

Shelton, Mason County, Washington

Conducted by Lita Buttolph and Rebecca McLain

NEAI Projects*

Year	Applicant	Project	Funding Source ¹	Amount
1994	Exceptional Foresters, Inc.	Plastics Processing Facility & Plastic Processing Machine	Forest Service-Community Assistance Program	\$100,000
1995	City of Shelton	Basin 1 I&I Correction Project	FS-RCAP	\$33,500
1995	Port of Shelton	Hardwood Mill Infrastructure	FS-RCAP	\$247,800
1998	City of Shelton	Shelton Wastewater System Improvements (Eng/Design)	USFS	\$236,168
1999	City of Shelton	Shelton Wastewater System Improvements	Dept. of ECCWF	\$155,000
2000	Economic Development Council of Mason County	Shelton Area Infrastructure Plan		\$17,540
2000	Port of Shelton	Renovation of the Baja Building	USFS/RCAP	\$25,000
Jobs-in-the-Woods/Jobs-for-the-Environment				
1995	Columbia Pacific Resource Conservation and Development Council	Chehalis Basin Partnership	JFTE USFWS JITW	\$682,283
1995	Columbia Pacific Resource, Conservation and Development Council	South Fork Skokomish River		\$300,054
1995	Mason County Conservation District	Upper Skokomish River Watershed Restoration		\$875,521
1997	Mason County Conservation District	Skokomish River Sediment Control		\$343,839

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

1. Key to Funding Sources: USFS/RD = U.S. Forest Service-Rural Development, RCAP = Rural Community Assistance Program, USF&WS = U.S. Fish & Wildlife Service, JFTE = Jobs for the Environment, JITW = Jobs in the Woods

Background Context

The city of Shelton is located at the southeastern corner of the Olympic Peninsula in Mason County, Washington. The town was built at the terminus of Hammersley Inlet, one of many fingerlike channels stemming from southern Puget Sound, at Oakland Bay. Although off of the I-5 corridor on Highway 101, Shelton is only 25 miles from the state capital of Olympia. Fifty percent of the county is in public ownership. Olympic National Park and Olympic National Forest are located in the northwest corner of the county, and cover 275 square miles. Shelton is the county seat of government and the only incorporated city in the county.

Brief History

Prior to Anglo-European settlement, the area was inhabited by the Sahewamish Indians, who, in addition to harvesting the abundant fish, game, and fruits and vegetables, managed extensive oyster beds along the shores of the many inlets. The population of the Sahewamish was estimated to be 1,200 in 1780, and 780 by 1807 (Ruby and Brown 1992). A smallpox epidemic reduced their population to 50 by 1853. Other tribes in the area include the closely-related Squaxin Island Tribe—originally a collective of seven Lushootseed-speaking Salish bands who occupied the seven inlets on the southern end of Puget Sound. The tribe currently has a small reservation at Kalmiche Point just southeast of Shelton. Another tribe, the Twanas (collectively known as the Skokomish), live on a 5,000-acre reservation about 15 miles north of town on Hood Canal at the mouth of the Skokomish River.¹

The first white settler to the area was David Shelton, who established a homestead in 1853. The area was devoted to agricultural production until the 1880s when industrial development brought logging and associated railroads. The city of Shelton was formed in 1889, following the arrival of the Satsop Railroad. Several railway and logging operations started up in the area in the 1880s.

Shelton's economy has historically been dominated by the logging and milling operations of

Simpson Timber Company. Incorporated in 1895 by A.H. Anderson and Sol Simpson, by 1897 Simpson Logging Company had become the largest single employer in the state with 300 employees, eight logging camps, and 80 miles of railroad (Shelton-Mason County Journal 1985). Unlike other companies, which sold their land to the county after logging it, Simpson retained ownership of most of its logged lands, a key move that insured a future supply of timber. In addition to its logging and railway operations, Simpson, Anderson, and others owned Lumbermen's Mercantile Company, the general supplier of all goods and supplies for the community and company, as well as the State Bank and the Shelton Navigation Company. In 1925, Simpson opened the Reed Mill, its first manufacturing facility, processing hemlock. A second venture, a cedar-shake mill, was also started, but was short-lived. The Henry McCleary Timber Company also opened a mill in the 1920s, which was later purchased by Simpson in 1939. These mills transformed the town into an important manufacturing center.

In 1926, Zellerbach Paper Company opened Rainier Pulp and Paper Company, processing wood chips from hemlock waste produced from Simpson's mills. A few years later, working with chemists from DuPont, Rainier developed a silky fabric made from the pulp, called rayon. Pulp for the rayon became known as Rayonier, and the company eventually changed its name to Rayonier, Inc. Rayonier subsequently built additional pulp mills in Hoquiam and Port Angeles, also producing Rayonier. To insure that material was made of the same quality, the company constructed the Central Chemical Laboratory next to the Shelton mill to test the pulp from the three mills. The opening of Rayonier's laboratory, later renamed the Olympic Research Division, brought a group of highly technically-trained professionals into the community. In 1968, Rayonier was acquired by international Telephone and Telegraph Corporation and became ITT Rayonier, Incorporated.

1. A separate case study of the effects of NEAI was conducted for the Skokomish Indian Tribe.

In addition to timber production, new industries developed in the 1930s for minor or non-timber forest products. Christmas tree production became an important industry. In 1936, 750,000 Christmas trees were harvested around Shelton, and by the 1980s, Shelton was shipping several million trees a year. An industry for floral greens also emerged, primarily for salal, fern, and huckleberry. Northwest Evergreen was the primary distributor of floral greens in the 1930s along with Hiawatha. Simpson committed much of its land to these enterprises, establishing contracts for harvesting Christmas trees and floral greens as well as thinning. Today, the floral green industry and, to a lesser extent, Christmas trees, still play an important role in the local economy. Hiawatha is currently the largest supplier of evergreen products in the world. Other large companies include Continental Floral Greens and Cascade Floral Products, both located in the nearby town of Belfair. Other smaller companies in Shelton and Belfair include Hillcrest Evergreen, Hood Canal Evergreen, Bigfoot Evergreens, Mill Creek Evergreens, and Puget Sound Evergreen (WSU Extension 2001). Southeast Asian immigrants replaced much of the Anglo labor pool in the Christmas tree and floral greens industries during the 1960s and 1970s, followed by Mexican and Central American immigrants in the 1980s and 1990s.

Oyster production has also been an important commodity in Shelton. The original oyster beds, first cultivated by the Sahawemish, were depleted by 1887. The bay was subsequently reseeded and by 1902, 400 acres of oyster beds were under cultivation in the county, producing 25,000 sacks of oysters annually. The three major companies that dominated the market at the time were Skookum Oyster Company, J.Y. Waldrip (now Taylor Shellfish), and Olympia Oyster & Investment Company. Today, the shellfish industry remains an important component of the county's economy, with 820 acres of commercial shellfish beds producing over 60 percent of the hardshell harvest for Washington State.

By the 1940s, it was estimated that Simpson's private holdings could only sustain the company for another 10 years. In 1944, Congress passed the Sustained Yield Forest Management Act (Public Law 273), which allowed the Forest Service to enter into

agreements with private companies to cooperatively manage a portion of federal forest as a unit with private land. Access to federal timberlands could tide Simpson over until its own timberlands matured. In 1946, the Forest Service and Simpson Logging Company established the first cooperative sustained yield unit under PL 273. The unit included 111,000 acres of national forest and 159,000 acres of Simpson's private holdings to be managed together on a "sustained yield" basis for the next 100 years (Hibbard and Elias 1993). The act was key to sustaining the company over the next 40 years. Simpson was allowed to cut up to 100 million board feet per year, sold at government appraised prices. Ten years later, the allowable cut was increased to 135 million board feet per year (Shelton-Mason County Journal 1985). Over the next 30 years, Simpson continued to expand, acquiring lands throughout Washington as well as in Oregon, California, Canada, and Chile. Mills were retooled to accommodate smaller diameter, second-growth logs. By 1975, Simpson had produced 7.5 billion board feet of lumber in its mills, and reached an annual output of 400 million board feet.

In the late 1950s and early 1960s, the community tried to diversify its industrial base. The Port of Shelton had recently acquired industrial land formerly held by the U.S. Navy during World War II. The first tenant of the Port property was L.R. Smith Hardwood Company of Longview, which built a hardwood sawmill to cut alder and maple for furniture-making. Other early tenants included Olympic Drill Company, which manufactured industrial dryers and equipment. A company that built mobile homes started in the mid 1960s. In 1966, Certified Manufacturing Company, a metal parts subcontractor for Boeing and other aircraft builders, moved from Seattle to Shelton. Another company, Shelton Binder Company, built nylon webbing for truck tie downs. In addition to industrial development, diversification brought a new prison (constructed just west of town), and a new campus for the Washington State Patrol training academy.

The 1970s and 1980s

In the mid-1970s, markets for timber changed and prices crashed. Simpson was forced to close its insulating board plant and a plywood plant in Shel-

Shelton, Washington

ton, as well as its plywood plant in Olympia. As the demand for lumber dropped during the recession of the 1980s, Simpson's mills experienced periodic shutdowns and staff reductions. The cooperative agreement failed to meet the anticipated projections (Hibbard and Elias 1993). Logs also became increasingly difficult and costly to remove from federal lands. In 1985 and 1986, Simpson closed its last two logging camps as well as its large log sawmill, reducing employee numbers in Shelton from 1,400 to 950.

At the same time, other businesses were also beginning to suffer. The slow economy and changes in technology reduced the markets for cellulose products, and ITT Rayonier cut its research staff by half in 1984, eventually closing the Shelton lab in 1995. Approximately 200 to 300 workers lost their jobs or were relocated to the new lab in Georgia. Those interviewed felt that the shutdown of Rayonier resulted in a "brain drain" from the community. "Very well-educated, high caliber people left . . . many of whom were vested in the community," states one resident.

Many say that the Simpson layoffs were a "wake-up call" for mobilizing community economic development efforts. In 1985, in the midst of economic recession, local businesses throughout the

county formed the Mason County Economic Development Council (EDC). Originally established in the late 1970s to promote economic stability in the county, the EDC reorganized in 1985, becoming a not-for-profit 501c(6) organization. The EDC's primary efforts were to promote economic diversification by developing a stronger base in the retail, service, and manufacturing sectors. Its 20-member board of directors included representatives from manufacturing, banking, retail, real estate, the legal profession, hospitals, and unions as well as representatives from county and city government, public utility districts, and schools.

The 1970s and 1980s marked a tremendous boom in the population of Washington, primarily from an in-migration of equity-rich individuals seeking affordable housing. The population of Mason County increased by 66 percent between 1973 and 1984 (Cichello 1997). Shelton and Mason County experienced new residential shoreline development throughout the 1960s, 1970s, and 1980s. By the late 1970s, suburban recreation and residential developments had attracted weekend vacationers, commuters, and retirees. The growing demand for shoreline land increased property values, resulting in tax increases and forcing many old time residents to leave.



The Simpson Timber Mill in Shelton

The 1990s

The population of Shelton in 1990 was 7,241. Unemployment had dropped to about five percent from its peak in the 1980s (in 1982 county unemployment was 14.7 percent). Despite low unemployment rates, however, per capita income in Shelton was \$9,614, in contrast to the county average of about \$16,000 and the state average of approximately \$22,000. Twenty percent of the population lived below the poverty level, and 39 percent of families had annual incomes under \$20,000.

Natural resources-based industries still played an important role in Shelton's economy. Simpson Timber Company continued to be the largest employer in town, with 900 employees reported in 2001. Because of its large private land holdings and because it had stopped harvesting on federal lands in 1985, Simpson was not as heavily affected by the reductions in federal harvests associated with the Northwest Forest Plan as other companies that relied on federal timber. By continually retooling its operations to accommodate small logs, it managed to survive while smaller companies were forced to close. Residents view the company as stable. Nevertheless, its position in the community shifted from being "the" employer to "an" employer. Simpson was no longer seen as the "big brother" or primary economic influence.

Many of the jobs also shifted to services, retail, construction, manufacturing, and government. New retail developments began to emerge with the coming of Walmart in 1994 in the northern portion of town. Other retail businesses, however, reportedly suffered with the coming of Walmart, including JC Penney, Sprouse-Reitz, and Yarbards, which all closed. Apart from Simpson, current major employers in the county include the Washington State Corrections Center (650 employees), the Shelton School District (650 employees), Little Creek Casino (owned by the Squaxin Island Tribe, with 449 employees), Mason County (343 employees), Wal-Mart (250 employees), and Taylor Shellfish, Inc. (250 employees) (Mason County EDC 2001). Despite the relative diversity of employers, annual average wages have experienced a general decline since the 1970s (Cichello 1997). For example, between 1973 and 1990, the average annual wage in Mason County fell from \$27,586 to \$21,474—a 22

percent decline. In 1995, although slightly up from 1990, the county's average wage was 19 percent less than the statewide average. This discrepancy was attributed to an increase in low-paying trade and service jobs, and a declining manufacturing sector, which paid the highest annual wage (Cichello 1997).

In addition to local employment, Shelton has also become a bedroom community for the surrounding metropolitan areas of Puget Sound—primarily Olympia and Bremerton. More affordable housing and the completion of all-weather roads in the 1990s have contributed to an increase in the number of commuters. According to the 1990 Census, 21 percent of the city's workforce commutes to other counties for work.

Key Issues in the 1990s

By the time the Northwest Economic Adjustment Initiative was launched in 1994, the economic recessions and restructuring of the timber industry had stabilized to some degree in Shelton. The national recession of the early 1990s, albeit less severe than the one in the early and mid-1980s, again caused a decline in the markets for lumber and wood products. Although not as hard hit as in the mid-1980s, county unemployment rates were up to 9.6 percent by 1993. Economic diversification and development thus remained an important focus for both city and county administrators.

How and where economic development took place, however, was much more influenced by a new regulatory environment. In 1990-91, the state passed the Growth Management Act (GMA) in an effort to control suburban sprawl and rapid commercial developments resulting from the population boom of the 1970s and 1980s. Each county and incorporated city with a population growth rate over 10 percent was required to develop its own growth management plan. Mason County Commissioners and EDC staff felt that the GMA was too restrictive, inhibiting economic development by preventing rural businesses outside of the urban growth boundary from future growth. A group of local citizens, however, opposed the county's plan, arguing that it didn't meet GMA requirements. This group was concerned about the widespread conversion of forest and agricultural

lands, and the high infrastructure costs associated with developing these lands. Some also were opposed to the idea of new businesses locating near their rural homes. The plan was subsequently rejected by the Western Washington Growth Management Hearing Board, which found it inadequate. Issues surrounding the GMA have subsequently divided the community in many ways. Without an approved growth management plan, the county has been faced with a moratorium on development in its rural areas.

City and county interests conflicted at times around the GMA. Under the GMA, any new indus-

try would have to develop primarily within the city's urban growth area, thereby reducing any potential tax revenue to the county. Some sources felt that the county was in direct competition with the City of Shelton for new industry and the associated tax revenue. Although the city itself had an approved growth management plan, it faced internal growth restrictions due to a lack of sewer capacity. Facing a potential moratorium on growth by the Washington State Department of Ecology, a key issue for the city was finding the \$30 million in funds to upgrade and repair its aging sewer system.

NEAI Projects and Programs

Community Economic Revitalization Team (CERT)

One of the primary mechanisms for implementing the Northwest Economic Adjustment Initiative (NEAI) was the development of State Community Economic Revitalization Teams (SCERT). The role of the SCERT was to coordinate delivery of state and federal assistance, and work with local and tribal governments, and private and non-profit organizations. In Washington, the SCERT (WA-CERT) was staffed by the pre-existing Governor's Timber Team (now the Governor's Rural Community Assistance Team - GRCAT), which was formed in 1991 by the state legislature to coordinate assistance to timber-dependent communities. WA-CERT members included state representatives for each of the federal agencies, representatives of state government who were appointed by the governor, and representatives of local government, also appointed by the governor with approval of local governmental organizations. As part of an effort to streamline funding and provide "one-stop" shopping for projects, communities and other eligible entities submitted two-page proposals to WA-CERT. Top priority projects were assigned a scoping agent—a representative from a state or federal agency whose role was to facilitate project development and help guide a project through the application process. In January 1998, administration of WA-CERT was transferred to the Washington Department of Community, Trade, and Economic Development (CTED – currently the Office of Trade and Economic Development – OTED).

Local Implementation of WA-CERT

In Mason County, prioritization of WA-CERT applications was done by the Mason County Economic Development Council (EDC). Prior to the NEAI, the EDC had been involved in the Overall Economic Development Planning (OEDP) process funded by the Economic Development Administration. Through this process, the EDC developed, albeit less formally than WA-CERT, a list of projects in need of funding. When the NEAI was launched, EDC staff felt comfortable with the CERT because it was in many ways similar to the OEDP process.

The EDC was the central collecting point for WA-CERT project applications. Once a year, the EDC sent letters to jurisdictions and non-profit organizations throughout the county, requesting that certain projects be included on the WA-CERT list. Jurisdictions included the City of Shelton, unincorporated towns, ports, fire districts, and water districts. After the project lists were submitted, the EDC would hold a meeting with representatives from the local governments and organizations to discuss the individual and mutual benefits of each project. Through a voting process, participants ranked each project and developed a prioritized list. The EDC would then submit the list of projects to its 20-member Board of Directors for approval. The Board would review the list but generally did not change the priorities. The list was then passed along to the county commissioners for final approval. Occasionally, the

commissioners would make changes to the ranking or would add projects, but generally approved the existing list. The county commissioners' resolution established the official list that was then submitted to the WA-CERT office.

The EDC viewed its role in the CERT as “more of a traffic director than an advocate.”

Occasionally, however, EDC staff got involved in grant applications because of their knowledge of regional economic issues. For example, if they saw a grant opportunity for the public utilities district, they would put a proposal together on behalf of the PUD. The EDC staff, however, felt that they weren't as active in identifying funding sources as other counties due to a lack of staff. With an executive director, an assistant director, and an office assistant, the EDC focused its energy on the proposals that were most likely to be funded.

Whether it was due to the EDC's role in assisting with project applications or the applicants' own capacity to submit fundable proposals, Mason County as a whole received a substantial amount of NEAI dollars, particularly within the first three years. For example, by 1996, Mason County had received over \$10 million in Initiative-related funds—the second in the state in terms of funding received. The majority of funds went to unincorporated communities in the northern portion of the county. The city of Shelton, in contrast, received relatively little in the way of funds—only seven percent of the approximately \$13.75 million² that was distributed between 1994 and 2000.

Why more projects were not funded in Shelton is unclear. One possibility is the lack of continuity in staff within the city government. During the course of the Initiative, there was substantial turnover in personnel, and some of the early relationships that were developed with WA-CERT, as well as the institutional memory regarding the goals of the NEAI, were lost. Staff transitions also occurred in the later years of the Initiative when funds were beginning to be constricted and the initial energy, resources, and desire to coordinate investments had diminished. Consequently, connections with scoping agents were not well-main-

tained, and there was at times a lack of clarity about the role of the scoper and the benefits of having a scoping agent. City officials also felt that having a scoping agent didn't necessarily increase the likelihood of funding. There was also confusion over who could apply for Initiative funds, and what types of projects could be funded. For example, many of those interviewed were under the impression that Initiative funds could only be used for infrastructure projects. There was also confusion about the criteria agencies used to select projects for funding. One source felt that the city simply did not submit many project applications, despite the outreach efforts made by the funding agencies.

Some felt that the prioritization requirement created a competitive environment that pitted entities within the county against each other. There was some concern by city officials that county interests took priority on the WA-CERT list because the county commissioners, which represented county-wide interests (and those of unincorporated communities), had the final say on project priorities. For example, the unincorporated community of Belfair, which was one of the communities designated by the County as an urban growth area, received over \$11.5 million through NEAI to complete the Belfair-Hood Canal sewer plan. Over most of the years, however, city of Shelton projects consistently ranked high on the list (within the top five). One person felt that the process helped identify projects that were intended to provide benefits to the county as a whole. When the list of projects reached the state, however, a high priority ranking was sometimes important, and sometimes not. Project readiness and availability of money from a funding entity were the primary criteria used by agencies to fund projects.

WA-CERT was recognized by city and county staff as a “clearing house” organization for “one-stop shopping.” In addition to putting projects on the “radar screen” of funding agencies, local officials also said that it provided a “forum for saying we have a problem.” One interviewee noted that “the best thing about WA-CERT was that it forced the community to prioritize projects and think more holistically.”

2. This amount excludes funds that went to Indian Tribes (Skokomish and Squaxin Island), which submitted their lists directly to WA-CERT). The Department of Labor JTPA fund (retraining dollars) and Jobs-in-the-Woods/Jobs-for-the-Environment funds are also excluded from this amount because they were administered separately from the WA-CERT process.

Prior to WA-CERT, each federal or state funding program had specific planning criteria that had to be met before an application could be submitted. WA-CERT allowed applications to be submitted without these criteria. Despite making projects more visible, however, city officials stated that once an appropriate agency was identified for funding, the application process didn't change. Federal and state funding agencies still required complex and often cumbersome applications.

Projects

The following projects went through the WA-CERT process and were funded by federal Initiative dollars or through appropriate state entities that were involved in the WA-CERT coordinating effort. Only projects located in the community of Shelton are included, excluding Indian tribes.

Plastics Processing Facility & Plastic Processing Machine

In 1994, Exceptional Foresters, Inc., a non-profit organization providing employment and social services to developmentally disabled adults, received a \$100,000 grant from the U.S. Forest Service Community Assistance Program (FS RCAP) to construct a plastics processing facility. Started in 1955 as a special education program for children, Exceptional Foresters evolved into a residence and vocational training school for mentally handicapped adults. As part of its vocational training program, the organization operated a regional "materials recovery facility" that recycled paper, glass, aluminum/steel, and plastics. Initiative funds were used to develop a facility at the Port of Shelton that reprocessed recycled plastics into pellets that could be used by plastics manufacturers. The goal of the project was to provide employment for six to 15 county residents, of which 50 percent would be drawn from the county's handicapped population. The project would also reduce the amount of plastic materials entering landfills. Initially, the plan was to hire a foreman (at \$12 per hour with benefits), two production staff (\$8/hr with benefits), and six disabled workers

(\$5/hr with benefits). Production began in February 1995. By 1996, the facility was processing 200,000 pounds of commercial and industrial plastic per month, and employed a manager, sourcing representative, two equipment operators, a sort line supervisor, and eight developmentally disabled workers. In January 1996, however, the facility closed, claiming that the market for plastics had collapsed.

Hardwood Mill Infrastructure

In 1995, the Port of Shelton received a \$247,800 FS RCAP grant, combined with a local match of \$74,500 to renovate and reactivate operations at an existing hardwood mill that had closed in 1987. The goal of the project was to upgrade the mill site and utilities to comply with current environmental standards and meet production requirements. Specific improvements included grading and paving the log yard, providing drainage and water retention, upgrading electrical service, extending the gas line to the site, and improving the sewage system. The Port had been working with the EDC, the Public Utilities District #3, the county, and the gas company. Following the closure of the mill, all hardwood logs harvested were shipped out of the county for processing. The goal of the renovation was to enable logs to be processed locally. The Port estimated that 22 full-time jobs would be created in the short-term, with 45 in the long term.

Following renovations in 1996, the mill and its assets were purchased by Northstar Lumber, creating 50 to 60 new jobs. To initiate operations, Northstar received a loan from Cascadia Revolving Fund.³ In addition to upgrading the infrastructure, drying kilns were also added. A few years later, the Port received a grant from the Community Economic Revitalization Board to construct a softwood mill on the site, and the company began to process small diameter conifer logs. However, a breakdown in communications between the company and its broker, who provided the working capital for production, resulted in the closure of the mill in 1999.

In October 2000, the Port, which assumed own-

3. Cascadia Revolving Fund is a non-profit, community development lending institution working in rural communities throughout Washington. In 1995, it received \$200,000 from the Rural Development Investment Fund. In 1997, it received \$400,000 in NEAI funds from the USDA Intermediary Relending Program (IRP). The loans granted to Northstar and RK Custom, however, were not associated with the IRP funds.

ership of the building from Northstar, leased the site to RK Custom LLC, a company that mills birch logs from Alaska. Currently, RK Custom has 25 employees and is looking to add an additional shift. Cascadia Revolving Fund took back the assets following foreclosure of Northstar, and resold them to RK Custom.

Wastewater System Improvements

One of the issues that has consumed much of the time and energy of city officials over the past seven years has been the need to upgrade Shelton's sewerage system. Like many communities in Washington, much of Shelton's wastewater system dates back to the 1910s and 1920s, and was originally designed to leak so as to be sufficiently diluted upon reaching Oakland Bay. This leakage, however, tended to overwhelm the sewage treatment plant during heavy rains, overflowing manholes and flowing into the streets. During dry periods, wastewater would seep into surrounding soils, creating potential contamination problems. In addition to potential health hazards, leakage from the sewerage system also threatened the commercial shellfish industry.

In addition to addressing community health and safety concerns, expansion of the sewer system was viewed by both the city and the county as a critical first step toward improving and developing additional economic development opportunities. As the only municipal system in the county, businesses located within the Shelton Urban Growth Boundary were reliant on this system. In addition, the city and county were interested in expanding sewer services to the Port of Shelton, the Washington State Corrections Center, the Washington State Patrol Academy, and the Mason County Fairgrounds to attract new business, expand existing business, and create more jobs. For example, the Washington State Department of Corrections was seeking to expand its Mason County facility. Sewer system repairs would allow the corrections facility to hook up to the city's system, expand the prison, and potentially create more jobs.

(a) Basin 1 Inflow & Infiltration Correction Project

In 1995, the City of Shelton applied for funding through WA-CERT to reduce the amount of rainwa-

ter and groundwater entering its sewage system. The city was under order by the Washington State Department of Ecology (DOE) to reduce this "inflow and infiltration" (I&I) problem or face a moratorium on any additional sewer hookups. With the threat of a moratorium, it became critical to update the existing system. The proposed project would replace 16,500 lineal feet of sewer pipe in Basin 1, one of five basins in the city. This system, located in the downtown area, had originally been installed between 1910 and 1920. Project costs were estimated to be \$5 million.

Initial funding for project planning and design was provided by a \$30,000 grant from the FS RCAP, with a local contribution of \$3,500. Eventual funding for completion of the repairs for Basin 1 came from a \$3.5 million loan from the Washington State Public Works Trust Fund. The city originally tried to obtain a combination of grant and loan funding through USDA Rural Utilities Service; however, because of its low debt ratio, the city was ineligible for grant funds. USDA will provide up to 45 to 75 percent in grant funds, based on a community's median household income, debt ratio, and user rates. Unable to obtain a partial grant from USDA, the city opted for state funds because USDA interest rates on loans ranged from 5 to 6.5 percent, compared to the state rate of 1.5 percent.

(b) Shelton Wastewater System Improvements (Eng/Design)

In 1998, the City of Shelton received grants and loans totaling \$261,168 for the engineering and design of a new wastewater treatment plant for Basin 2. The downtown basin (where the oldest pipes are located) is divided into two portions. Basin 2 encompasses the northern portion of downtown, while Basin 1 encompasses the southern portion. Funding included a \$155,000 no-interest loan from the Washington State Department of Ecology's Centennial Clean Water Fund, a \$95,000 grant from the FS RCAP, and a local match of \$11,168. The leveraging of the \$95,000 Forest Service grant was reported to be instrumental in securing state funds. Repair of the wastewater treatment plant was necessary to meet the Department

of Ecology's treatment requirements and remove the inflow and infiltration in the collection system. Forest Service funds were used by the City to conduct community meetings, complete engineering and design documents, prepare bid documents, comply with State Environmental Policy Act requirements, and obtain needed permits for Basin 2.

(c) Shelton Wastewater System Improvements

In 1999, the city received an additional \$155,000 through the State Revolving Fund to initiate and complete improvements for Basin 1. The city is still trying to secure funds to cover the total costs of upgrading its sewer system. It is currently in line for a \$960,000, zero-interest loan through DOE's Centennial Clean Water Fund and the State Revolving Fund Loan program, the status of which is unknown at this time.

(d) Shelton Area Infrastructure Plan (Regional Water and Sewer Plan)

In 2000, the EDC received a grant for \$17,540 from the FS RCAP to coordinate a regional solution to the water and sewage needs of the Shelton area. The EDC requested funding to coordinate meetings among the City of Shelton, Department of Corrections, Washington State Patrol, Mason County, Port of Shelton, and Mason County Public Utilities District No. 1 over a two-year period. All of these entities were facing similar necessary upgrades to their water and sewer systems. Funds would also be used to update regulators (i.e., Department of Health, and Department of Ecology), inform the public about changes in rates, and identify the most cost efficient alternative for each jurisdiction. Pooling the resources of all of the jurisdictions would help cover the costs for the City of Shelton to upgrade its own system.

The groups developed a coordinated, regional approach to solving their water and sewage needs. For example, in addition to the City of Shelton's sewage system, the Washington State Corrections Center also operates a sewage facility. The prison wanted to expand from 1,800 to 3,800 inmates, but required improvements to their wastewater system. The Port of Shelton also required sewer and improved water to satisfy existing tenants and attract new businesses. The State Patrol also needed to upgrade their wastewater

facility. All three sites are located on a critical aquifer recharge area, and current inadequate septic and sewer facilities threaten water quality. The City's sewer system provides the only available outflow in the area.

As a partial exchange for hooking up to the city's system, the Port, State Academy and Corrections Facility would, through their own wells and water storage facilities, provide a source of additional water to the city. The sewage system would be managed by the city, with the other entities eventually paying the city for maintenance and operation.

To date, the EDC has been successful in bringing the concept of a regional water and sewer plan together. Washington State Corrections has funded an engineering and feasibility study. The EDC has coordinated the collaborative effort, identified all of the possible options and costs, and compiled letters of agreement among all of the jurisdictions.

Summary of Shelton Wastewater Projects

On the original WA-CERT application, the city had requested \$26,750,000 to cover all I&I repairs necessary for the city's wastewater collection system. The total project cost for technical assistance, the feasibility study, and actual infrastructure construction was estimated to be \$30 million. Federal Initiative funds and state funds have covered \$442,208 or 1.5 percent of the total amount needed to upgrade the city's sewage system. Collaborative arrangements among the city, county, state patrol, corrections facility, and Port have led to letters of agreement to proceed toward mutually-beneficial solutions to water and sewer problems.

Renovation of the Baja Building

In 2000, the Port of Shelton received a \$25,000 grant from USFS/RCAP for renovation of a building, known as the "Baja Building" located at the Port of Shelton. Funding for the project was contingent upon a "bird-in-hand" business leasing the site from the Port. The Port had attracted Simpson Door Company, a business based in McCleary, Washington which needed warehouse space for a new export door line. The business, however, chose a different site, and the funding was rescinded.

Jobs-in-the-Woods/Jobs-for-the-Environment

Ecosystem restoration projects in the Shelton area were funded through Jobs-in-the-Woods (JITW) programs of the U.S. Forest Service, U.S. Fish and Wildlife Service (FWS), and Bureau of Indian Affairs, and the Jobs-for-Environment⁴ (JFE) program through the Washington State Department of Natural Resources. The Forest Service JITW projects were conducted on national forest land, and BIA projects were conducted on tribal lands (Skokomish and Squaxin Island reservations). The FWS and JFE programs were implemented on state, private, and tribal lands, with the majority of projects conducted on land owned by Simpson Timber Company. Simpson provided cash and/or in-kind cost shares for work done on their land.⁵

Funding recipients for JITW/JFE funds included the Mason Conservation District (MCD), the Columbia-Pacific Resource Conservation and Development Council (CPRC&D),⁶ and the Skokomish and Squaxin Island Tribes.⁷ Workers were recruited from local employment offices to participate in the programs. Most were woods or mill workers who had experience working outdoors. Training was provided through Grays Harbor College, which had initiated a Displaced Timber Worker program⁸ prior to the NEAI. Initially, the program involved six months of training, with 75 percent of the time spent in the classroom and 25 percent in the field. Later, it evolved into a 12-week course in watershed restoration, with the first week in the classroom, and the subsequent 11 weeks devoted to on-the-job training in which participants were paid for their work. Upon completion of the training program, participants received certification as restoration workers. The CPRC&D also offered on-the-job training and certification. Many of

those who went through the program were later hired as crew members for JITW and JFE projects. In addition to displaced timber workers, restoration projects were also conducted with crews from the Washington Conservation Corps, a state-sponsored job training and service program for young adults.

The following projects were conducted in Mason County by the CPRC&D and MCCD:

Chehalis Basin Partnership

During the period of 1995-1997, the CPRC&D received \$366,112 in state JFE funds, \$39,000 in USFWS JITW funds, and a local match of \$277,171 to conduct several watershed restoration projects in Lewis, Grays Harbor, Thurston, and Mason Counties. Projects included bank stabilization, riparian re-vegetation, salmon enhancement, construction of in-stream structures, and road decommissioning. In Mason County, work entailed habitat enhancement for Rock Creek and road decommissioning.

South Fork Skokomish River

CPRC&D was also the recipient of a \$166,454 JFE grant, and a local match of \$133,600 for restoration work on the Skokomish River in the 1995-7 funding cycle. The project was a partnership with the Skokomish Indian Tribe, the Mason Conservation District, Simpson Timber Company, the Forest Service, the FWS, and private landowners. Work entailed bioengineering to reduce in-stream sediment, stream retying, spawner surveys, estuary enhancement, and road decommissioning.

Upper Skokomish River Watershed Restoration

Mason Conservation District (MCD) was the recipient of JFE funds to continue work in the Skokomish Valley, this time in the upper watershed.

4. Washington's Jobs-for-the-Environment (JFE) program was created through a house bill passed by the Washington State legislature in 1993, and served as the template for the federal JITW program. The program recruited dislocated natural resource workers (originally forest workers, but expanded to include fisheries workers), providing them with restoration training and certification. Funding was provided through state legislative appropriations and disbursed through competitive JFE grants, the Competitive Watershed Restoration Partnership Program grants, allotments to DNR regional offices for work on trust lands, and Washington State Department of Ecology's Conservation Corps.

5. The USFWS requires a 50 percent cash or in-kind cost share by an industrial landowner, and 25 percent cost share for other private landowners.

6. The Columbia Pacific Resource Conservation and Development Council (CPRC&D) is a quasi-governmental organization made up of governmental, quasi-governmental, and non-governmental entities from Wahkiakum, Pacific, Grays Harbor, and Mason Counties.

7. Tribal Jobs-in-the-Woods (JITW) projects were funded primarily by the Bureau of Indian Affairs, with some additional funding through the U.S. Fish and Wildlife Service. Tribal JITW programs are not covered in this report. Refer to the Skokomish Indian Tribe case study for more details on their JITW program.

8. Refer to case report for Aberdeen/Hoquiam for more details on this program.

Collaborating again with CPRC&D, Simpson Timber Company, and the Skokomish Tribe, as well as with the Forest Service (Olympic National Forest), Washington State University Cooperative Extension Service, and the National Fish and Wildlife Foundation, MCD received \$432,996 in state funds and a local match of \$442,525. The project resulted in decommissioning, stabilizing, and storm-proofing 27 miles of forest roads on Forest Service and Simpson Timber Company property. Additional re-vegetation and fencing was done on land owned by the Skokomish Tribe. Project outcomes included stabilizing existing erosion sites, preventing future erosion in the watershed, and restoring degraded fish habitat by reducing sedimentation into the South Fork of the Skokomish River and its tributaries. MCD hired 15 displaced timber workers for three to five months. Only one of those hired was from Shelton, with the rest from communities in Grays Harbor County.

Skokomish River Sediment Control

In 1997, MCD received a \$343,839 USFWS JITW grant to continue restoration efforts in the Skokomish Watershed. Simpson Timber Company contributed \$254,495 for in-kind materials. Four crew members—two of whom had worked on previous crews—were hired and paid \$13.36 per hour. Initially, the project was expected to run for nine months, but it extended to three and-a-half years. Work was conducted on Simpson land, non-industrial private property, and land owned by the Skokomish Tribe. Crews worked on road decommissioning, cribwall and terrace installation, removal of non-native vegetation, and site replanting. Crews also monitored the site using photo documentation, conducted watershed inventories, and stream typing and assessment.

The Job Training Partnership Act

As part of the Northwest Economic Adjustment Initiative's effort to assist displaced timber workers and their families, the U.S. Department of Labor, through the Job Training Partnership Act (JTPA) provided additional Title III Secretary's Reserve funds (referred to as "timber grants") to regional and local service providers. The Pacific Mountain Consortium,

administered in Olympia, managed and maintained jurisdiction over JTPA funds for Mason, Thurston, Grays Harbor, Lewis, and Pacific Counties. Between 1994 and 1996, the Consortium secured over \$12 million, and served 2,700 dislocated workers in the five-county area. In 1996 alone, they received two grants totaling \$8.6 million, out of approximately \$9 million awarded to the state, or 72 percent of the funds awarded to all three states (California, Oregon, and Washington) (WA-CERT 1996). At the time, the five-county service area was reported to have the greatest concentration of dislocated timber and wood products workers in the state. The majority of funds went to Grays Harbor County (35 percent). Recently, Lewis County has also received a large number of funds (25 percent). Mason County was reportedly "not as affected" due to the relative stability of Simpson's operations.

Although the Thurston County/Pacific Mountain Job Development and Training Department handled administrative responsibility for JTPA funds, actual service delivery was contracted out on a Request-for-Proposals basis. Entities were required to bid for contracts each year. Occasionally, a contract would be extended for an additional year, but could not extend beyond two years. For Mason County, service delivery was provided by the Shelton Job Service Center, a satellite of the Olympia Job Service Center, all managed under the Washington State Employment Security Department. Most contracts went to the same entities year after year. Contracts also went to regional Educational Service Districts. In Shelton, Olympic College offered classes at the Shelton College Campus. Additional regional educational facilities included The Evergreen State College, Saint Martin's College, and South Puget Sound Community College (all in the greater Olympia area), and Olympic Community College in Bremerton. To date, the job placement rate for the five-county area has been about 82 percent, with wages at 95.7 percent of pre-layoff rates.

In the early years of the program, the Job Service Center had a difficult time recruiting people to participate. Case workers went to local bars and other places where they might find dislocated workers, and soon realized that many people were not being

served. In subsequent years, case workers would go to companies that were anticipating layoffs and meet with workers about their retraining and employment options. Once they had been laid off, however, it was much more difficult to reach individuals. In some cases companies would shut down intermittently, and people would start the program but then get called back to work. An additional drawback to retraining was that it often entailed leaving the area to find work. One staff person stated that “people in rural communities want to stay there, so even if we retrained them they wouldn’t want to move.”

Agency personnel found that retraining forest workers versus other kinds of workers was a greater challenge because they had been making good money with limited formal education. For example, one staff member had worked with displaced food processors in eastern Washington and faced less resistance because they never made as much money as timber workers. “It’s hard to convince a guy without a high school diploma who’s making \$80,000 a year that they need an education to make more money.” Training programs focused on upgrading educational levels, but the education didn’t necessarily result in a higher paying job.

The three primary industries that the Job Service Centers served were timber, aerospace, and fishing. One staff person noted the similarities between fishers and timber workers, saying “The fishing industry also has a natural cycle. People don’t believe it won’t go up because it always has. They wait to be called back and by the time they realize it isn’t going to happen they have used up most of their unemployment benefits.” Over the years, agency staff have seen a noticeable change in the educational levels of displaced workers. In the early to mid-1990s, clients were people who had advanced in their jobs, had a high level of technical skill, and had been making good money. Now, those who enter the program have less education, are surviving in their jobs but haven’t advanced, and have a lower skill level. Assistance now focuses on improving literacy. Adult education classes at Olympic College as well as Mason County Literacy have been critical in “helping people see they can do something else.” One JTPA staff person notes that, “the biggest impact of our program has been the ability to give people some basic skills... We’ve helped people who couldn’t read or write.” The “New Chance” program at Olympic College provided more advanced vocational training once people achieved basic math and literacy skills.

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

Socioeconomic Condition

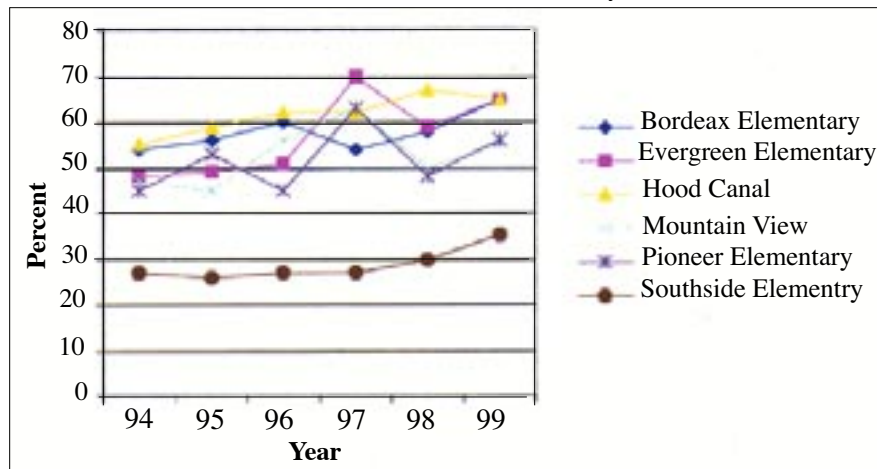
By 2000, the population of Shelton had increased by 17 percent to 8442, while the population of Mason County increased by almost 30 percent to 49,405. The city has also become more racially and ethnically diverse, with 10.9 percent of the population of Hispanic or Latino origin compared to 4.3 percent in 1990; and American Indians constituting 4.5 percent of the community, compared to 2.3 percent in 1990. Although the community has undergone substantial changes over the past decade, Initiative funds played only a minor role (if any) in this transition and had a limited impact on the community’s overall socioeconomic conditions. Simpson is still the largest employer, but many jobs have shifted out of the timber industry and into the

government and service industries. Despite a relatively low unemployment rate, wages are also lower (Cichello 1997). According to school lunch data, the number of students eligible for free and reduced lunch has increased by an average of 24 percent between 1994 and 1999 (See Figure 1), suggesting that poverty has increased in the community.

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 (Kusel 1996). For this study, we identify five dimensions of community capacity: (1) physical capital, which includes a community physical infrastructure (e.g.,

Figure 1: Percent of Elementary School Children Eligible for Free and Reduced Lunch in Shelton's elementary schools between the 1994-95 and 1999-00 school years



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, the myths, beliefs, norms, and lifeways 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 effects of NEAI projects on the capacity of Shelton thus requires a closer examination of these various dimensions of capacity.

The NEAI's effect on community capacity is most evident in terms of physical capital. Initiative funds either directly contributed to or helped leverage funds for construction of the plastics processing plant, upgrades to the hardwood mill site, and some of the repairs to the city's sewage system. Jobs-in-the-Woods/Job-for-the-Environment projects helped build human capital by providing training opportunities for dislocated timber workers.

Initiative funds also facilitated collaborations between the state corrections facility, the Port, the County, the City, and the State Patrol surrounding regional water and sewer planning. This process

promoted greater communication among the various entities. One city staff person described the process as "getting different groups to come together to be greater than just a single group . . . each group brings into play their own expertise." In addition to developing institutional relationships, entities are beginning to put money into the process, thus building financial capital. One participant views the commitment of funds as a critical turning point indicating a shift from "just talking" to real action.

The City's unilateral focus on repairing its sewage system, at least in terms of WA-CERT priorities, meant that NEAI funds played a minimal role in other community and economic development efforts. One city employee stated that, "sewage system improvements don't raise community spirit or pride because they are not visible... Without the DOE mandate we wouldn't have spent money on this."

Although NEAI played a minimal role in other aspects of community development, these efforts still existed during this time. Some interviewees felt the community has grown stronger within the last 10 years because of "folks who pulled together and realized we had to find another way to make a living." For example, in an effort to improve the physical appearance of the community, the city obtained a \$1.5 million loan for street improvements/road

construction in the downtown business district. Groups such as the Olde Towne Shelton Association (recently renamed the Downtown Shelton Association) led beautification efforts in the downtown area. Originally formed by a group of downtown business owners who were suffering as a result of competition from the new “big box” stores (i.e., Walmart and Fred Meyer), the Old Towne Shelton Association began a beautification program in the downtown area in an effort to keep existing businesses and attract new businesses. These efforts have kept some of the local businesses, social organizations, and government offices downtown. In addition, new retail businesses have also opened. Many of those interviewed viewed the street improvements positively, stating that it eliminated the “poverty” feel of the town and made the city more attractive both for current residents and potential newcomers.

This “new attitude” in the community is also reflected in the construction of several new facilities in town including the new Olympic College campus, the Mason County Shelter, and the Shelton Civic Center. The community also recently passed a \$30.9 million school bond. “More and more there is a critical mass around continual improvement.” One person describes the change as a shift from an “always been that way” attitude to “now we are going to do things differently.” There is the feeling that there is more professionalism and leadership in the community.

The improvement efforts reflect a new attitude in Shelton brought on by a change in the traditional leadership. For example, today most of Simpson’s upper management, once heavily engaged in the community, now commute in from out of town and are less involved in local affairs. Some have said that Simpson’s less prominent role has been healthy for the community. One source characterized Simpson’s current role in the community as “a cooperative partner in community development and improvement,” but not the driving force behind most projects.

The increase in the number of commuters both to and from Shelton has also made the community less insular than in the past, with greater connections to larger urban centers. Some feel that this “less insular” attitude has benefited the community, attracting newcomers with more open-minded attitudes.

Effects of NEAI on Workers

The effects of NEAI on dislocated timber workers in Shelton were limited. Projects funded at the Port (i.e., hardwood mill and plastics recycling center) did result in some new manufacturing jobs for at least a two-year period.

The Jobs-in-the-Woods/Jobs-for-the-Environment programs also provided a handful of jobs, but primarily to residents outside of the community. Although the jobs didn’t necessarily reach “local” residents, they did provide relatively high paying jobs for displaced timber workers. Many of those that participated in the program felt a great sense of pride in their work. “We have to drive 100 miles a day but I love the work, so I don’t complain,” stated one participant. “Local” work for those workers included all four CPRC&D counties, as well as Thurston County.

Those interviewed, however, noted that the uncertainty of JITW and JFE programs in providing long-term employment would make it difficult for someone with a family and “a bunch of bills to pay.” When asked about becoming independent contractors, they responded by saying that there was not much out there in the private sector and the market was already saturated. In addition, the high cost of bonding (estimated to be about \$300,000), lack of business savvy or know-how, and the lack of capital to purchase heavy equipment were seen as major barriers.

The lack of long-term, private-sector job prospects influenced the attitudes of many crew members. One crew supervisor noted that half of the crew was “stagnant” because there was no incentive to work:

It’s important to be careful about social programs that financially support people . . . For a lot of people, they knew they were going to get a paycheck . . . There was no incentive . . . It was not a long-term job for them . . . There was too much at risk, especially for the ones that were really good . . . They didn’t know if they were going to be employed.

Cultural attitudes about “restoration” work also posed a significant barrier. One crew supervisor noted, “It wasn’t cool to plant trees . . . Many couldn’t accept what they were doing . . . It was a hard adjustment.”

Although few long-term jobs resulted from JITW/JFE, those interviewed felt that the programs provided other benefits. For example, Washington Conservation Corps crews often consisted of young people who hadn't completed high school. Thus, training was designed so that the participants could receive their GED as well as earn college credit. One individual who helped organize the program stated, "We wanted a program that would restore people . . . Many of these kids were from logging families . . . It was about social restoration . . . restoring these people's spirit and self-esteem and hope."

Another example of less tangible worker benefits was the curriculum of the training program through

Grays Harbor College. In addition to training in watershed science and computers, classroom work included "social training" designed to raise awareness and tolerance for diversity within work crews. One of the trainers for this program stated, "We wanted to create quality work and that included learning how to develop healthy relationships . . . Physical [ecosystem] health is a mirror image of social systems . . . I wanted the crews to learn about diversity—how to communicate." Work crews were deliberately made diverse—composed of both men and women and spanning multiple ages and races. The crews that had this diversity training were said to have worked well together in the field compared to those that didn't have the training.

Patterns and Themes

Insufficient Funding to Meet Regulatory Requirements

One of the biggest constraints to development faced by the City of Shelton has been obtaining the necessary funds for capital improvement projects, most notably the repair and upgrade of its wastewater system. The city is currently only eligible to receive loans, which requires a rate increase over current levels, which are already considered too high. As of 2001, sewer rates in Shelton were reported to be \$41.50 per month, 20 percent higher than the hardship level defined by the Washington Department of Ecology. Because Shelton is a middle-to-low revenue-generating community, it is almost worse off than the very poor communities, which have greater access to grant funds. Shelton is also ineligible for other assistance programs due to its population size. For example, communities under 2,000 in size are eligible to participate in a program called STEP, which provides capacity-building training and helps communities find creative ways to meet their infrastructure needs.

Shelton's sewage problems reflect a national crisis regarding funding for rural wastewater systems. Amendments to the Clean Water Act in 1987 restricted the amount of federal assistance available for wastewater treatment (Copeland 2001). Traditional Title II programs provided grants to municipalities

for sewage treatment projects. By 1991, Title II funding had been phased out and was replaced by a Title IV loan program that provided states with capital to establish State Water Pollution Control Revolving Funds. Through the 1990s federal contributions to State Revolving Loan Funds (SRF) slowly diminished in an effort to "wean" states off of federal funds and establish self-sufficient revolving loan programs. Because the majority of funding is now through loans, smaller communities have an especially hard time since they tend to have a narrow or limited tax base, little or no access to capital, lower household incomes, and higher per capita needs (Copeland 2001).

When the NEAI was launched in 1994, implementation of the amended Clean Water Act was in full swing, with many rural towns facing moratoriums on growth. Communities were forced to react to the pressure placed upon them by regulatory agencies, effectively narrowing project options to those that addressed their immediate infrastructure crises. NEAI funding in-effect took over the loss of Title II funds for many communities, rather than being available for other development endeavors.

Infrastructure Approach to Development

The majority of funds received through WACERT for projects in Shelton revolved around infrastructure development, with the assumption that

economic development and jobs would follow. For example, the hardwood mill, the plastics recycling facility, and even the wastewater treatment improvements all focused on building physical capital to expand existing businesses or attract new businesses. “Bricks and mortar-type projects are needed,” stated one local official, “and agency funding was in that category.”

Although the construction of physical capital does not necessarily enhance human and social capital (i.e., leadership and institution-building mechanisms and social networking), for Shelton this approach was perhaps appropriate given the pre-existing social and human capacity of the community. For example, the director of the EDC is also a state legislator, and has been able to work in the political arena on policies surrounding business development, maintenance, and recruitment. The EDC’s Year 2000 goals and objectives include a number of approaches to achieving economic development, such as education and training, and policy level communication (see Appendix B for a complete list of goals and objectives). Thus, although emphasis was on infrastructure projects as the foundation for economic development activities, the EDC worked in other ways that were independent of NEAI. WA-CERT seemed to be viewed as one of several economic development “tools” —capable of funding infrastructure projects, rather than an exclusive mechanism for achieving economic development.

Networking: Forming Horizontal and Vertical Linkages

In contrast to the infrastructure approach, funding to promote a regional water and sewer plan

focused first on building social networks through collaborative agreements among multiple jurisdictions. Although the ultimate goal of the project centers on building physical infrastructure (i.e., an expanded sewage system), development of social connections at the onset resulted in the pooling of funds and resources that would not have been attained without collaboration. Funds for regional planning thus helped build stronger networks and connections among the various institutions—networks that have the potential to facilitate future development efforts.

Networking and collaboration also proved critical for the JITW/JFE projects that took place in the area. Many of the JITW projects that took place in the Skokomish watershed were on Simpson land, and were successful because of relationships established between Simpson and a Forest Service hydrologist in the late 1980s. One staff member noted that “the collaborations with Simpson were a result of an evolution of relationships that began long before Jobs-in-the-Woods.” Back in the mid to late 1980s, a Forest Service staff member began conducting inventories of erosion sites on National Forest land, and initiated a dialogue with Simpson to conduct similar inventories on its lands. Eventually, collaborative arrangements evolved to the point where Simpson partnered on erosion control projects. When the JITW/JFE programs began, a working relationship had already been established between the USFS and Simpson that facilitated the funding of several joint projects. Frequent communication between the agencies and Simpson on a joint project helped maintain these relationships. “I met with people from Simpson once a week and had breakfast with them to discuss how the project was going,” stated one agency staff member.

Conclusion

By the time the NEAI was launched in 1994, Shelton had already begun its recovery from the economic downturns of the 1980s. Simpson Timber Company, although with only half the employees of the previous decade, continued to be the largest employer in town. Because of Simpson's large private land holdings, the company was somewhat protected from the effects of the Northwest Forest Plan. A relatively small number of projects were funded in Shelton, and their effects on community well-being and capacity were relatively minimal. NEAI funding did support the development of physical capital in the form of infrastructure development at the Port and with the City's sewage system. Funding also helped to leverage additional financial capital. Much

of the City's energy over the past six years focused on meeting state water quality requirements for its sewer system. Emphasis on infrastructure development was seen as necessary to promote and enhance future development options, although it may have limited NEAI funding options for the city in other areas. The use of NEAI dollars for infrastructure development may also be appropriate for Shelton given the pre-existing capacity of individuals, institutions, and social networks within the community. Collaborative efforts and networking among various local jurisdictions and entities surrounding regional water and sewer planning as well as Jobs-in-the-Woods projects helped meet the needs of all parties, while building and strengthening regional social networks.

References

- Cichello, P. 1997. Mason County Profile. A Report from the Labor Market and Economic Analysis Branch of the Washington State Employment Security Department, Olympia, Washington.
- Copeland, C. 2001. IB89102: Water Quality: Implementing the Clean Water Act. Congressional Research Service Issue Brief. Washington, D.C.: The National Council for Science and the Environment. Website: <http://www.cnie.org/nle/h2o-15.html>.
- Hibbard, M. and J Elias. 1993. The failure of sustained-yield forestry and the decline of the flannel-shirt frontier. In Lyson, T.A. and W.W. Falk (eds.), *Forgotten Places: Uneven Development in Rural America*. University Press of Kansas.
- Jobs for the Environment Program. 1998. A Status Report to the Legislature as Required by SSB 6251. Report published by the Washington Department of Fish and Wildlife and Washington State Department of Natural Resources, January 1998, Olympia, Washington.
- Kusel, J. 1996. "Well-Being in Forest-Dependent Communities, Part I: A New Approach." In *Sierra Nevada Ecosystem Project: Final Report to Congress. Volume II, Assessments and Scientific Basis for Management Options*. University of California, Centers for Water and Wildland Resources: Davis, California. pp. 361-374.
- Mason County Economic Development Council. 2001. EDC website, <http://www.hctc.com/~masonedc/topemployers.htm>.
- McDonald, K. and R. McLain. 1998. Meshing Community Well Being and Forest Health: A Case Study of the Columbia-Pacific Resource Conservation and Development Council. Unpublished paper prepared for the College of Forest Resources, University of Washington, Seattle.
- Ruby, R.H. and J.A. Brown. 1992. *A Guide to the Indian Tribes of the Pacific Northwest*. Norman: University of Oklahoma Press.
- Shelton-Mason County Journal. March 28, 1985. (This entire issue was devoted to the history of Shelton).
- Washington Community Economic Revitalization Team. 1996. *Economic Adjustment Initiative for the Pacific Northwest and Northern California: Implementation in Washington State. Annual Report for Federal Fiscal Year 1996*.
- Washington State University Extension. 2001. Special Forest Products Wholesalers and Buyers Website, <http://thurston.wsu.edu/Forest%20Products/SFP%20Articles/sfp%20wholesalers%20and%20buyers.htm>.

Shelton, Washington

Interviewees

Nathan Ackley	JFE and JIW Trainee
Shannon Bonnet	Mason Conservation District
Patti Case	Public Affairs Manager, Simpson Timber Company
Janet Dawes	Local resident
Warren Dawes	Community Development Council
Karl Denison	U.S. Forest Service Community Assistance Program
Jeff Geibel	Windemere/Himle Realty Inc., Ex-President, Shelton-Mason Chamber of Commerce
Mike Golat	City of Shelton – Public Works Director
Ron Gold	RG Forestry Consultants
Jay Hupp	Assistant Director, Mason County Economic Development Council
Tuana Jones	U.S.D.A. Rural Development, Washington State Office
Dave Kleiber	Portfolio Manager, Cascadia Revolving Fund
Lisa Lewis	Soil Scientist, formerly with the U.S. Forest Service, Olympic National Forest
Jim Lowery	Director of Washington Rural Development Council, Former Mayor of Shelton
John Loyle	Pacific Mountain Workforce Development Council
Mike Madson	Mason Conservation District
Joel Myer	City of Shelton – Special Projects
Roberta Newell	Employment Security Office – Olympia (JTPA)
Theresa Parsons	City of Shelton Engineer
Ginger Phalen	U.S. Fish and Wildlife Service, Jobs-in-the-Woods Program
Tim Sheldon	Executive Director, Mason County Economic Development Council
Ellen Shortt-Sanchez	Formerly with Mason County Literacy and Olympic College
Janet Thornbrue	Former Public Works Commissioner, City of Shelton
Claude Williams	JFE and JIW Trainee

Appendix

Mason County Economic Development Council's Year 2000 Goals and Objectives

Goal 1: Diversify the Mason County economy.

OBJECTIVES:

- Identify opportunities for expanding existing local businesses.
- Attract new employers. Concentrate on forest products, aerospace, aquaculture, light manufacturing and high-tech industries.

Goal 2: Strengthen and expand the local business community.

OBJECTIVES:

- Identify struggling firms and offer support.
- Identify E-Commerce potentials.
- Identify financial programs available for expansions of local businesses.
- Maintain healthy forest and water resources to support value-added, specialized forest product industries and aquaculture.

Goal 3: Improve the physical infrastructure of Mason County, including transportation, water, telecommunications, electrical power, sewer, stormwater and other public and private facilities.

OBJECTIVES:

- Work with public officials to assure that the best possible public services are made available to the private sector to facilitate job creation and job retention.
- Develop opportunities for public and private funding to improve and develop infrastructure necessary for industrial expansion.
- Assist local jurisdictions and private companies to obtain adequate water to meet the expanding infrastructure needs of citizens and employers.

Goal 4: Act as a facilitator to ensure that the best possible public services are made available to the private sector to facilitate job creation and job retention.

OBJECTIVES:

- Facilitate policy level communication between jurisdictions.
- Take advantage of opportunities for public and private collaboration.
- Support adoption of a comprehensive plan that is sensitive to the needs of local communities and promotes job creation compatible with a clean environment.
- Support legislative efforts to influence public policy on rural economic development.

Goal 5: Strengthen the community's awareness, understanding and active support of the EDC mission.

OBJECTIVES:

- Increase EDC membership and develop a broader base of all businesses committed to growth of Mason

Shelton, Washington

County's economy.

- Raise community awareness that economic development is essential in forming a strong community.

Goal 6: Enhance education and training in cooperation with local schools and the private sector.

OBJECTIVES:

- Identify training opportunities for local employers. Continue to promote vocational training programs for Mason County schools.
- Continue to plan for and promote opportunities in higher education for Mason County residents and businesses. Emphasize education as infrastructure.

Source: EDC website (<http://www.hctc.com/~masonedc/organization.html>).