

ERC's 2015 Economic Development Conference

(Note, the following was posted on Rebane's Ruminations blog)

George Rebane

Yesterday afternoon and evening I, along with various board members of the Sierra Economics and Science Foundation, joined with several hundred other Nevada County residents at the Grass Valley Veterans Center to hear nationally known economics commentator and urban studies pundit Joel Kotkin, along with an invited panel of economic development professionals, to learn about factors that will impact economic development in smaller rural counties. Board members Russ Steele, Fred Buhler, Barry Pruett, Gil Mathew, and I represented SESF which was a co-sponsor of the event.

This report will contain reflections on the occasion and economic development in NC from the above which will be appended here below as I receive them.

First, I want to give kudos to ERC and its Executive Director Jon Gregory for a well-organized and executed event that provided much useful information to everyone in Nevada County involved with pushing our economic peanut ahead. A hat tip is also due to Union publisher Jim Heming for an able and affable job as the event's master of ceremonies.

I was especially impressed with Mr Kotkin's very comprehensive and clear presentation of the significant demographic trends and important proclivities that are already a reality in our country's growth and road forward. After covering the socio-political travails of California, Kotkin's bottom line for Nevada County was that its economic growth depends on successfully attracting two major and growing demographic cohorts - the millennials (30 something family builders) and the "YoungOlds" (55-85 range active retirees). The millennials are seeking less dense areas away from the metropolises in which to work and raise their families. The YOs are soft impact cash importers looking for a beautiful retirement locale where they can continue being active in the community and take advantage of all the cultural and hospitality services the community has to offer. Kotkin also mentioned that many of these successfully retired YOs are still active in job creating entrepreneurial pursuits. (Kotkin's OldOlds is the above 85 cohort that requires more extensive healthcare and other services from a community to be attractive to them.)

Nevada County, due to its natural beauty, nearby major recreational areas, and proximity to bigger cities is ideally positioned to take advantage of these dual demographic trends. Given what for years we have been promoting on these pages, I was heartened to hear their confirmation down to chapter and verse.

As significant were the presented stats that totally destroyed what the leftwing and progressive elements have been promoting for our community. The view that our retirees and young moderns want to live in the 'stack and pack' communities advertised under the 'sustainable' and 'smart growth' labels is totally false. These two cohorts want to and are moving to lower density areas where they have elbow room and a sense of a cordial, less hectic community that surrounds them. In short, they are rejecting the Agenda21 objectives of withdrawing from the lands which must be mandated back to their 'natural' state.

The problem, as most *RR* readers know and Kotkin confirmed, is that California is no longer conducive to supporting such lifestyle criteria. During the intermission I had a chance to meet Joel Kotkin and have a private conversation with him. I asked him directly whether in his studies of urban development he knew of any community that has successfully turned away from the constraining 'stack and pack' direction that California's progressives are guiding the state, and could therefore serve as a template for others. After some thought, Kotkin said that unfortunately he was not aware of any such community.

There is much more to report on the details of Kotkin's presentation, and I hope that the other SESF board members will cover them. But I'll bring out one more significant point he made - the uniform application of the same set of state regulations/laws to both dense coastal metropolitan areas and the less populated interior rural areas has created the state's "unbalanced economies" that just don't work in their one size fits all application. And this is, of course, what our local Left has loudly promoted - the damage caused by CARB's imposition of the state's ill-conceived AB32 'clean air act' comes to mind.

I was less taken by the panel of economic development experts from Asheville NC, Austin TX, Bend OR, and Boulder CO. All of those communities are much bigger than Nevada County and have established critical masses in areas like education (universities) and industry. They are in the next stage of growth with different problems to overcome. Bend is possibly the most like our community, but its greater remoteness presents it with a different set of problems. The representatives from these cities and towns did not present much to chew on other than exhortations that government and the private sector should work together to develop local economies. Well yes.

[The byline comments below are by other SESF directors in attendance last night. I have taken the editor's liberty of doing some reformatting into shorter paragraphs, and correcting any other obvious typos and spelling errors. gjr]

Barry Pruett

As I said previously in a comment, I was astounded by the number of people at the dinner and who showed up. In attendance were all five supervisors, representative from Chico State, all four Grass Valley city council members, a bunch of Nevada City city council members, a delegation from Sierra College, and a large number of other prominent community leaders. It is noteworthy to point out that a majority of the folks present grew up here - even the representative from Chico State (Go Miners!). This community is their whole life. To a certain extent, I am a little jealous that they had the opportunity to grow up in this wonderful community, as I could never go back and live on the south side of Chicago again. Despite growing up there, it is simply not a place where we would chose to raise our children.

That said, I appreciate the fact that, even though we moved here from the Midwest, the folks that grew up here treat us no differently than local folks. There is a common purpose of maintaining a vibrant and sustainable community which unites us. Last night while mingling in the crowd, I sensed such a unity of purpose and an air of cooperation among everyone. It was quite refreshing. John Paul caught me up on the recent developments in connection with the gigabit internet, and I must say that it is always quite a pleasure to speak with him. As stated in a comment herein, Spiral Internet is on the cusp of success which will definitely positively impact local economic growth.

I ended up talking to the mayor of Grass Valley over dinner most of the evening about a community center for western Nevada County. There is no magic bullet to the future growth of our community, as such future growth must be multi-faceted. A community center could be another item which would aid in attracting or retaining talent, as the case may be. I also spent quite a bit of time talking to Willy Duncan from Sierra College (who incidentally had just spoken with my wife a couple nights before in Roseville) about the future of Sierra College in the foothills and the possibility of offering bachelor's degrees locally.

In conclusion, I observed a bunch of people uniting behind a few common goals: bachelor's degree in Nevada County from Sierra College or a Chico State branch, community center for western Nevada County, broadband, and a few other ideas. It was the general consensus that our community needs to attract talent, but also we need to retain talent. Any good business in order to be successful must have great retention. Once you have a client, you do not want to lose it. Our beautiful community is no different. Higher education, quality amenities, and sufficient infrastructure will definitely lead to attraction and retention of talent and hence economic development. I had a great time and

was inspired by the attendees and the speakers. It was yet another example why we love Nevada County and chose to move here (twice)!

[Russ Steele is the Executive Director of SESF. gjr]

Russ Steele

When Joel Kotkin was describing the evolving needs of Millennials, who according to demographic trends will be looking for communities to raise their children, I was thinking about our reputation as the marijuana capital of California, with a school system that is struggling to halt declining test scores, and the lack of affordable housing. When Millennials start escaping the urban blight of large cities they will be looking for communities, which are safe and friendly. Having a reputation as the marijuana capital of the state, Nevada County will not put the county at the top of the Millennials relocation list, especially those raising children. Another negative for the county as a Millennial destination are declining test scores in our K-12 schools. On the other hand we have a plethora of charter schools that are designed to appeal to specific needs for parents for their children. Unfortunately, many of the charter school's test scores are not something to crow about.

One of the issues that was only mentioned tangentially was housing, except as noted by George above. The question was asked about how the panel cities coped with environmental regulations. The answers were not much help for developers that are trying to build the housing which the Millennials will be looking for. Homes which are affordable, with space for yards, in a neighborhood that has good schools. This is contrary to the pack'em and stack'em state planning regulations and attitudes by our local lefty planners.

One of the issues for the Young Old is now, and will be for some time, access to broadband communications. Ask any real estate agent, one of the most asked questions is about broadband access. As some of the SESF Board Members have discovered, the AT&T broadband network is not up to the challenge. Houses with AT&T broadband may not be able to keep that broadband once the house is bought. Once the new owner moves in, the existing broadband may not reliably support the minimum standards of 6Mbps. Now the FCC is voting to raise the minimum standard to 25Mbps.

Before Nevada County can be a reliable attractor for the Young Old and the Millennials raising children, we have a lot of work to do. One of the factors that came out of Kotkin's presentation and the panel discussion was the need for strong leadership in the community, with strong community support for those leaders. This is a community issue, and its time for the community to come together and focus on these four important issues: managing our drug culture image, improving our schools to above the standard, creating

affordable housing that the Millennials are looking for and building the broadband infrastructure that both the Young Old and Millennials will be demanding.

[The following report is by SESF director Fred Buhler, retired international banker and long active in community affairs in Nevada County. gjr]

Fred Buhler

On Thursday the Nevada County Economic Resource Council hosted their 2015 Regional Economic Development Summit *Winning the Jobs War: The Sierra Foothills Road Map for Success*. Joel Kotkin, a student of and prolific commentator on demographic, social and economic trends in the United States was the keynote speaker. While Kotkin provided an excellent summary of trends impacting California and our region, overall the conference fell short of the stated goal of providing a road map to address the many challenges Nevada County faces to attract jobs.

Kotkin made the case that the political debate in California now driven by green jobs and forced density, high speed rail and the social media boom is misdirected. California suffers from a curious imbalance in its economy. Despite the incredible wealth accumulated in Silicon Valley and the surrounding Bay Area, California suffers from the highest poverty rate in the United States. While job growth in the high tech sector is strong, the rest of the state reflects very low growth and manufacturing jobs are declining. Rather than concentrating populations in “stack and pack” housing, Kotkin pointed out that millennials and “young/old” (age 55-85 and still active contributors to the economy) demographic would rather move to smaller, rural towns offering a more agreeable life style. They are growing tired of expensive, densely packed communities with slow commutes on inadequate highway systems. Technology makes it possible to work from a remote location. With close proximity to Silicon Valley and the Bay Area while offering the charm of a rural community in the foothills, the Grass Valley - Nevada City area is potentially attractive to both groups. Kotkin recommended our plan include strategies to attract these two demographic groups. (More of Joel Kotkin’s views can be found at www.joelkotkin.com or by reading his new book *The New Class Conflict*.)

The panel following Joel Kotkin consisted of four economic community leaders from Boulder, Colorado; Austin, Texas; Asheville, North Carolina and Bend, Oregon. The comments about their successful experiences in growing the economies in their particular communities were interesting. However, due to a difference in scale their comments lacked relevance to challenges faced by Grass Valley-Nevada City.

Our community has a well-defined set of challenges that have been discussed in detail for many years. Inadequate appropriate housing, a growing drug culture, declining school performance and the lack of access to high speed internet are some of the problems requiring attention. The private and public sectors have yet to come together with a broadly supported plan to attract highly skilled labor and businesses to Nevada County.

On a positive note, I was delighted to see a broad representation of civic, business, education and public health leaders come together to initiate this discussion. We should not kid ourselves. Small and medium sized communities all over the country are facing the same challenge. I'm optimistic that under the ERC's leadership working with civic and business leaders a plan will be developed and progress will be made.

This text was captured from Rebane's Ruminations Blog:

http://rebaneruminations.typepad.com/rebanes_ruminations/2015/01/ercs-2015-economic-development-conference.html