

## Engaging in Community Renewal- The Importance of Community

About 20 years ago, Barbara Cole wrote three handbooks – the Economic Renewal Casebook, the Economic Renewal Workbook, and Financing Economic Renewal for the Rocky Mountain Institute, later published by the US Small Business Administration. Cole spoke about the concepts of Economic Renewal to planners across the country. Most viewed the program as a refreshingly open process that invited all sectors of the community to become involved in developing a plan to improve the business climate for the community. It did not depend on the benevolence of a few paternalistic, "wise-men" to know the best path for the community, but rather involved a broad range of citizens in determining the community's future. The Economic Renewal workbooks and casebooks focused on identifying and nurturing existing businesses in the community and attracting new business ventures that capitalized on the community's special qualities. The series of Economic Renewal workshops revealed activities where the local economy had apparent advantages. The inclusive process, and focus on community strengths, weaknesses, assets, and windows of opportunity were two powerful insights that not only helped local economies grow, but importantly, the process helped communities find ways that capitalize on unique characteristics of the community.

The process of creating a fertile place for local businesses to grow and attract similar types of businesses is still widely practiced today. In its current incarnation, it has come to be called Economic Gardening and is still considered innovative and forward-looking.

However, in the last 20 years, a great deal has changed. For example:

- **Electronic Infrastructure:** In the past, our communities were connected by roads and bridges; ports, railways, and eventually airports. Each of these infrastructures provided new connectivity and changed the economics of place. Towns lived, or died, based on the provision of rail stops and later highway interchanges. In the last 20 years, communities have become connected with an electronic infrastructure that is just as economically and socially significant as rail and roads connections. Consider that at one point in history, the US Post Office was the largest commercial enterprise in the United States and employed over 80% of the US Government's civilian employees. (Today it would be about 20% and its revenues are just half of AT&T's.) The



electronic infrastructure is crushing this once powerful institution. Communities are just as deeply affected by the cultural and economic changes of this technology as the post office.

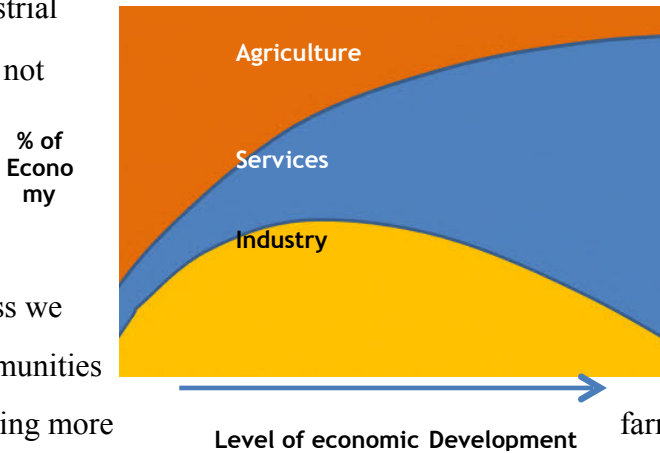
The internet connects people within the smallest towns and to the world, in an intricate web the way telephones never could. Websites contain agendas for many town Councils, Boards, and Commission meetings. Municipal codes, procedures, and official forms required to seek approval for almost any type of community activity are instantly available online. E-governance is changing the way large and small communities deliver services both within and outside the community. Twitter, Facebook, Google, “Survey Monkey” all hold the promise of individualizing communications and allow community interests to easily take the pulse of the community. Cell technology means we can be connected anywhere we choose to go. These technologies have altered a community’s landscape in ways we could not imagine 20 years ago. Every home can act as the front desk of the town's building department, a world-renowned consulting firm, and even the workspace of the village’s newspaper editor.

Despite, or perhaps because of the changes in communication technology, the number of live meetings with broad community participation are becoming less and less frequent. Live meetings are relatively expensive and inconvenient. Citizens and community staffs are more accessible by e-mail rather than through community dialogue. If workshops or community-wide meetings are held, attendance is often limited to those that have most at stake or are concerned about too much change.

- **Open to the World:** We are **now** all part of a global community. What happens in Greece, affects what happens in San Miguel County. What happens in Iran, impacts the economies of Platteville and Fort Lupton. European tourism and oil prices affect community budgets in small Colorado communities in ways many don’t think about. Lower energy costs may improve air service to small towns that thrive on tourism dollars, while higher energy costs can promote petroleum-related jobs and local manufacturing. More directly, 759 foreign-controlled corporations now employ 81,800 people in Colorado, and they hold about \$28 billion in property, plant, and equipment. About 10 % of Colorado’s manufacturing jobs depended on foreign-owned corporations. They also tend to pay 13% higher wages for the same jobs.



**Service Sector:** Are you still looking for manufacturing jobs? You will find only 1 out of every 10 jobs in manufacturing. Figure 1 shows that as an economy develops past middle-income levels, both industrial and agricultural jobs begin to decline. This means that production declines, it just takes fewer workers to produce more. People are more productive and wealthier. This is good, but these jobs are not coming back unless we create more farmers or more factory workers.



More than 4 out of every 5 jobs over the next decade are going to be in the service sector. The service sector is not just low-paying jobs but has actually produced more high-paying jobs than manufacturing. Studies show that many service sector jobs are more attractive, less hazardous, and more satisfying than industrial jobs. Today's Community Renewal must focus on the service sector. Many development agencies and municipal ordinances are still unfriendly to these types of industries.

#### THE U.S. IS STILL THE WORLD'S MANUFACTURING POWERHOUSE!

You often hear that manufacturing in the US is dead, and that China is the "Workshop of the world."  
**What you hear is wrong!**

The Chinese manufacturing output in 2011 was smaller than US manufacturing output by over \$155 billion even though it makes up nearly half (47%) of the China's economy, while it is only 10% of the US's economy.

It is true that employment has declined in U.S. manufacturing, by about 1/3, but output has climbed. This increases productivity, and the U.S manufacturing workers produce more per hour of labor than workers anywhere else in the world. That is why they can earn more than 10 times what a Chinese factory worker earns per year, and still produce competitive products.

**Acceptance of Planning:** Twenty years ago, those communities that were involved in economic development focused on luring the big fish. The emphasis was on base jobs and economic incentives. Many were generating their first citizen-driven comprehensive plans and development goals. Today, most communities are involved in some sort of participative community planning effort, yet we have seen few cases of community-wide meetings regarding the economics of the community--how should



budgets be trimmed or community priorities reordered to deal with recent economic hardships. In fact, CMI has found that a number of western slope communities are using the same economic development techniques in vogue 30 years ago. Creating a greater website presence, or sending available ‘business and industrial sites to the regional economic development organization, does not constitute a strategy.

Economic Development is often still left to a few that sit on a formal Economic Development Committee or Council. Often these activities are not coordinated with local government. The Town of Castle Rock is one notable exception – while improvements can be made, there is continued cooperation, collaboration, and face-to-face meetings with all entities that are involved in the community’s development.

*“Gentlemen,  
we have run  
out of  
money. Now  
we have to  
think”  
Winston  
Churchill*

**Economic Hardship:** Times are tough. Many communities are suffering economic hardships that have not been experienced in generations. Of those responding to CML’s 2012 survey, cities and towns have reported a “28 percent have cut municipal services in their latest budget, 30 percent of cities and towns reduced street maintenance, 10 percent cut police budgets and 12 percent made across the board service cuts.”<sup>1</sup> 59 percent of communities reported to CML that they have had to delay infrastructure improvements indefinitely. Municipalities recognize today’s economic issues but have trouble getting economic and strategic analysis that is sensitive to their community’s needs.

What is particularly worrying to us is the precipitous decline in workforce participation. Workforce participation is the percentage of working-age people who are either employed or looking for work (unemployed). In January of 2010, only 63.7% of working-age residents were in the workforce. The last time workforce participation rate was 63.7% was 30 years ago in January 1982. We have never seen this rapid decline in the participation rate. When more people are out of the workforce, per capita municipal revenues tend to decline while expenses rise. Part of this decline is the growing number of retirees in local communities. Retirees, especially those that have relocated to your community, expect a high level of service, and often amenities and facilities that are costly to fund and operate. On the plus side,

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<sup>1</sup> CML State of Our Cities and Town’s Brochure



retirees can provide needed skills and often participate in philanthropic giving that may prove useful in growing the local economy.

A seemingly conservative and popular approach for dealing with economic hardship is attempting to maintain last year's municipal budget, or cutting "across the board" if needed. This results in reductions in public staff, the deterioration of services and facilities, compromised infrastructure, and increased legal liabilities. Focusing on past activities in a changing environment, not recognizing new circumstances and priorities, may, in fact, be an unsatisfactory and highly risky approach. While your community's budget, adjusted for inflation, maybe the same as it was five years ago, it would be unlikely that your community's operational needs are the same. Difficult times are the best times to prepare for your community's future and invest in your Community's Renewal.

These fundamental changes in our society and economy require a new approach to economic development, an approach that requires a broader range of agreements within the community and consequently wider participation using tools that were not readily available when the Economic Renewal program was developed. It involves changing both the community's perceptions of itself and on the behaviors of institutions and individuals within the community. It involves Community Renewal.

## **Community Renewal**

Community renewal is not for every community. Community Matters, Inc. designed it for those communities where there is a perceived gap between where you are today and where your community wants to be. This may be as severe as determining whether the community is fiscally and culturally sustainable in its current form, or determining how much and what type of development is required to ensure fiscal health without sacrificing the unique characteristics of place that caused people to move to your community. Community Renewal focuses on community strengths, helping all sectors of the community coordinate their activities to achieve the type of economic growth the community desires. Often this is reflected in the community's desire to preserve the valued qualities of place its citizens value with the level of prosperity and stability desired. Unlike most economic development programs, Community Renewal emphasizes that there are virtually unlimited resources available, but a limited number of opportunities to use those resources productively. Rather than focusing on community weaknesses, Community Renewal focuses on empowering communities to create opportunities that fit



and are internally consistent with stated community goals. Lastly, there is a focus on what the community can control, rather than a total dependence on grants or another agency to ‘send you the leads.’

### ***Ready-Community Appraisal***

Community Renewal begins with the Community Appraisal. This provides a means to rate how the community is doing within the context of the community’s sense of self and sense of place. The community itself can, and should, do much of this work. Since most communities have developed explicit goals, sometimes several different sets of them, they should be collected and analyzed. Critical analysis needs to be done to assess what efforts were initiated to achieve these goals, how successful were the efforts, why, or why not, were the goals met. Were the goals truly consistent with each other? It asks the community to assess- could we have achieved better? Were they the “right” goals? The Community Appraisal is a tool to achieve success and not to find scapegoats. This Appraisal reconciles the business owner’s view of Community Renewal which is increased traffic, more visitors to town, and a bigger sign with that of the retiree whose income is not dependent upon job growth nor increase in retail sales and thing they want is a big sign.

CMI has found many instances of “Dream Weaving”, where objectives have been woven into a community plan or economic development program year after year. The community is no closer to achieving them today than they quarter of a century ago. Dream weaving is not strategic planning. In these instances, the Community Appraisal asks

*Accelerating permit approvals by 3 months in a 22-month project cycle could increase construction spending by 5.7% and property tax revenue for local governments by 16%.  
PricewaterhouseCoopers*

Community why this vision has been so attractive and what economic variables make it unachievable? While we have seen many quarterly, or yearly, reports on economic development activities, most have little or no analysis regarding what has worked well, what is not working, or even if they are working on the right objectives. One such variable that is within the community’s control is the ease, time, and cost to obtain necessary entitlements to develop a structure. As Pricewaterhouse Coopers notes, the regulatory environment matters. We have found that good regulation ensures compliance with the



standards... poor regulations lead to evasion. After reviewing the self-assessment, CMI staff will visit the town, to help complete the Appraisal. The world is getting more efficient and competitive all the time. Self-analysis, as well as objective outside analysis, must be done with more and more rigor that focuses on substance rather than simply “message”. Messaging will only attract resources if it is back-up by substantive behavior and action. CMI staff will conduct independent interviews and data analysis before presenting the Appraisal to community staff, community renewal advisors representing all sectors of the community, and to the public at large.

### ***Aim- Community Workshop***

The second phase of Community Renewal is an interactive community workshop using the four principles of Community Renewal. While these four principles may seem similar to the original Economic Renewal Program, they are in fact fundamentally different in that they focus specifically on how the community currently governs and how the community can compete globally. It recognizes that it may be better to work collaboratively with neighboring communities rather than compete against each other for limited business opportunities. Creating an environment with complementary goods and services is more productive than trying to outbid your neighbor for the business opportunity of the year. Lastly, recognizing limited resources, and the value of citizens’ time, the program requires only three community-wide workshops.

The four Community Renewal principles are used in this second workshop and are as follows:

- Principle 1: **Maximize Opportunity**- *Is there a hole in the boat or is the boat just not going anywhere?*
- Principle 2: **Enable Existing Businesses to Thrive**-*Is the local environment friendly to business and contradictory free? Is there a consistent message from government staff or do local businesses feel like actions are contradictory to the message the community is espousing?*
- Principle 3: **Grow New Enterprises that complement and provide needed services to businesses already in Town**-*Are you making the best use of existing resources- be it infrastructure, labor force, or those that are willing to donate time and money to make the*



*community better? For example, what business enterprises can expand and what new businesses can locate in Centennial given the multi-state draw of the new IKEA store?*

**Principle 4: Attract and Recruit New Businesses that are compatible in size and scale with your community's preferred future-**Have you looked for businesses that capitalize on local resources that fit with the town's vision and; is uniquely suited to the area? Do you understand how much economic growth is needed to sustain the level of services and facilities desired by residents? For example, you might find more success in hunting for nuts and berries than trying to land a large elephant. Furthermore, nut and berry gathering may be more suited to the values cherished in your community. Landing a large elephant may have unintended consequences and adverse impacts that were not considered when offering incentives to land the elephant.

The Community Renewal program means informed choices on municipal budgets and creates projects that increase community resources and promote a brighter future.

### **Fire- Take Meaningful Action**

The final step in the program is developing a resource-based course of action based. The first two steps will result in the development of no more than three initial community renewal projects aimed at growing the local economy. Once identified, there are five steps to ensure a solid course of action that specifically identifies how you will undertake these projects. The Community Renewal Program includes worksheets that allow you to do much of this on your own. Community Matters staff assists in evaluating and improving your work plan based on the findings of the Community Renewal Index and a final assessment of local economic conditions.

- **Step 1: Develop an overall schedule for your action plan.** Of the three projects selected, what are your immediate priorities? Which problems are best addressed over a longer period of time? Which projects will yield immediate results? Which projects will not show any measurable benefits right away?
- **Step 2: Develop a work plan.** For example:
  1. What tasks will need to be initiated?



2. When will they need to be initiated?
  3. Who will be involved?
  4. Who has the overall responsibility?
  5. What are the critical ideas and opportunities that you are capitalizing on?
  6. What funding will be needed?
- **Step 3: Assess what resources are available to initiate your priority projects?** Once you clearly identify the tasks and responsibilities, it is useful to determine what community resources are available to get you started. We have found that projects that rely solely on outside resources and aid to be the catalyst for change fail once that outside aid is no longer available.
  - **Step 4: Develop a system to build and maintain program support by deciding how progress and benefits of each project will be reported to the community.** Too often, benchmarks of progress are established after the project has been underway, thereby making the benefits questionable to the citizens of the community. Alternately, program sponsors are so busy getting things done that they forget to remind the community about the successes that have already occurred.
  - **Step 5: Develop a system to monitor and evaluate your action plan. Program evaluation is both objective and quantifiable. Program evaluation has three benefits:**
    7. It provides good information to report back to your community.
    8. It allows you to assess what is working and what is not working.
    9. Evaluating each project's progress allow you to determine how well you are doing in meeting your program goals.

What makes Community Renewal appropriate particularly for Colorado's smaller communities?



1. First and foremost, Community Renewal helps civic leaders better understand the drivers of today's economy.
2. The Community Appraisal component provides an easy-to-use evaluation tool that allows you to quickly assess how your community's resources can best be used to grow the local economy in a manner that is consistent with the community's vision. Additionally, the Community Renewal Appraisal provides a mechanism to determine in what areas you can compete in the global economy and helps you understand that your community is a player in the global economy.
3. The program is moderate in cost and as more communities participate, lessons will be shared.
4. The Community Renewal Program can be completed in three to four months; with the monitoring and evaluation continuing with local staff.
5. The program can be conducted at the local level, county, or regional level.

Lastly, we fundamentally believe that this program provides the community with a clear understanding of choices and consequences with respect to economic development activities and participation in the program is far wiser than the status quo.