

# Upper Lake, Lake County, California

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## NEAI Projects\*

Year	Applicant	Project	Funding Source	Amount
1994	Lake County	Revolving Loan	Rural Development	\$1.5 mil.
1994	Lake County	Coordination Activities	Economic Development Administration	\$120,000
1995	Lake County	Watershed Awareness Program	Forest Service	\$86,000 86,000
1996	Lake County, Career Center	Eco-technician Program		\$350,000
1995-1997	Lake County	Basin 2000	Economic Development Administration	\$4 mil.
1996	Superior California Economic Development District	Business Expansion and Retention Survey	Economic Development Administration	\$30,000
1997-2000	Lake County	Community Revitalization Program	Forest Service	\$60,000 68,000 23,000 25,000
2000	Robinson Rancheria	Middle Creek Restoration Project	Bureau of Indian Affairs	\$150,000

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

## Background Context

### Location, Population, and Land Base

Incorporated in 1861, Lake County lies within the Central Coast Mountain Range of Northern California approximately 100 miles north of San Francisco. The county encompasses 1,328 square miles, 30 percent of which lie within the Mendocino National Forest. Clear Lake, California's largest natural fresh water lake lies within the county.

Located on Highway 20 near the junction of 20 and 29, Upper Lake, an agricultural center, provides access to the Mendocino National Forest. The businesses spread out in a "T" in the Main Street

intersection with gas stations, grocery stores, and restaurants located on Highway 20. Despite vacant storefronts and abandoned buildings (constructed in the early 1900s) at the far end of town, Upper Lake's Main Street looks tidy and well kept. An attractive array of art and antique stores are interspersed with the post office, a carpet business, and a beauty salon. A 1950s gas station, now uniquely renovated, has become a coffee shop and a place for music and dialogue. A nationally known muralist has painted a building-size-mural of his landlord, whom he considers to be the epitome of an old west figure.

Historically the homelands of the Pomo Indian Tribe, Caucasians first settled in the area in 1854 after Congress rejected a plan to create a reservation on the land (Sylar 1975). Two rancherias (Upper Lake and Robinson) lie within five miles of Upper Lake. By the mid-1870s, four timber mills operated in the area (Lande 2001). By the 1880s, approximately 600 residents lived in the town (which had three stores, a hotel, three livery stables, a school, three churches, a salon, and a school) and the surrounding areas (Sylar 1975). Two lumber mills, Prather and Howard, located approximately 20 miles outside of Upper Lake, provided jobs and revenue for the community

until the early 1940s (Griner 1998). A bean cannery operating on the outskirts of town also provided employment from the 1880s until the 1970s.

The Women’s Protective Club (formerly the Ladies Protective Club), organized in 1913 to “protect health and properties,” built Harriet Lee Hammond Library to address community needs and provide the organization a home. The club installed the first street lights in 1912 and the first fire bell in 1920 (Taylor and Griner n.d.). The club spearheaded a campaign to keep the local library open in 1998 and continues its involvement in local political issues.

**Figure 1: Lake County Map**



In 1928, the U.S. Army Corps of Engineers completed a 2,000-acre agricultural reclamation project through the construction of a series of levees, which destroyed a large wetland area (Richerson et al. 1994). Instances of flooding occurred in Upper Lake until the 1950s, when the Army Corp of Engineers extended the levees southward and placed a levee along Clover and

Alley Creeks to divert those streams from the town’s center (Sylar 1975; Shock 2000). In 1958, residents formed a Flood Control District, which paid to maintain the levees (Shock 2000). Currently, the county is repurchasing some of the reclaimed area to return it to marshland. The unincorporated city does not have any of Clear Lake’s shoreline within its boundaries.

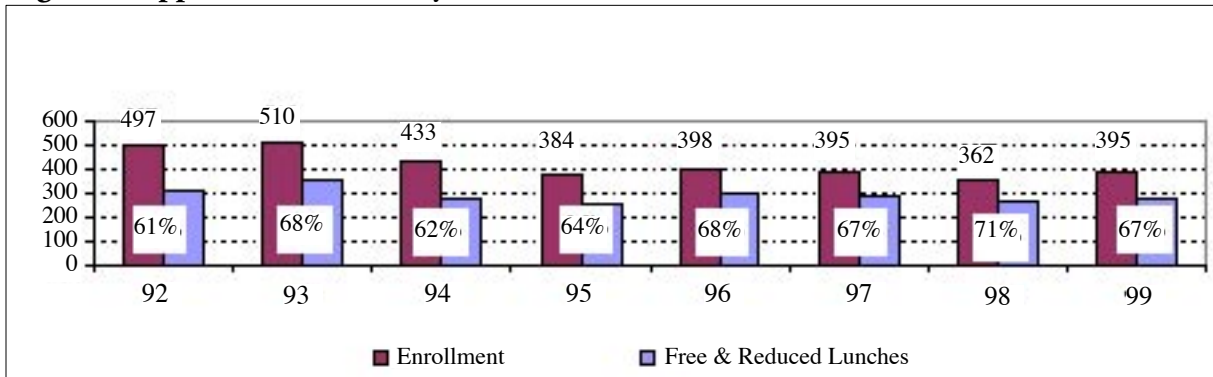
With a population of 989, the racial composition of Upper Lake is 86 percent Caucasian, 15 percent Hispanic, and four percent American Indian (Census 2000). With the exception of a slightly higher Hispanic population (15 versus 11 percent) this is similar to the County's demographic breakdown. Almost one-fifth of Upper Lake's residents are over 65 (17.6 percent).

**Schools**

Upper Lake Union High and Upper Lake Union Elementary School Districts serve the community. Enrollment has remained fairly steady since the beginning of the Initiative, reaching its peak in the 94/95 school year. Upper Lake High School, which serves students from Blue Lake, Lucerne, Nice, and

Glenhaven, has increased its enrollment four percent since the start of the initiative. The Upper Lake Elementary School, however, has had a 17 percent decrease in enrollment since 1991 (Figure 2) accompanied by an increase in students receiving free and reduced lunches. Between 1991 and 1999, students receiving free and reduced lunches at the elementary school have increased by 10 percent, rising from 61 percent to 67 percent (Lake County Department of Social Services 2000). In 1990, 30 percent of Upper Lake residents 25 years and over had a high school diploma as compared with 31 percent in the county (Census 1990). The school board, the oldest governing structure in Upper Lake, serves as a focal point for many cultural and community activities.

**Figure 2: Upper Lake Elementary Enrollment and Reduced/Free Lunch Data 1991-1999**



Source: CA Department of Education, School Fiscal Services Division-School Level AFDC Report: Educational Demographics Unit - CBEDS and Language Census

**Economy**

One of the oldest communities in Lake County, Upper Lake's economy centers on the stores located at the town's entrance on Highway 20 and businesses on the adjacent Main Street. Agriculture such as pear production and, increasingly, vineyard development also contribute to the local economy. Lake County farmers first planted wine grapes in the 1870s, and two of the largest farms thrived in Upper Lake until the early 1900s. Prohibition ended wine production in the 1920s, but the wine grape growing began its resurgence in the 1960s (Holdenried 2000). Farmers in Lake County, including those in Upper Lake, are replacing pear and walnut orchards and other crops

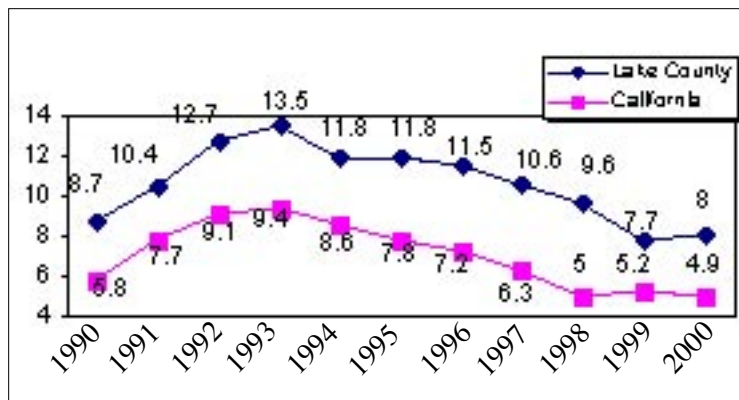
with vineyards. With annual sales of \$25 million in 2000 and vineyard acreage at 8,800, wine grapes have become the largest agricultural crop in the county (Gunier 2001).

Despite a 14 percent decline in the number of small businesses from 1991 to 1999, total employment has increased by 32 percent (Table 2). In 1990, Upper Lake had an unemployment rate of 9.2 percent. More recent statistics are unavailable. The Robinson Rancheria, which sits two miles east of Upper Lake employs 200. In 1990, median household income in Upper Lake was \$3,125 less than the county's: \$26,563 versus \$23,438 (Census 1990).

**Table 2: Number of Employers, Number of Employee, and Payroll in Upper Lake, CA by Zip Code 1993-1997**

Year	Upper Lake Average Total Employment	Upper Lake Average Number of Employee Reporting. (New Firms)	Average Per Employee Payroll (annual)
1991	333		
1993	323	64 (6)	\$12,045
1994	374	59 (3)	\$15,877
1995	395	63 (7)	\$14,438
1996	419	61 (5)	\$14,627
1997	364	55 (4)	\$16,134
1999	438		

**Figure 3: Unemployment in Lake County and California Between 1990-2000**



Nearly three out of five Lake County firms have fewer than 5 employees. The civilian labor force has increased by 15 percent between 1990 and 2000. Lake County trade, service, and government sectors each comprise over a quarter of the total non-farm employment in the county: 25 percent, 29 percent, and 29 percent respectively. Between 1990 and 2000, the service industry grew 57 percent followed by government (41 percent) and trade (23 percent). The farming labor force decreased six percent (California State Employment Development Department, 2000). Lake County unemployment decreased from a high of 13.5 percent in 1993 to eight percent in 2000, compared to the state's decline from 9.4 to 4.9 percent. In 1989, 15 percent of the population lived

in poverty. This increased to 27 percent by 1999 (Health and Environment 2000). Per Capita Income has increased from \$16,869 to \$22,825 between 1990 and 1999, suggesting a bifurcation of groups by income. While this income increase parallels that of California's, the county per capital income is 23 percent lower than the state total.

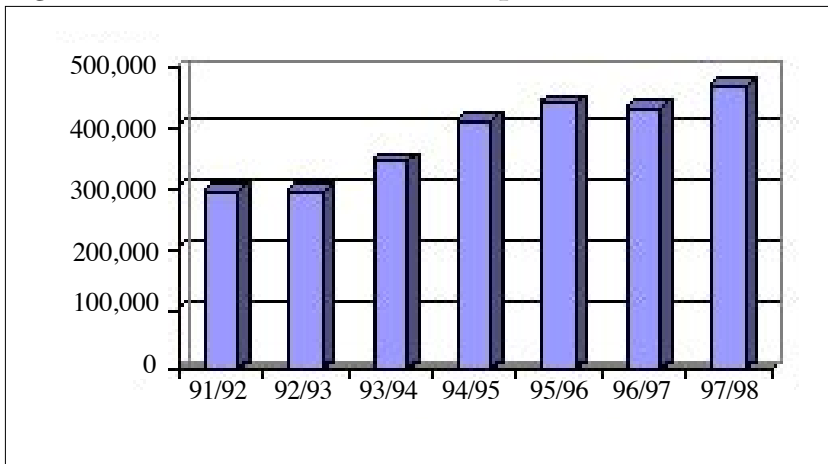
Tourism and Recreation, which reached its height in the 1940s and 1950s, has been a mainstay of Lake County's economic base. As reported in a Forest Service grant application, "The economic potential revolves around the service center, restaurants, motels, food stores, and retail outlets that depend heavily upon Clear Lake and the thousands of visitors and retirees it attracts annually." An interviewee

agreed. “One way or another people are here because of the lake,” she said.

Konocti Harbor Resort and Spa, the county’s largest destination resort, employs over 400 on a seasonal basis. Barriers to increased tourism development include: poor water quality, lake algae blooms, limited public access to the lake shore, dilapidated

resorts, and winding mountain roads. These barriers have created a negative perception among tourists about Clear Lake as a vacation destination. Despite these issues, the county’s transient occupancy tax receipts have increased 61 percent from \$293,151 in fiscal year 1991/1992 to \$470,750 in fiscal year 1997/1998 (Figure 4).

**Figure 4: Lake County Transient Occupancy Tax 1991-1998**



Source: California Legislative Analyst’s Office, 2001

**Needs and Issues**

*Qualifications as an NEAI Community*

Lake County presents a unique lens through which to examine the Northwest Economic Adjustment Initiative (NEAI). Despite having 30 percent of their land base located in a forest affected by the Northwest Forest Plan, this county has not had an operating timber mill since the 1950s (Lake County Department of Public Works 1997). As of 1997, only two small-scale logging firms remained in the county. Private earnings from lumber and wood products in 1993 was \$1,038,000, and \$1,100,000 in 1999. In 1990, only five percent of residents worked in agriculture, forestry and fisheries industry (Census, 1990), a census job category that includes workers involved with fire prevention, fire fighting, forest management, cruising and estimating timber, reforestation, timber valuation, timber tracts and tree farms. In 1997, the county received \$36,610 for payment in lieu of taxes for the 381,156 acres under federal control. By 2000, this increased slightly to \$40,198. These statistics do not reveal an economic dependence on the forest, nor did interviewees feel as if the

reduced timber harvests had much of an impact on their community. “We were the only county that had such an indirect involvement with the timber closure,” a Career Center employee said.

Based on this perception, state CERT participants expressed concern about the Lake County’s participation in the Initiative. In fact, the Forest Service originally did not recognize Lake County as eligible for Rural Communities Assistance Funds and reconsidered only after the county petitioned the agency stating that they met another Forest Service criteria: drawing 30 percent of their income from tourism. Recognizing the Initiative’s main focus, to diversify community economies that are primarily timber industry dependent, Lake County recognized that other counties had been more affected by the timber industry downturn; therefore, they completed few proposals, most of which were mostly county-wide proposals.

Tourism

Upper Lake is one of the few Lake County communities not located on Clear Lake’s shores. Fur-

thermore, the main street runs perpendicular to the main highway thoroughfare. Despite this, residents view their community's economic future intrinsically tied to tourism. As one of the string of communities along Highway 20 and the Northshore, the county considers Upper Lake's appearance vital to their ef-

forts to improve tourism. While merchants along the Highway 20 corridor benefit from tourism traffic to both Clear Lake and the Mendocino National Forest, Main Street businesses struggle to attract customers who may take little notice as they drive past the town's entrance to destination resorts elsewhere.



The Women's Protective Club spearheaded a campaign in 1998 to keep the local library open.

## NEAI Projects and Programs

Upper Lake, the focus of this case study, participated or was affected in some capacity by most of the county Initiative projects. Each project will be discussed in terms of its county-wide objectives, but the focus will be on the NEAI's specific effects on Upper Lake. Findings related to Upper Lake may be suggestive of broader county-wide effects, but results in this community cannot be extended to other county locales.

### CERT

Community Development Services (CDS), under contract with Lake County, served as the county Initiative coordinator and was charged with the task of providing technical assistance to organizations seeking Initiative Funds. The coordination activities were supported with a \$120,000 Economic Development Administration grant in 1995. This consulting group

completed and submitted all CERT proposals, 90 percent of which were from the county and based on priorities set by the Overall Economic Development Plan. The county assigned to the Labor Management Committee the CERT proposal review in 1993. This committee, originally formed to respond to layoffs, secure resources to assist retraining efforts and avert major dislocations, and represent jobs training agencies, private industry and county government. The committee initially served as a clearinghouse passing all applications to the CA CERT. Fearful of generating false expectations among residents, Community Development Services deliberately minimized the release of information related to the program. In fact, Upper Lake interviewees were not aware of the CERT process and the ability for community to apply for the money.

Despite submitting few applications, the process itself benefited Lake County. County representatives

said that participation in the state CERT provided Lake County the opportunity to engage in discussions with federal and state agencies representatives, as well as other rural community officials. As a result, they learned about how to improve local economic diversity. "Initiative monies gave us an opportunity to apply new resources to continuing needs, as well as develop innovative suggestions, recommendations, and ideas," said a Lake County representative to the State CERT. This dialogue also clarified federal guidelines and expectations. Realizing that agencies preferred direct relationships, the county submitted their priority lists to the state CERT and applied directly to the funding agencies.

### **Revolving Loan Fund**

In 1994, Lake County secured \$1.25 million from USDA Rural Development to initiate a revolving loan fund to serve entrepreneurs starting or expanding a business. The county designed the program to supplement the established Community Development Block Grant revolving loan funds operated by the Cities of Clearlake and Lakeport, and the County of Lake, as well as to enhance the communities' ability to provide gap financing to small and mid-sized business development projects. The Lake County Business Outreach and Response Team manages the loans. They also provide technical assistance with business planning, cash flow projection, loan servicing, business management and support, and coordination of employee training arrangements.

### **Watershed Awareness Program**

In 1990, the Clear Lake Basin Resource Management Committee began meeting to investigate and coordinate lake cleanup. The committee, which included 59 public agency and private sector members, obtained an EPA grant to investigate the algae problem. They later expanded their work to other watershed and resource management issues.

In 1994, a University of California Davis report, *An Economic Analysis of Potential Water Quality Improvement in Clear Lake*, indicated that Lake County lost over \$7 million annually in tourism revenue due to poor water quality. The report suggested controlling erosion sources (e.g., channel, wildfire,

roads, construction/excavation, and miscellaneous land use) to reduce algae blooms and increase lake clarity. The report also noted the need to increase public awareness of harmful practices and acceptance of mitigation measures before an effective sediment/nutrient control plan could be developed.

To address erosion control and increase public awareness, the County of Lake secured \$85,000 in 1995 from the Forest Service to launch the Watershed Awareness Program. This four-pronged project included: developing school watershed curriculum and restoration projects; creating an Internet-based watershed information network; conducting a market survey; and implementing three watershed analyses, two of which (Clover and Middle Creek) affect Upper Lake. The Watershed Awareness Program had the long-term goal of encouraging public understanding of solutions to the Clear Lake basin's erosion problems (Lake County 1997). Lake County Department of Public Works Flood and Lake Management Programs Division, Lake County Office of Education, and the Lake County Career Center worked collaboratively to complete the project. According to a Forest Service Representative, the awareness program helped individuals to take ownership of the lake cleanup.

In 1996, the Lake County Office of Education recruited "mentor teachers" throughout the county, who committed to assist with watershed curriculum development and implement restoration activities. Teachers and students completed at least 13 projects, none of which were in the Upper Lake watershed. The Office of Education secured additional funding from the California Department of Education to pay the teachers for time related to this project, including participation in watershed workshops (of which 17 occurred averaging 10 participants) and at curriculum meetings. The program chose Upper Lake Middle School as the site for a Restoration Nursery (Greenhouse). Eco-technicians (discussed below) worked with students and faculty to build this structure to provide the plants for restoration projects. Despite community enthusiasm, and an "interest in doing real science instead of just classroom work," technical difficulties prevented successful use of the greenhouse during its first year. The greenhouse was

subsequently moved to Clearlake High School in the city of Clearlake.

Despite successes in other areas of the county, the school-based activities ran for a limited time in Upper Lake. Frustrated with a process that locals felt was directed by the county, Upper Lake Middle School stopped participating in the watershed awareness program. School personnel wanted to be more involved in defining and implementing the project and have a smaller role in the curriculum development part. "We were supporting their program," an Upper Lake Middle School employee stated. "They weren't supporting our program."

### **Entrepreneurial Eco-technician Program**

Impressed with watershed restoration training programs occurring in other areas of California (specifically, Del Norte, Trinity and Humboldt Counties), the Career Center director began a similar program in Lake County in 1995 using chronically unemployed residents. Under the supervision of an experienced watershed restoration specialist, the center paid clients to complete projects for Department of Flood Control, Fish and Game, Fish and Wildlife, and the Department of Forestry in order to familiarize the agencies with this retraining idea. Federal and county budget cuts decreased agency staff needed to develop and supervise restoration projects making program continuation difficult.

To address continuation issues and formalize watershed restoration opportunities, the county of Lake secured \$80,000 from the Forest Service in 1996 to administer the entrepreneurial eco-technician program. As part of the Northern Rural Training Consortium, the Career Center also secured \$239,929 for training, supportive services, and administration which they received from the Department of Labor's (DOL) Title III Secretary's Reserve fund under the Job Training Partnership Act. This was one of several programs throughout California that are collectively referred to as the ecosystem management program. The eco-tech program worked with local partners to restore environmental health and provide family-wage jobs for displaced workers (Lake County 1997). The Career Center recruited 20 participants, only two of which

were dislocated woods workers. "We had a hard time even identifying dislocated timber workers," a Career Center employee said. "It wasn't like the closure of the industry created a large unemployment problem for us."

The Lake County eco-technician academic course work provided participants with a basic understanding of watershed function and an introduction to field procedures. Participants received 1,040 hours of training related to erosion control and reforestation. For the first three months students combined classroom work (approximately 200 hours) with field trips. Participants then completed on-the-job training. Mendocino College instructors and the project director taught classes on geology, biology, county history, bioengineering, and navigation skills. The college curriculum laid the theoretical foundation for applying ecosystem management skills, as well as introduced these skills and associated concepts in field labs (Lake County 1997).

Difficulty securing project work and a three-month delay for on-the-job training forced many participants to find other work. Lake County Business Outreach and Response Team served as the employer paying the eight remaining participants the prevailing wage (\$8-12 per hour) to complete their on-the-job-training. Eventually, the Forest Service partnered with Business Outreach and Response Team through a Participating Agreement. A Forest Service employee said, "This allows a federal agency to cooperate with non-federal parties, in support of their job-training and development programs to accomplish mutually beneficial projects on national forest lands." As opportunities developed, the Forest Service prepared project operations plans that documented project objectives and costs. The Business Outreach and Response Team provided safety gear, transportation, a crew supervisor, some training, most equipment, and 50 percent of the employee wages. In return, the Forest Service provided project specific training, project oversight, some equipment, supplies, and a 50 percent salary match. The Forest Service utilized Jobs-in-the-Woods funding to cover expenses whenever feasible. Department of the Interior agencies (including Bureau of Land Management, Fish and Wildlife Service, and Bureau of

Indian Affairs) also allocated funds for watershed restoration through Jobs-in-the-Woods.

Participants performed approximately 3,425 hours of work, which included tree planting, campground cleanup, and fence construction for the Upper Lake District of Mendocino National Forest. By mid-February 1997, the eco-technician crew had completed projects on 63 different sites. The Forest Service supplied 51 of these project sites, Lake County Flood and Lake Management Programs Division provided eight, Homestake Mining two, and New Growth Forestry of Ukiah and West Lake Resource Conservation District each provided one project site (Lake County Department of Public Works 1997). The crew also assisted Kindergarten through 12th grade (K-12) stream restoration projects (Watershed Awareness Program) and county monitoring of blue-green algae in Clear Lake.

Severe flooding in 1997 and 1998 allowed the Career Center to secure seven million dollars of Federal Emergency Management Act monies, which they used to hire chronically unemployed residents to do watershed restoration work over the next two years. Hundreds of these residents were hired some up to six months in duration. Three eco-tech graduates served as supervisors for these work crews. Two of the work crews worked on the Upper Lake watershed. Unable to utilize the FEMA monies for training purposes, workers generally performed tasks such as cleaning out creeks and weed abatement. The two female eco-technicians were assigned to office work during the first year before they received their own crews in year two. Despite knowing “how to go a through creek and clean it without tearing it up,” the eco-technicians did not learn supervisory skills and some had difficulty managing a crew.

According to the agency representatives and the two interviewed participants, the program had personal, county, and environmental outcomes. The county saw the eco-tech program as an opportunity to give unemployed residents a hands-on environmental restoration experience, a sense of accomplishment, and a paycheck. In turn, “this would raise awareness of people in the community, who would become stewards and, long term, it would clean up the lake,” a county employee said. She felt

this created newly formed collaborative work relationships between agencies (e.g., Career Center, Lake County Public Works, Forest Service).

The program affected participant’s lives. One participant attributed his substance abuse recovery, attainment of a GED, further college education, and current employment in watershed restoration to the eco-technician program. The program helped another graduate discover her passion for ecosystem work. She expressed frustration that the program did not continue. “We hoped that the work that we did would show the congressmen and the county people that this type of work needs to be done [and they would] get more funding to do this,” she said. Only one of the eight original graduates continued to work in watershed restoration.

According to the University of California Davis Clear Lake Environmental Research Center, Clear Lake water quality has dramatically improved since their report in 1994. “Their research, however, has not been definitive in determining the cause of the improvement,” said a Center employee. Therefore, improvement cannot be directly linked to any of the Initiative funded projects, including the restoration work.

### **Basin 2000**

Geysers are present on 100,000 acres or 12 percent of the county land. In 1958, Pacific Gas and Electric contracted to purchase steam. When their power plant came on line in 1960, it became the first commercial geothermal power generation in the United States. The geothermal industry has been the single largest contributor to the county’s tax base. One study in the 1980s reported that it made up just over 40 percent of the county’s tax base (Bouska 2000). Development has caused a drop in steam pressure and a reduction in power production.

Lake County’s Basin 2000, a multi-phase watershed initiative that recycles wastewater, is a project supported by \$4 million from the Economic Development Administration. The project addresses two intertwined issues: deficiencies in the county’s waste water system and decreased energy production from the Geysers. Project goals included:

- strengthening the sector of the local economy through wildlife and water quality enhancements;
- strengthening the geothermal employment sector of the local economy through enhanced steam supplies;
- insuring compliance with state-ordered deadline for new waste water disposal; and
- improving Clear Lake Water quality for 35 public drinking water systems (<http://geysers-pipeline.org>).

The project's first phase, which became operational in 1997, involved piping effluent from three communities to the Geysers where it was injected to improve geothermal power generation. By extending the pipeline 20 more miles during the second phase, five other communities including Upper Lake will be included in the system.

As of June 2001, this \$45 million award-winning project has injected 9.5 billion gallons of treated

effluent, which has resulted in the creation of 65 megawatt hours of power production. This effort resulted in the California Department of Water Resources lifting its cease and desist order for the City of Clearlake, Lower Lake, and Middletown that had halted any additional sewer hook-ups. "This is the number one priority," said a county employee, "because it provides jobs, allows for future development, and improves the lake's health."

Economic Development Administration funds were used for the pump station, pipeline, and treatment plant up-grades, and came at the beginning of the construction phase, a critical juncture in project development. "These monies ensured timely project completion and leveraged additional support," the project coordinator said. Basin 2000 received \$21 million from the energy companies (PG&E, Cal Pine), \$4 million from the EPA, \$7 million from State Revolving Loan Fund, as well as funding through the U.S. Department of Energy. Local rate

#### Figure 5: Survey Results

1. The majority of local businesses are very small; three out of four firms have fewer than five employees and only 12 percent have between 10 to 15 employees. Many had annual sales between \$100,000 to \$500,000.
2. Many small retail businesses do not plan to expand and are unaware of, or mistrustful of, government sponsored technical assistance programs.
3. "Manufacturing businesses, comprising only about four percent of the total local economy, showed the highest promise for expansion, an interest in technical assistance and financing programs, and capacity to create year-round employment opportunities with family wages (pp 9)."
4. Retail and construction business owners expressed the most concern regarding negative government actions, which inhibit business growth. Needs for improved permitting procedures, reduced permitting costs, and improved business attraction efforts were cited by many small businesses as essential to business expansion in Lake County.
5. A majority of the Lake County businesses surveyed indicated that the County should: clean up Clear Lake, improve the image and clean up local towns, support economic development, attract new businesses, and revitalize the tourism industry.
6. Many businesses expressed a need for flexible working capital.

Source: Superior California Economic Development District, 1998. Business Expansion and Retention Program: Counties of Lake, Mendocino, Shasta, and Trinity.

increases and California Energy (a power company) provided additional project money. Because of the positive partnership between the EDA and the county, the Economic Development Administration has agreed to provide an additional \$2 million for Phase II. The completion of Phase II will lift the Cease and Desist order for the North Shore communities, including Upper Lake, and thereby allow development.

### **Business Expansion and Retention Survey**

The Superior California Economic Development District secured \$30,000 from a USDA Rural Development grant to implement a Business Retention and Expansion plan in their four-county service area. They, in turn, hired Community Development Services (CDS) to complete this project in Lake County. According to their application, the project had two main goals:

1. Identify labor force needs, financial and technical assistance needs, and general information on the local economy in order to promote local business expansion.
2. Identify and correct impediments to business growth and to match and en-

hance existing services with specific identified needs.

A total of 87 percent of those surveyed returned a completed questionnaire, 16 percent (21) of which were from Upper Lake.

Initiative funded projects such as a revolving loan fund, the Community Revitalization Project, the eco-tech program, and watershed awareness worked to address issues discussed in items 5 and 6. While CDS said that the report made the county more sensitive to local business needs, none of the Upper Lake interviewees mentioned the survey, its subsequent report, or changes.

### **Revitalization**

The Forest Service granted Lake County \$176,000 between 1997 and 2000 to complete revitalization activities with several communities. The county initially chose to work with five Northshore communities including Upper Lake because of their high visibility among tourists. In 1999, the county added three other communities to be included in the revitalization activities. After Lake County secured the first year of funding, they subcontracted to CDS to administer the contract, which in turn hired CPI Marketing to implement the work plan.

**Figure 6: Community Revitalization Goals**

1. Provide organizational and management guidance in order to build consensus and cooperation among the individuals and groups.
2. Implement economic restructuring activities designed to strengthen the economic base of each community while diversifying it. Economic restructuring activities include helping existing businesses expand, recruit new businesses to provide a balanced mix, converting unused space into productive property, and sharpening the competitiveness of town merchants.
3. Develop a cohesive design to improve image by enhancing its physical appearance.
4. Develop individual community promotion activities to create a positive image of each town through retail and special events attractions.
5. Create a comprehensive network of participants from each community who can share common problems and solutions during the community revitalization process.

Source: Forest Service Report

The county proposed accomplishing these goals by utilizing the “Main Street Approach,” a community development model that focuses on organization, economic restructuring, promotion, and design. To improve chances of success and decrease workload, CPI partnered with local community organizations to complete revitalization activities. The process began with a town hall meeting publicized through local media. At these meetings, CPI facilitators explained the revitalization process and worked with attendees via a brainstorming and prioritizing process to draft a work plan. The work plan detailed objectives and action steps for the four focus areas. “The biggest accomplishment of the program was just going through the process of letting communities talk about what they wanted to be and their priorities,” said a county employee.

One particularly successful county project implemented by the revitalization program is “Clean-Up Days,” involving activities geared towards improving the appearance of the communities. The county matched Forest Service dollars by providing staff, equipment, and free access to the dump for Clean-up Days. Most interviewees mentioned this aspect of revitalization and started expecting Clean-Up Days to continue as an annual service.

Despite receiving a Forest Service National Award for the county-wide project, both residents and agency representatives generally viewed Upper Lake revitalization efforts as unsuccessful. Upper Lake’s difficulties result from community-level disagreements, community/county dynamics, and overall program shortcomings.

Upper Lake Town Council, a self-appointed group which appears fairly unrepresentative of the general community, organized their first town hall meeting in August 1998. Attended by approximately 40 residents, the participants developed their work plan, which CPI turned into a booklet. According to a CPI employee, they produced the booklet to give community members an informational piece, but did not anticipate using the plan as a template for further action. After the initial meeting, CPI continued working with Upper Lake residents by facilitating monthly meetings, assisting their administration with a business survey, acting as liaison between the town

and the county agencies, and providing them with templates (fliers, meeting minutes, agendas).

The County of Lake also allocated Upper Lake \$2,500 to spend on community-identified projects. The Town Council spent a portion of the monies on two stone benches and wooden flower holders and worked with Pacific Gas and Electric to replace burnt out streetlights. Several Upper Lake residents expressed resentment that the Forest Service grant covered only administrative costs instead of support for projects.

Many residents took advantage of “Clean-Up Days,” but outside the Volunteer Fire Department and Town Council few participated in its planning or other revitalization activities. A resident once active in the school board said she did not participate because she liked her community and feared change. “If you’re happy with the way things are you don’t want changes made,” she said. “In order to make the changes, you have to run over the local people who are here.” Her comment reflects the general community feeling that it’s “outsiders,” not Upper Lake residents, who want the change.

During 1999, the county began shifting their revitalization efforts to redevelopment defined as, “the planning, development, replanning, redesign, clearance, reconstruction or rehabilitation, or any combination of these, of the project area (Lake County Redevelopment Agency 2001).” The County of Lake describes the project purpose as, “the elimination and prevention of blight through the assistance and encouragement of public and private rehabilitation and redevelopment efforts, and through the provision of new or replacement of existing public improvements, facilities, and utilities within and serving the Project Area.”

To implement this project the county established a Redevelopment Agency, developed a plan, completed an environmental impact assessment, and held a series of six outreach meetings in the participating Northshore communities. These meetings explained redevelopment and blight; facilitated community discussion on the causes and cures of blight; and worked with residents to create architectural design guidelines. Despite using the community meetings to develop an architectural rendering for downtown

area renovations, residents expressed dissatisfaction with the drawing and an unwillingness to support the proposed changes.

As part of these efforts, the county has offered low interest (Initiative funded) loans to businesses within the Northshore Redevelopment Project Area “to enhance the overall appearance of the community and create a clean, safe, and attractive image conducive to commerce.” As of July 2001, no Main Street businesses have secured the loan offered through redevelopment.

### **Jobs-in-the-Woods**

#### *Middle Creek Restoration Project*

In 1999, Robinson Rancheria founded the Middle Creek Coordinated Resource Management Planning (CRMP) group to address water quality and aquatic habitat issues in the Upper Lake Watershed. Concomitantly, Lake County and the Mendocino National Forest completed a watershed analysis of the Middle Creek Watershed. Previous work on Initiative related projects (eco-tech, watershed awareness) facilitated this collaborative process between federal and county agencies. Utilizing results from the Middle Creek analysis, Robinson Rancheria secured \$105,000 of Jobs-In-The-Woods funding from the Bureau of Indian Affairs in 2000 to restore 3.5 miles of Middle Creek.

This project is a collaborative effort of the CRMP, the Mendocino National Forest, the County of Lake, and the Robinson Rancheria, with the following goals:

- Improve native fish and wildlife habitat, as well as water quality in Middle Creek through stream restoration and road-related erosion control;
- Increase employment opportunities and skills among Lake County tribes and residents;
- Enhance public understanding of healthy watersheds and the role of the Eastern Pomo tribes; and
- Promote increased collaboration among local, state, and federal agencies.

A former FEMA watershed restoration supervisor coordinates the Natural Resources District, which administers the Middle Creek CRMP. Despite limited project work to date, the CRMP and Rancheria spent several months working together to secure funding for this project. The BIA made an exception to a policy that restricts BIA funds for programs to Native American lands by making a grant for this project to address restoration issues on private lands in the watershed above Upper Lake. As of July 2001, a delay in the permitting process has prevented on-the-ground project initiation.



This renovated 1950s gas station has become a coffee shop and a place for music and dialogue.

## **Current Socioeconomic Conditions and Effects of NEAI on Community Well-Being**

### **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 toward community goals (and not just self-interested goals). Evaluating the impact of NEAI projects on the capacity of Upper Lake thus requires a closer examination of these various dimensions of community capacity.

#### *Physical and Financial*

As of 2000, Upper Lake has 22 vacant buildings. The community had an 80 percent increase in code violations between 1995 and 2000. Code violations may indicate poor physical infrastructure, which, if true, can affect area investment. Since 1992, houses classified as “in need of substantial repair” have increased from 11 percent to 33.6 percent. On average, Upper Lake has a significantly lower level of investment in the buildings than the county. Building permits are suggestive of a widening investment gap between Upper lake and the rest of the county. The county has 8.5 times higher per capita average valuation of building permits (>\$2.00 <\$10) issued from fiscal year 96/97 to 99/00 (Lake County Redevelopment 2001).

Despite these challenges, Upper Lake’s Main Street is attractive. In the mid-1990s, residents secured donations to paint some of the more dilapidated stores. Within the past 10 years, new owners

have invested in property. One resident, who moved to Upper Lake about seven years ago, purchased and renovated several buildings on Main Street. Residents also say that the Clean-up Days sponsored by revitalization had a large effect on their community’s appearance. Recently, an abandoned historical building, that once served as a livery stable, has been purchased. The new owner has expressed interest in renovating it and turning it into an Internet merchandise store. Despite this work, Lake County has declared Upper Lake a blighted area and initiated redevelopment in that community. At least one Upper Lake Business secured an Intermediary Relending Loan for \$150,000. The owner could not be reached, thus the effects could not be determined. Additionally, CDS has not provided information related to IRP loans provided to Upper Lake businesses, thus making an analysis of the local impact of these loans impossible.

While Basin 2000 has yet to affect Upper Lake, this project provides the first step towards connecting Upper Lake with infrastructure (a sewage system) needed to advance development efforts. The completion of Phase II will allow the Cease and Desist order to be lifted, enabling Upper Lake to build new structures.

#### *Human*

On a county level, Initiative projects increased human capital. Teachers gained a better understanding of their watersheds and were able to develop curriculum to engage their students in ecosystem projects. Eco-technician participants gained watershed restoration skills and knowledge.

Despite reported success in other communities and progress towards county goals, limited participation by Upper Lake residents in Initiative funded activities makes it difficult to determine if projects increased human capital in Upper Lake. Those at the core of the revitalization efforts in the community held other leadership positions and through their participation perhaps increased their skills slightly. Beyond the formal school board, Upper Lake does

not appear to have a strong cadre of leaders. When directly questioned about community leadership, residents more often than not stated it did not exist. An Upper Lake service provider said, "There's a deprivation attitude here that we need to move beyond to get a vision of what could be."

Despite the project consultant's goal of increasing local residents' ability to run their own programs, CPI often completed action steps for the community instead of working with them to develop the steps. This overstepping limited CPI's ability to transfer skills. "We mostly picked up the phone and made the call for them," a CPI employee said. "We didn't provide technical assistance so that they could take over for themselves. You start to see how heavily they rely on you because they call you to do things for them." The Initiative-funded revitalization effort did little to facilitate the development of human capital in Upper Lake.

### *Social*

Historically, Upper Lake residents have organized to address threats to their community, to run town events/celebrations, and to improve economic development. In the 1980s, business owners created a merchants' association to develop strategies to increase economic vitality. Feeling excluded, community members developed a community organization. By the mid 1990s, the two groups merged to form the Upper Lake Town Council, which ran an annual event called Wild West Days. The Town Council, currently known by few residents other than its members, has no direct authority within this unincorporated town. A recently formed Main Street Merchant's Association managed Wild West Days in 2001. This organization, developed by a dominant property owner, alienated residents and other merchants. The Fire Department, formerly instrumental in past community events, has had increasing difficulty recruiting volunteers and declined to participate in Wild West Days.

The limited knowledge and engagement of residents in the Main Street Merchant's Association and the declining action of the fire department, reflect a decline in social capital and an increasing division among residents' vision about their town's future. The changing cadre of participants in the planning meet-

ings made planning difficult because decisions made at one meeting were not accepted at another meeting attended by a different mixture of residents. One property owner has decided that Upper Lake should adopt an old west theme and strive to be known as an antique town. His unilateral action, however, has had the effect of diminishing community capacity by decreasing productivity and trust. Others, wary of large bands of tourists, prefer to maintain the community as it is, or bring back only some basic services such as a pharmacy and a hardware store.

County representatives view revitalization as the groundwork for the redevelopment efforts they are currently implementing. Unfortunately, revitalization in Upper Lake has set a negative precedent in a community. Residents express distrust about the county's motives and, despite the potential for redevelopment to respond to the structural needs, lingering frustrations inhibit effective communication between the county and Upper Lake residents. This decreases the likelihood that the county will be able to work with Upper Lake to successfully implement its redevelopment goals within that community. The county did not do enough to recruit and engage diverse stakeholders or develop and maintain consensus among residents. For example, all of the revitalization proposals mentioned collaboration with the Upper Lake Rancheria and Robinson Rancheria, yet these Native American organizations have had very little connection with Upper Lake. Robinson Rancheria supplied support letters for Initiative projects within the county, but never participated in the planning or implementation of any of the projects until they secured Jobs-in-the-Woods funds through the Bureau of Indian Affairs. This watershed restoration project represents a step towards building collaborative relationships between Upper Lake residents and the local rancherias. Outside of watershed restoration, Upper Lake residents and Rancheria representatives were unfamiliar with each others programs.

Limited social capital made it difficult for the county and their consultants to find successful venues through which to initiate and implement community projects. The Town Council, a loose association of concerned community members, neither represented the community nor has legitimacy in the community.

In fact, their involvement in the revitalization process alienated some active residents. Despite following a standard community development approach by requesting input preceding the grant application, at the project initiation and throughout the program implementation, the county and their representatives could not gain consensus from residents about various aspects of project design and implementation.

### **Worker Effects**

Effects on timber workers and their families is nonexistent, because there are few current or former wood products industry workers in the town.

Timber mills in Lake County closed at least 50 years before the Initiative began. As noted earlier, the local JTPA provider had difficulty locating dislocated timber workers and often focused on the chronically unemployed instead. None of the initial eight workers who participated in the eco-technician program resided in Upper Lake. The eco-tech program spurred implementation of a larger Federal Emergency Management Agency program working on watershed restoration. While hundreds of chronically unemployed Lake County residents received temporary employment, no follow-up monitoring took place.

## **Patterns and Themes**

### **County Control**

The county used newspaper notices to release cursory information about the California CERT process and Initiative monies. Despite securing \$120,000 from the Economic Development Administration to provide county coordination in 1994, CDS provided limited technical assistance to community-based organizations in the county. This may have had the effect of discouraging these organizations from applying for grants which, in effect, increased the county government's control over local utilization of Initiative dollars. At the same time, this allowed the county administration to develop a coherent county-wide economic strategy that focused on tourism. However, it excluded community members from active participation in initial project design. By assuming this leadership role, the county unintentionally undercut the Initiative's social and human capacity-building aspect.

### **Fund Leverage**

Lake County did not secure enough resources to complete the revitalization goals listed in their grant proposals. While this organizational effort could have been enhanced by leveraging additional non-county dollars from private foundations or other government entities, Lake County chose to serve five to eight communities with only \$176,000 from Community Revitalization grants over a four-year period.

These fiscal constraints prohibited effective outreach efforts and decreased the consultants' ability to provide capacity-building technical assistance. Provision of monies for administrative costs also increased frustration among residents who resented expenditures on consultants that could elicit and generate ideas, but who did not provide resources to complete identified projects. "I'm distressed to see so much money spent on studies (planning) when there are people here willing to do work, dig holes, plant trees," a resident said.

### **Main Street Approach**

Utilizing business techniques and the "Main Street Approach," an economic development model created for cities larger than 5,000 residents, in a community with limited social and organizational capacity further hampered the revitalization effort. This approach requires an active private-public partnership, paid staff, and a large volunteer pool to implement their four main points (Rucker 1991; Theimer 1998). Upper Lake lacked several key elements of this process including businesses with a financial infrastructure from which to contribute funds for the revitalization process and a consistent volunteer base. Those who did volunteer had limited capacity to complete the economic restructuring, which includes detailed market analysis. The revitalization process did not use an assets-based approach; therefore, they were unable to establish strategies

which would have utilized their strengths and determined their specific needs.

Revitalization consultants and residents did not actively recruit members of the diverse populations (land owners, parents, Native Americans, merchants, long-term residents, farmers, professionals) which could otherwise have helped establish an active cadre

of local participants. CPI Marketing's community development strategy (*do for* instead of *with*) did little to increase human or social capital within the community. By completing actions for Upper Lake, instead of working with residents to complete these tasks jointly or on their own, CPI Marketing increased dependency on their agency.

## Conclusion

All Upper Lake Initiative projects had two intended beneficiaries, the county and the communities in which the programs took place. Generally, they had few tangible effects on Upper Lake. The community's various capacities, limited at the Initiative's beginning, remain limited. Programs funded by this money has cleared away trash, initiated watershed restoration activities, and initiated discussions about

potential community change. Inadequate resources spread across eight communities, have inhibited the county's ability to work with Upper Lake to increase their capacity to create and address their own agenda. In fact, these efforts appear to have increased a sense of distrust between Upper Lake residents and the county and thereby increasing the appearance of community apathy.

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### **Web Pages**

Basin 2000 Overview: <http://geysers-pipeline.org/overview.htm>

Community Entrepreneurial Watershed and Water Quality Improvement (CEW) Grant:  
<http://watershed.lake-coe.k12.ca.us/topics/watershed/ccw/cew.htm>

Lake County home page: <http://www.co.lake.ca.us/cntyhome.html>

Lake County Redevelopment Agency: <http://www.co.lake.ca.us/countygovernment/redevelopment/redevelopment.html>

Watershed Awareness Project Market Survey: <http://watershed.lake-coe.k12.ca.us/topics/watershed/wa/market.htm>

Watershed Awareness Program: <http://watershed.lake-coe.k12.ca.us/topics/watershed/wa/wa.htm>

Watershed Awareness restoration nursery: <http://watershed.lake-coe.k12.ca.us/topics/watershed/wa/nursery.htm>

### **Interviewees**

Blaine Baker	Upper Lake District Ranger
Tom Carlton	Former Ecotech Supervisor
Kelly Cox	County of Lake County Administrative Officer
Olga Clymire	Lake County Office of Education Environmental Education Consultant
Don Davidson	Upper Lake Middle School Teacher
Mark Dellinger	Special Districts Resources Manager
Shirley Dutcher	Former Upper Lake School Board Member
Thelma Griner	Resident
Rick and Shannon Gunier	Owners, CPI Marketing
Willie Gutierrez	Former Upper Lake Postmaster
Deborah Hablutzel	Business Owner
John Hamner	Eco-tech participant
John Hancock	
Doris Harville	Upper Lake Resident
Deb Higgins	Eco-tech participant
Missy Hill	Community and Family Network, FAST Coordinator, Upper Lake Resident
Donna Howard	Lake County Museum Curator
Lisa Langford Heron	Community and Family Network
Gary Lewis	Lake County Supervisor, District 3
Jeff Lucas	Director, Community Development Services California CERT County Coordinator
Karen Mackey	Former County Supervisor
Maggie Magliocco	Former Resident
Sharon Matzinger	Director, Lake County Career Center
May Noble	Realtor and Upper Lake Business Owner
Irenia Quititquit	Robinson Rancheria Band of Pomo Indians
Andy Peterson	County of Lake Redevelopment Agency Director
Wilda Shock	Marketing Director, Lake County Marketing Program
Vicki Stoll	Forest Service, Rural Community Assistance
Tom Suchanek	Director, University of California at Davis Clearlake Environmental Research Center
Louise Talley	Former Supervisor, Nice Business Owner
Rick Winer	Upper Lake Middle School Principal

### **Focus Group Participants**

Marilyn Bryant	Business Owner
Ron Bryant	Business Owner
Norma Clay	Long-term resident
Donald Clay	Town Council Member
Byron Green	Town Council Member