesses and create jobs.

Economic Recovery Program

Recognizing the interrelationship between qualified employees and successful businesses, the KCDC secured funding to supplement their business development. This funding (\$66,000) from the EDA and the Forest Service leveraged additional county and state monies, allowing the KCDC to secure contracts with county agencies to provide employment training. In the same year, STEP began contracting with the KCDC to hire two jobs counselors and provide Welfare-to-Work services locally. These services included assistance with resumes, contacting employers, practicing interviews, and increasing self-esteem. During their first year, the KCDC held various workshops and provided one-on-one counseling for 18 community members, two of who found full-time employment. In addition, the KCDC completed a survey with 42 businesses to identify barriers to employee placement, training, and reten-

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tion. Sixty-eight percent of the respondents stated they had difficulty finding new employees due to poor education/training of the applicants and their lack of motivation for work.

To address these issues and the ongoing need for job creation in Happy Camp, the KCDC secured \$83,750 in additional Initiative monies from the Forest Service and the EDA, as well as \$63,000 in Community Development Block Grant monies to:

1. Assist 30 unemployed, underemployed, welfare-dependent, and other low-income community members in discovering and/or successfully pursuing high-potential occupational choices.
2. To assist in relocation, expansion, and potential start-up of 10 small businesses in the Ancestral Territory and the mid-Klamath region with an expressed interest in employing those targeted above.

According to a KCDC employee, 15 participants found jobs. Of these, five relocated. One participant who gained hands-on experience while working in a local office is currently a Karuk employee. Without this program she said that she and her husband would still be unemployed. For the unemployed who have completed the program, the greatest barrier has been a lack of local jobs. A KCDC employee who hired a Welfare-to-Work participant felt like involvement in training and employment opportunities had a discernible impact on the chronically unemployed. "Some of the people that worked for us don't have the best job history, but if you give them something that they're proud of, then they're here day after day."

Business Loans

Hardwood Timber Mill

Ed Head began construction of a hardwood timber mill on his own property in the spring of 1997. He personally invested \$521,750 in the project. In 1998, Head prepared a short NEAI concept proposal. Subsequently, the Karuk Business Development Center wrote a business plan for him. This plan predicted a net income of \$375,000 from op-

erations in the first three years, while employing 10 to 13 residents. Raw materials would be supplied by 160 acres of Head's property during the first year, and from Forest Service land and the Hoopa Tribe in subsequent years. Although it had not offered a green sale in the past six years, the Happy Camp Ranger District provided a letter of support for the project. Based on this letter, Head secured a \$250,000 loan package (\$100,000 from the Old Growth Diversification Revolving Loan Fund and \$150,000 from the Small Business Administration) from the Superior California Economic Development District in 1999. These additional monies provided the company with startup capital to purchase equipment. Although the mill has been completed, Head has been unable to secure raw materials from the Forest Service, the Hoopa Tribe, and private landowners.

Given the dramatic reductions in raw products offered for sale on the national forests, decreased lumber prices, increased industry competitiveness, and increased difficulty of harvesting hardwoods in the Klamath National Forest, the likelihood of this business's success should have seemed limited at best. Reasonable questions about accessing timber should have kept the mill from receiving funding, said a Karuk Tribe employee.

William Hibberts Trucking

In 1999, William Hibberts Trucking applied for and received an \$84,600 loan from the Old Growth Diversification Fund to convert a log hauling business to long-haul trucking. Hibberts, who received technical assistance from the Business Enterprise Center, argued that it would save one job (his) and that it would bring income into the community. After receiving the loan and doing several months of long-haul trucking, Hibberts moved to Medford, Oregon to more efficiently access Interstate 5. Many residents expressed frustration with this type of assistance, noting that the recipient's move took all of the benefits from the community.

Jobs-in-the-Woods

The Karuk Tribe, the Klamath and Six Rivers National Forests, and the Northern California

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Indian Development Council, Inc. collaborated to develop the Karuk Ecosystem Restoration Program, which has utilized Bureau of Indian Affairs Jobs-in-the-Woods funding. This program works to “implement prioritized watershed restoration plans in partnership with the National Forests while providing family-wage jobs to tribal members and the river community (Terra Waves 2001).” During the startup phase in 1999, the Karuk Tribe:

- developed a watershed division within the Tribe’s Natural Resource Department,
- began the Steinaker Project, a road decommissioning;
- worked with the Northern California Indian Development Council, an Initiative funded nonprofit in Eureka, to secure \$865,000 in program funds from the Environmental Protection Agency

(\$175,000); JTPA and Community Services Block Grant (\$138,500), Forest Service (\$30,000), BIA (\$334,878) and the National Fish and Wildlife Foundation (\$185,438);

- trained 16 Karuk Tribal members as watershed restoration specialists.

Developed and implemented by Terra Wave Systems in 1999, the training consisted of 240 hours (six weeks) of classroom and field study covering basic geomorphology and hydrology; mapping, inventorying and surveying techniques, TeraForming applications, prescriptions and treatment layout; heavy equipment operations; unit management, record keeping and methods; and communications, safety, CPR and first aid. After this, participants, approximately six of which were from Happy Camp, completed a three-month internship.



The Karuk Building Center in Happy Camp, CA.

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The Steinaker Project is one aspect of a cooperative agreement between the Forest Service and the Karuk Tribe to implement watershed programs in the Ishi Pishi area. This project allows the Karuk Tribe to develop and improve their infrastructure related to Natural Resources and provides necessary, but under-funded services on Forest Service land. The Forest Service provides funding, consultation, inspection services, and the National Environmental Policy Act assessment. The Karuk Tribe is responsible for all other

aspects of project completion, including the securing of funding. Thus far, 60 percent of the Steinaker work has been completed. This program has been key in the ongoing development of the Karuk Tribe's capacity to implement watershed programs and to increase cooperation between the Forest Service and the Tribe. Information related to this program became available after the site visit had occurred. Time constraints prohibit us from gathering more information and adequately assessing its impact on community well-being.

Current Socioeconomic Conditions and Effects of NEAI on Community Well-Being (Immediate and Long Term)

Socioeconomic Condition

Since 1994, Siskiyou County's unemployment rate has dropped by 34 percent, from 15.5 to 10.3, as compared to California's 44 percent decrease from 9.4 to 5.3. Unemployment in Happy Camp remains 50 percent higher than Siskiyou County's 10 percent. Median household income for the area was \$27,039 per family and \$22,323 per household in Siskiyou County and \$26,073 per family and \$21,921 per household in Happy Camp in 1990. The county's per capita income has increased 33 percent from \$15,868 in 1990 to \$21,020 in 2000, as compared to the state's 36 percent increase to \$29,856 in 2000. Approximately 67 percent of the households in the greater Happy Camp area were at or below poverty level in 1990. More than 90 percent of students enrolled in Happy Camp public schools during the 98/99 school year qualified for free lunch programs as compared to 43 percent in 92/93. This value, however, dropped to 64 percent in 1999-00. The Karuk Tribe created its own census program to obtain better local socioeconomic data. According to their statistics, 35 percent of the Tribe is unemployed and 62 percent live below the poverty level. Although it only captures tribal data, Karuk staff felt that this information is representative of the Happy Camp community overall.

The current Happy Camp economy depends upon a collection of small stores, a K-8 elementary school, a high school with grades 9-12, and the Karuk Tribe, with approximately 100 employees. Even after tremendous cutbacks, the Forest Service remains a key

employer in the mid-Klamath river region with 35 to 40 year-round employees in the Happy Camp District, and up to 130 seasonal employees.

In the fall of 1998, the KCDC completed a survey of 85 percent of the Happy Camp business owners. They found that 54 percent of businesses were involved in service delivery, 19 percent in retail trade, five percent in construction, and three percent in manufacturing. Although 13 businesses reported having no employees, the others employed 115 people in part-time, full-time, and seasonal positions. Half of the businesses have been located in the community for over a decade; 69 percent own their property; and 69 percent are sole proprietorships. While three businesses intended to close and move from the area, seven businesses planned to grow, and four of these had access to funding. Siskiyou County Business License records show that 27 businesses have opened and 17 have closed between 1996 and 2000.

When asked to choose three strengths for doing business in Happy Camp from a fixed list, almost half of the respondents had difficulty naming more than one. Only two answers drew consensus from more than 50 percent of the business owners, Safe Atmosphere and Loyal Customer Base. The top four answers to a similar question about area weaknesses with a 45 percent average were Physical Appearance, Community Image, Labor Force, and Public Transportation. Fifteen of the businesses said they would not locate their business in Happy Camp if they were starting over.

Community Capacity

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

Physical and Financial Capital

The Initiative has both directly and indirectly increased physical and financial capital. By facilitating the development of the Karuk Community Development Corporation and directly paying staff salaries during its startup years, the initiative funded staff (human capital) who in turn secured monies to: develop a Business Development Center and community computer center; build a health clinic and the Karuk People's Center; secure a local hardware store; and provide equipment to run Tribal Design Works. Also, Happy Camp secured monies to upgrade their water system. These projects and facilities provide Happy Camp with essential services rarely seen in such an isolated community.

The Business Development Center has secured \$550,000 in working capital for business startup or expansion and maintained or created 30 employment positions. While, this has been critical in maintaining some economic viability in the community, it has not substantially replaced the timber jobs lost in the early nineties. A former tribal employee says that, given the circumstances, the community has done the best

that it could. "Without any foundation to build on, [Happy Camp] couldn't be realistically expected to build an economy from the ground up in five years when so much emotional devastation and economic degradation has occurred," she said.

Social Capital

In 1993, community relations were divisive at best. The community's three principal components—the Karuk Tribe, the community, and the Forest Service—distrusted each other. Non-Native Happy Camp Residents resented the Tribe when they built their tribal headquarters, low-cost housing, and began providing no-cost health care to tribal members. Indicating that they had little need for collaboration with other community members, tribal leadership did not participate in the early Community Action Committee Process in 1994. The Tribe's purchase of a local hardware business (The Building Center) increased tension among informal community leaders.

In 1995, the Karuk Community Development Corporation Director convinced the Tribe that local economic recovery and, indeed, community survival depended on cooperation between the Native and non-Native populations. Formation of the Health Care Services Working Group, a collaboration between the Action Committee, the Karuk Tribe, and the KCDC, worked to improve local health service delivery. This group facilitated a successful grant process, which financed a new health facility in Happy Camp in 1998. Despite higher reimbursement rates and clearer access to federal monies for health programs, the Tribe decided not to compete with the existing health clinic. Instead, they utilized their new health facility to provide dental and health education services for the entire community and continued to partially subsidize the community clinic with Tribal funds. The Health Care Services Working Group, a direct result of the Action Committee Plan, needed and utilized the status obtained through a tribal connection. This collaboration reduced barriers between Natives and non-Natives.

Though some Native and non-Native tensions still exist, one of the most powerful, and unanticipated, outcomes of the Initiative has been the increased

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collaboration between Native and non-Native residents. Pointing to the health and dental clinics, the jobs provided, and the Business Development Center, many residents credited the Karuk Tribe with the community's survival. "We were real close to not surviving as a community," one Happy Camp resident said. "The Tribe is the main reason that we didn't just fall apart." In an unincorporated town distant from county programs, the KCDC took on the role of an informal government structure, providing basic health and human services from 1996 through 2000.

The Initiative also facilitated an improvement in the relationship between the Forest Service and community residents, who slowly began to accept the change in forest management policy. Increased funds available to Rural Community Assistance allowed the Forest Service to work directly with the community to develop action plans and programs geared towards enhancing community capacity. This collaborative relationship opened long-closed doors of communication, which in turn facilitated trust among those participating in the change process. Personnel changes decreased Forest Service participation in community activities, reversing some of the gains. The Northwest Forest Plan and specifically "survey and management" requirements further reduced sale volumes and the Forest Service's ability to offer the raw product it had previously anticipated. Different interpretations of rules by adjacent forests have increased confusion and further marred relations. Combined, these changes have increasingly strained the link between the Forest Service and Happy Camp residents who blame federal regulations for their economic distress. Consistent regulation interpretations would improve the communities' ability to create and implement effective long-term strategic plans. A willingness to work with local community development efforts would improve relations between government organizations and the constituents they serve. These improved relations could in turn foster collaborative planning and build trust.

Human Capital

An out-migration of youth, younger families, and others seeking employment opportunities has reduced the local leadership pool. This has been reflected

in an over dependence on a few individuals to secure and manage programs within the area. For example, participation in the Community Action Committee decreased dramatically when the original chair left in 1998. Consistent and well thought-out leadership development opportunities would have utilized community assets, increased the community leadership inventory, and dispersed the redevelopment workload across a larger pool of residents. "We need community leadership that's savvy and knows how to work with granting agencies, so we can get more resources to our area," one Happy Camp resident said.

The community holds limited opportunities for its youth, leading many to look elsewhere. The California Conservation Corp summer youth program, which became the Cadre of Corps, temporarily addressed this issue by providing work experience, community service training, and stipends towards continued education. Losing this program significantly decreased options for youth to gain leadership and work skills locally, creating an outflow of this population. One resident noted that few departing students return, even in the summers. Parents encourage them to stay away, because there is nothing for them locally. "We need to create opportunities for them to be here," he said.

As noted by the 1998 Business Survey, out-migration depleted the community's workforce of the more educated or skilled employees, often causing a high turnover rate and need for employee training. Sixty-eight percent of the respondents stated that they had difficulty finding new employees. Poor education/training and lack of work motivation were cited as primary reasons for this.

Seventy percent of those responding to a community assessment completed the same year expressed interest in obtaining more school or job training, with most citing lack of availability as a barrier to employment. The KCDC has attempted to invest in human capital and to address the need for local skills training through programs implemented since the survey (the virtual campus, the Entrepreneur Class, Welfare-to-Work, and the Community Computer Center). The provision of these services locally increases access for Happy Camp residents, but it is clear that more is needed.

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Declining population has decreased human capital both in numbers and capability. While Initiative funding has produced some opportunities for the remaining residents to increase skills, increased leadership development would facilitate increased community well-being. A comprehensive assets assessment would have identified this earlier. “When you go to a community, you have to assess the situation and decide if the community has what it needs to redefine itself into something else,” one Karuk employee said.

Effects of NEAI on Workers

Created specifically to help timber workers and their families, the initiative has done little to buffer the impact of the downturn in the timber industry for the dislocated and disenfranchised workers in Happy Camp. When Stone Forest closed in 1994, the Employment Development Department worked on an exit strategy and attempted to enroll mill workers in their program. Only six or eight of the 150 dislocated workers took advantage of retraining. One mill worker who “wanted to do something to get me out of forest industry and try to get some education,” said he knew about the availability of money for displaced workers but did not know how to find it.

Retraining programs, usually offered in Yreka or other distant sites, failed to address the needs of most of Happy Camp’s dislocated timber workers. Woods workers, some of whom had worked as timber fallers or mill workers all of their lives, rejected retraining for new careers because it meant learning high technology skills and/or moving away from their community. Traveling an hour and a half to and from re-training sites everyday felt prohibitive. “STEP could have made a few trips down river,” said one Happy Camp resident who works with displaced workers. “People couldn’t afford to go to them.”

One mill worker with a son in high school and a house with a mortgage, “hung around and got jobs wherever I could.” In 1995, when he connected with the STEP program, he was placed with CalTrans where he repaired signs, flagged, and cleaned out culverts. Despite two six-month “training” periods, prohibitive state regulations which allowed only state employees to run equipment stopped this participant from learning initial technical skills. “At the end of the six months, you’re right back where you were in the beginning, which was nowhere,” he said. Frustrated and no longer eligible for services, he took a mill job three hours from Happy Camp and traveled home on the weekends. Eventually he passed a state



The Karuk Tribal Administration Office houses the governmental facilities of the Karuk tribe.

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placement test, was hired by CalTrans, and moved back to Happy Camp.

Many residents clung to the hope that they would continue to live in Happy Camp and work in the woods. “I would have liked the government to put on some training programs that educate you how to run equipment or do reforestation; anything that would have not made a person leave his home to provide for his family.” A Karuk employee said that the Initiative has benefited the community, but never reached the displaced timber workers. “To me the disappointment is that this is seed money and not every nickel has turned into a job somewhere.” Others agreed. “I’ve always been disappointed that the government couldn’t find a way to more directly invest in people they were trying to help or in communities they were trying to assist,” said a former Karuk Council Member. Watershed restoration training provided some Karuk Tribal members an opportunity to learn new skills and obtain seasonal work in the woods.

Retraining, which was not provided locally until 1998, did not guarantee local employment. Despite a concerted effort by the KCDC to open new businesses and expand existing business, the local job market has

not been able to absorb the displaced workers, forcing them to relocate or to take jobs in other cities and return home only on the weekends. Many respondents who worked out of town felt as if they had lost an irreplaceable commodity—time with their families. Those who stayed in Happy Camp had sporadic job options at best and often faced long-term unemployment. The increased financial stress dissolved families, and reportedly increased substance, spouse, and child abuse.

More emphasis on the active recruitment of, and encouraged participation from, this population in economic development activities would have created “buy in.” Stipends and consensus-building sessions may have facilitated this process. Their comments both within focus groups and during individual interviews demonstrate anger and frustration towards a process where the government and those working with government monies failed to hear their voices and address their needs. As with all community processes, non-participants will not buy into or facilitate agreed-upon change strategies. In Happy Camp many of these former timber workers demonstrated anger and apathy, their energies taken by individual survival strategies instead of utilized to create a self-sustaining economic base that meets their needs.

Conclusion

Beginning with the development of the Happy Camp Action Committee and their strategic plans, the Forest Service invested extensive time and money in restoring the viability of the Happy Camp community. Providing hands-on technical assistance, grants, and loans significantly increased the Forest Service’s image within the community and made a difference locally. Yet, despite the Forest Service Rural Communities Assistance funding of the community’s diversification analysis, and projects like the CCC facility and Tribal Design Works, many people in the community blame the agency for the lack of project success because of the reduced timber offered and the agency’s limited ability to provide support in the form of fee-for-service contracts. The dramatic reductions in offered timber were crippling to many agencies and businesses that depended on them. It is important to note that in the case of the CCC camp, the fee-for-

service contracts may have been obtained from private landowners or others (e.g., the Hoopa Tribe) and they were not. Similarly, sources of raw product other than the Forest Service need to be secured to run a business like the Ed Head mill.

Finally, many of the projects pursued in Happy Camp relied on natural resources. These projects (Ed Head Hardwood Mill, California Conservation Corps Camp facility, Tribal Design Works) represent over one-third of the Initiative efforts within Happy Camp. While each of these has had some short-term effect on the community, none of these has thus far been successful in producing a positive long-term impact on Happy Camp’s ability to reinstate economic viability. Focusing on non-natural resource related economies may have made Happy Camp more successful in their community development endeavors.

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Interviewees

Merle Anderson	Former Superior California Economic Development Council Employee
Charlotte Atteberry	Local Business Owner
Gary Burnette	Community Services District Manager
Sue Burcell	Former Karuk Employee
Michael Condon	Happy Camp District Ranger
Mary Anne Curtis	Business Owner
Karen Derry	Director, Family Resource Center
Alan Dyar	Happy Camp Elementary Principal
Nancy Gibson	Forest Service Employee
Bill Heitler	Forest Service Employee
Alvis Johnson	Karuk Tribal Chair
John Martinez	KCDC Executive Director
Joel Moore	Contractor
Harvey Shinar	Karuk Enrollment Officer
Terry Supahan	Consultant
Tom Waddell	Karuk Community Development Corporation Employee
Jim Walker	Forest Service Employee

Focus Group Participants

John Bain	
Ruth Bain	
Dan Falkenstein	Business Owner
Kim Foster	Former Logging Business Owner
Howard E. Gaithwait	Former Chamber of Commerce Chair
David Hayes	Chair of Sanitary District Board
Gary Hahn	
Gary Hulsey	Business Owner
Ken Jacobsen	
Ellen Johnson	Karuk Community Development Corp Employee
William R. Johnson Jr.	Former Business Owner
Daniel McCarthy	Karuk Community Development Corp Employee
Donna McCulley	Business Owner
John Miller	Former logger
Deanna Miller	School Board Member
LaVerne Moehring	Karuk Community Development Corp Employee
Les Stewart	
Vicky Stewart	
Alvin White	CalTrans Employee
Tom White	Business Owner (logging)
Mary White	Happy Camp School Employee
Debbie Wilkinson	Chamber of Commerce Chair