

Livestock Processing in the Sierra Foothills:
An Evaluation of a Rural Development Project

By

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ABSTRACT

Tied to large-scale industrial agriculture, many rural California communities find their raw materials extracted at low values and processed elsewhere, leaving little of the economic advantage to locals. Rural economic challenges are compounded by limitations to tax revenue collected by local governments and an increasingly globalized economy in which communities have less control over production and consumption choices. In response to this, some community activists and federal, state, and local government officials have worked to further endogenous businesses and economic development projects as a way to create and sustain jobs and increase the local tax base. One such project is being explored in the Mother Lode region of the state. A group of food advocates, small- to mid-size ranchers, and retired professionals have formed a steering committee to determine the feasibility of developing a livestock processing facility to serve the region. Using participatory research methods, this thesis project documents and evaluates their process, focusing particularly on the social factors that influence the project. This includes the internal and external challenges the group faces and members' perceptions about the project's impact on the local community. The work is situated within the field of community-led rural economic development within the United States. It is posed as a tool to support future individuals or groups engaging in this work, and as a guide for rural community developers looking to understand how diverse groups work together to achieve collectively defined objectives.

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THESIS REPORT

I. INTRODUCTION

My interest in rural economic development was sparked by work I did prior to entering the Community Development Masters' program at UC Davis. I worked as an affordable housing and community development advocate in rural communities of the San Joaquin Valley. I realized that many of these communities, especially those that were small and isolated, faced eminent decline due to changes resulting from an increasingly globalized world: unemployment rates above 40 percent, declining or non-existent infrastructure, underfunded schools, all compounded by geographical isolation. Without intervention, continued existence of these communities is threatened as economic and political factors trend toward city-centered growth, and globalized markets.

Working with such communities, I became curious about models for making rural economies more resilient to fluctuations in global markets, particularly those models that are community-driven. Because of this interest, I inquired about working with the Center for Regional Change (CRC) on a project that it was funded to complete under a USDA Rural Business Opportunities Grant (RBOG) that encompassed four different rural economic development projects. As the research team at the CRC developed a work plan, it became apparent that it would be easiest for me to focus my energy on just one of the four RBOG projects. I chose the Sierra Foothills, or Mother Lode, project, because it was geographically the closest to the San Joaquin Valley, the region for which I was particularly interested in exploring community-based economic development models. The project in the Mother Lode involved a group of small scale ranchers and other stakeholders from El Dorado, Amador, Calaveras and Tuolumne Counties who were interested in developing a USDA certified Livestock Processing Facility (essentially a

slaughterhouse and what is called “cut and wrap” facility, where carcasses are cut into smaller cuts of meat for individual sale). Under the UC Davis grant, I would conduct interviews with ranchers and other entrepreneurs along the value-chain. It was from this work that my thesis project emerged.

While I was engaged in the CRC project, I also did some work with Rural Communities Assistance Corporation (RCAC)’s Loan Fund team to assist with their development of a Small Business lending program. I thought that perhaps I could find a connection between some of the needs of the groups involved in the RBOG grant, and RCAC’s need for small business lending clients.

My initial research interests included exploring how a project like this might serve to increase the tax base for the local municipalities, create quality jobs, and help the communities to capture more benefits from goods they were already producing in their region. However, as I narrowed the scope of my project, I realized that, because this livestock processing facility idea was still in a nascent stage and its location had not even been determined, I would not be able to measure the impact that the facility was having on a community. What I could evaluate, in a qualitative study, were the economic and social factors influencing the development of a facility and the function of the steering committee and other stakeholders. I believed strongly that the best way to engage in research would be to produce a set of deliverables that was useful to the steering committee. With that in mind, the participatory project based research method of Randy Stoecker seemed very appropriate since a major emphasis of his work is to involve the group one is studying in the research design and evaluation (Stoecker 2005). It also made

sense to frame the analysis in the literature on community-led economic development processes since this was the context within which the project interested me.

I felt that branching out into an industry about which I knew very little, actually gave me a better lens through which to examine relationships and group dynamics. Had the project been something more familiar to me, I might have focused more on the content of the discussions, rather than on how the group perceived the project's impact on the community at large, how individual members interacted with one another and how they developed common understandings of issues, and how they made compromises when opinions about the project vision differed.

Using this research approach I began to build relationships with the steering committee and with a few other stakeholders in the region to determine how I might be helpful to their process and to determine what I might learn from observing it. While gaining entrée was difficult at first, once I built trust with group members, I was able to participate in steering committee member meetings, and was able to conduct interviews with each committee member and a few other stakeholders. I generated a useful set of deliverables for the committee and was able to learn some valuable lessons about working with diverse stakeholders, about project marketing, and about rural economics that I discuss in this Thesis Report with the hope that these lessons will benefit community development professionals like myself.

II. PROJECT CONTEXT

In this section, I will discuss the social and economic reasons why engaging in a rural economic development process has value. This will include a discussion of the potential of a livestock processing facility to yield benefits, not only to the ranchers and other

immediate stakeholders, but also to the community at large. By doing this I hope to justify studying the process undertaken to develop one. I will also discuss approaches to community-led rural economic development that address the “social-infrastructure” or group level interaction of community members in the context of organizations and institutions, necessary for success.

A. THE STATE OF RURAL COMMUNITIES IN CALIFORNIA

Rural communities have struggled under heavy fiscal pressures for decades in California. In “Planning Local Economic Development”, Ed Blakeley and Ted Bradshaw state that “small towns and rural areas have suffered from the twin impacts of the manufacturing decline and the farm crisis” (Blakeley and Bradshaw, 2002, p. 14). The farm crisis of the 1980s involved increasing competition for farmers from international markets, which resulted in declining returns for farmers, and an increasing reliance on off-farm employment to make ends meet. According to Linda Lobao and Katherine Meyer, “most remaining farms are marginal units incapable of fully employing and sustaining families” (Lobao and Meyer, 2001, p. 104). This change was also allowed in part by increased mechanization, which decreased the need for on farm employment. Simultaneously, land values increased as suburban growth pushed out into agricultural areas, making new entry into agriculture difficult, especially for small scale farmers (Blakeley and Bradshaw, 2002). Rural communities have aging roads, water and waste water systems, often installed in the 1960s or before. Small local government staff has very limited access to technical assistance and lacks capacity to pay for expertise to help with decisions about what kinds of investments in infrastructure, community programs and economic development projects have the most impact.

Plant closures and a volatile agriculture industry means that chronic unemployment is an additional challenge for these communities. This creates further burden on local governments, which face pressures to provide not only essential services such as police and fire, but also safety net services (e.g. utility payment waivers, emergency food supplies) to those not able to make ends meet while out of work.

While rural communities in California may look like rural places in the Midwest in that they share the characteristic empty storefronts on their Main Streets, what most do not share with the rest of rural America is a decline in population. In fact, rural communities have actually grown in California from 2000 to 2010 (Fulton & Shigley, 2005). Population growth varies widely and is correlated to proximity to urban centers. For example, the City of Placerville (located 45 minutes from Sacramento and the County seat for El Dorado County) grew from 9,610 residents in 2000 to 10,389 residents in 2010, an 8.1% increase. The City of Ione (located an hour from Sacramento) grew from 7,129 residents in 2000 to 7,918 residents in 2010, a 10% increase. However, the population in the census designated place of Sonora, in more remote Tuolumne County, grew from 19,427 to 20,126 in the same period, an increase of only 3%. (American Factfinder, U.S. Census 2000 & 2010). The population growth in rural places has been a combination of new immigration, mostly from Latin America, especially Mexico, and migration of commuters from urban centers near Los Angeles and San Francisco to areas with lower cost of living (Fulton and Shigley, 2005). In the Mother Lode, much of the growth has been from retirees, often from the Bay Area, who are attracted by the lower housing cost which allowed them to buy large lot parcels. (Wheeler and Beebe, 2011). The population over age 65 in El Dorado County in 2011 was 15.7%, compared to 11.7%

for the state as a whole. In the more southern counties, the population of senior citizens is even more remarkable. It is 21.5% Amador County, 21.8% in Calaveras County, and 21.1% Tuolumne County (American Factfinder, U.S. Census 2010). Because of population growth and the aging population, there is a definite need for local governments to increase services provided.

While increases in population do mean increased revenue for municipalities through more property and sales taxes, this increase is often woefully disproportionate to the increased burden on services. This is due to the fact that the influx of the immigrant population in rural areas tends to consist of lower income renters who will contribute to increases in sales tax revenue, but are unlikely to contribute to property tax increases. Commuters coming to live in rural communities, while certainly increasing the property taxes paid into the local government will likely do much of their consumption outside of the communities in which they live, in larger nearby cities or in their commute destinations. This latter situation is the one that is predominant in the Mother Lode region, which has higher incomes than the state as a whole and a minority population of less than 13% and a Hispanic population of less than 12% (American Factfinder, U.S. Census 2010).

B. COMMUNITY RESPONSES TO FISCAL AND ECONOMIC CHALLENGES

Given this persistent gap between the need for increased services and revenue available, rural local governments are driven to build opportunities for local tax collection by any means available to them. Under the current tax structure, income tax is the biggest revenue generator for the state, accounting for over half of all state revenue, and because incomes are volatile across business cycles, this means the flow of revenue

passed along to local governments is ever changing and unpredictable. Because of the limits on property tax collection at the local level, city and county governments look to economic development strategies, especially sales tax revenue and developer fees for their flexible, locally controlled income (Siegler 2011). The rural political and economic landscape of California is a frenzied and competitive environment in which local governments vie for economic development projects and grant funding (Fulton & Shigley, 2005, p. 20). According to a survey conducted by Public Policy Institute of California, revenue generation leads over job creation as a priority. Their 2009 report on Economic Development Priorities in California Cities revealed “Sixty three percent of cities ...indicated that increasing local tax base is a very important objective, compared to only 18 percent who indicate that reducing unemployment is very important” (Neiman 2009, p. 12). If this is the case, than local governments are perhaps more likely to support businesses that sell their product locally, so that they can reap the benefits of increased sales tax revenue. At the same time, local job creation may also be a motivation because it can mean more consumption by those living and employed locally.

Rural local governments typically engage in two major types of economic development: Attracting and retaining retail establishments and attracting and retaining large scale employers. Given the limited success and often negative social and economic impacts of these dominant economic strategies, it seems pertinent to examine alternative models to determine if, under the current government and tax structure in the State of California, local governments can find balance between cooperation and competition with neighboring communities, generate needed revenue, and create more permanent job opportunities that combat structural unemployment.

C. ALTERNATIVE STRATEGIES

In discussing economic development strategies, Ed Blakely and Ted Bradshaw argue that investments in rural areas have value, perhaps greater than those in urban areas. They argue that these investments can aid regional economies, improve quality of life for residents, and preserve natural resources. They caution that investment that only benefits outside investors must be avoided. Lack of rural investment causes residents who can to migrate to cities, increasing rural poverty levels. The authors also argue for a diverse and robust approach. They caution that “though efforts to revitalize rural areas by making small towns cute or quaint are appealing..., much more is required to strengthen the[ir] economic viability and job potential”(Blakely & Bradshaw, 2002, p. 14). Attracting large scale employers can be a way to address some of this diversity that Blakely and Bradshaw suggest, however, large employer fidelity to the local community and the ability to offer decent pay may be limited. Big employers attracted to rural local governments are generally factories that produce or process goods related to California’s industrial agricultural economy. These factories do produce jobs, but only a limited number pay well (Beaulieu & Israel 2011). Furthermore, there has been a longstanding trend of the flight of industrial jobs from rural California to other states. California’s overbearing regulation coupled with enticing incentives from other states and countries are often cited as the reasons for this capital flight. While many businesses have left, those that remain are often closely tied to the agricultural economy, especially in the Mother Lode Region and Central Valley (Fulton and Shigley 2005).

In “Towards a New Rural Pattern Language” written in 2009 by Jonathan London and Ted Bradshaw, the authors state that in an increasingly globalized world, viable

strategies for improving rural communities are those that respond to the global economy by focusing on (1) place-based development, (2) business creation rather than attraction, and (3) endogenous talent cultivation. London and Bradshaw argue that rural areas should only consider how they may have become “deterritorialized” by “locational substitutability” but also consider “territorializing; those conditions, those social relationships that result in enduring commitments to particular places, which can in turn be a source of competitive advantage, and so serve to reinforce these commitments”(London & Bradshaw, 2009, p. 6). They advocate that isolated rural communities capitalize on their uniqueness and remoteness.

D. SMALL-SCALE LIVESTOCK PROCESSING AS AN ALTERNATIVE STRATEGY

London and Bradshaw’s conceptualization of space relates well to the small scale livestock processing facility concept. It is tied to the local land, as well as local and regional consumers, especially those interested in niche markets that are particularly identified with a particular geographic area. However, it also responds to the globalization and industrialization of conventional meat production, meeting a niche consumer demand for meat that is produced from sources that are distinctly outside of this conventional system.

Due to their connection to local land and local communities, processing and distribution facilities for small scale meat producers might be better at facilitating long term economic stability for small rural communities than the large scale exogenous employers and retail enterprises described above, which are more inclined to leave for a better regulatory environment or a better profit margin. Small scale meat producers could possibly provide some of the key components for community revitalization, including

contribution to the local tax base, job creation and maintenance, and increased access to local and healthy food products.

It is likely that in most cases, facilitation of success of small scale agriculture would have to be part of a much more diversified economic development strategy to truly be impactful for any one rural community. In “New Governance for Rural America”, Beryl Radin states that rural communities should no longer be solely equated with agriculture, especially as agricultural employment declines in rural areas due to increased mechanization and centralization of processing activities (Radin et al., 1996, p. 5). However, small-scale agriculture would, in fact, bring at least a handful of skilled jobs back to rural communities because by its nature, small-scale agriculture requires more involvement of human operators (Buttel, 2003, p. 177).

A case study of agricultural processing facilities (both produce and livestock, both cooperative and individually owned) developed during the 1990s in North Dakota demonstrates this dual positive impact, stating, “Expansion of value-added agricultural processing in rural areas is generally seen as a positive development; cooperatively owned, value-added processing plants may allow producers to integrate forward and capture potential profits from processing and marketing their products”(Leistritz, 2000, p. 115). The community at large benefits too: “...new processing plants may create new employment opportunities in rural areas previously hard-hit by the farm crisis of the 1980s and subsequent farm consolidation” (ibid). However, the study cautions that “[t]he expansion of value-added processing in rural areas, while widely supported, has not been without its problems. ...Many rural areas have been disappointed in their ability to attract or develop such facilities, often because of the distance between these rural

farm areas and major consumer markets” (ibid). This means that while development or attraction of livestock processing facilities may be a feasible diversification strategy for rural communities, it is likely that there will be uneven success across rural regions, and more success in areas with proximity to larger markets, meaning that there is a likelihood that the benefit will be for those communities that already have had other economic development opportunities.

Mildred Warner describes the impetus for economic development for the resilience of rural communities in her article, “Competition, Cooperation, and Local Governance”. She states, “Local governments that lack the fiscal capacity to respond to development challenges will be caught in a vicious circle. Poor economic development leads to limited government revenues, which in turn limit government investment, in turn reducing future economic development” (2003, p. 255). Warner goes on to say that the opposite is also true, communities that start out with the capacity to engage in economic development, generate revenue which gives them the resources to further engage, turning into a “virtuous circle”. Warner cautions that “a USDA study of government finance in 1990 showed that the poorest rural communities have the poorest [in terms of fiscal assets] governments” (ibid). The communities that lack these opportunities are often those that have high concentrations of low-income and minority residents, for whom living in a community without good access to consumer goods, community programs, and social services often hurts the most (Jensen, McLaughlin & Slack, 2003).

Ambiguity is usually present in rural development projects, as demonstrated by the North Dakota plant mentioned earlier. In spite of uncertainty and potential for failure, stakeholders must plan and make decisions. How they do this depends on the context of

the economic and social factors facing the community or region in which the project occurs, as well as the motivations and relationships of the individuals or organizations involved in promoting the project. In the next section I will discuss the social factors that allow stakeholders to navigate the unknowns in community development processes. These factors often serve a vital function in overcoming implementation challenges.

III. LITERATURE REVIEW

Rural sociology and community development research have shown that a community or region's economic traits alone cannot explain its well-being (Buchecker and Hunziker, 2006, Flora and Flora, 1992). In fact, some argue that social infrastructure, previously defined as the manner in which community members interact with each other as well as with organizations and institutions, is a precursor to physical infrastructure. They further argue that the level of social infrastructure they have will determine what kinds of economic development projects can be completed successfully (Flora and Flora, 1993).

The social factors impacting rural development processes can be grouped into the following categories: Leadership; The Importance of Relationships; The Role of Motivating Narratives; Relationships with the Community at-large; and Defining Success. I discuss these factors within the context of rural development within the United States, and specifically within the context of my case study.

A. LEADERSHIP

For the purpose of this thesis project, I define leadership as the traits necessary to bring together a diverse group and to keep them together throughout a community or economic development process, despite set-backs and unknowns. In rural development processes, an engaging personality is often responsible for bringing together stakeholders who might

otherwise be at odds in terms of their goals and visions for the community (Campbell and Feenstra, 1998).

Leaders' effectiveness is imbedded in their relationship with the community. Leaders who may inspire action in one community may be unable to do the same in a new community (Prokopy et al., 2012; Brodt et al., 2006). This is important in a consideration of the effectiveness of group leaders in a local context.

There is also the role of a neutral facilitator to consider. The facilitator may be the employee of an agricultural extension office, a representative from an educational institution, or a private consultant. Sometimes that facilitator is needed in order to bring leaders together who might otherwise consider themselves at odds, in order to help them see where their interests are aligned. A facilitator also helps when leaders have certain skills, such as bringing people together or getting people excited about a project, but may need to enlist someone to organize meetings, recap past conversations and set goals and priorities, and ensure that measures are put in place to achieve them (Peters, 2002). If the facilitator comes from outside the community, they must be artful in how they approach the community group so as not to threaten those with leadership roles or other stakeholders (Stoecker, 1994).

Leadership is most effective when it can inspire collective or civic entrepreneurship. Entrepreneurship is defined broadly as the way that individuals or a group start new businesses or services based on available assets and taking limiting conditions into account. Collective entrepreneurship (the ethic of sharing and mutual sacrifice) is less commonly thought of or lauded but is equally important in rural community ventures. While traditional entrepreneurship requires innovation and strategic

thinking in the face of ambiguity, collective entrepreneurship also includes activities like facilitating relationships between the private and public sector, or inspiring the public to invest as a group, (e.g. via taxing themselves) when success is possible, but not guaranteed (Flora and Flora, 1992; Campbell, 1997; Peters, 2002).

While leadership is vital to inspiring collective entrepreneurship, leaders can only succeed in relationship with other key stakeholders in order for a project to gain the needed support and resources. Building these relationships is key to good leadership.

B. THE IMPORTANCE OF RELATIONSHIPS

Successful rural projects are often the result of a small group of key stakeholders coming together with some common motivation. These stakeholders are usually influential within their communities, particularly among others with a similar occupation. They are able to drive the agenda of collective entrepreneurs. When key stakeholders come from a variety of backgrounds, they can bring different perspectives and areas of expertise to the process. They can also bring their networks with them to the process (Walzer and Hamm, 2010). The relationships that they have with extra-local professionals and experts also deeply affect project outcomes. The trust that comes from these relationships makes experts into allies but leaves control over decision making and knowledge exchange with the community based group rather than in the hands of outsiders (Flora and Flora 1992; Herbert-Cheshire and Higgins, 2011; Peters, 2002). This combination of knowledgeable expertise and trust is crucial for group leaders' credibility with each other and with the broader community and for fostering collaboration.

Stakeholders generally engage in collaboration because they have goals in mind that they cannot achieve alone. Some activities that add value can only be done

collaboratively because they require skills, knowledge, and connections that a single stakeholder does not have (Campbell, 1997). To meet a variety of needs brought to any one project, and to optimize chances of achieving outcomes, successful community projects often optimize multiple goals rather than focus on one particular end result (Flora and Flora, 1993). This does not mean that there is no disagreement.

Since individual motivations are usually diverse, there is generally room for conflict and controversy in decision making process. The literature on group process in community development indicates that successful projects occur when there is greater toleration of opposing views among analysts, decision makers, and the public. Further, communities that accept controversy as a normal part of local politics, and strive to depersonalize it (meaning that they separate the person from the issue being debated) are able to mobilize collectively (Campbell, 1997; Cantrell, 1991; Flora and Flora, 1992).

A part of this depersonalization is to generate a sense of unity about a few key aspects of a project. The way that groups of stakeholders are able to meet diverse needs and strive for a variety of goals is through the creation of a common “story” of how a situation came to be and what the potential of a project is, all while relying on the relationships that they have and recognizing the diverse roles of stakeholders. This story, or motivating narrative, is a crucial tool, along with the unifying leaders, to engaging in collective entrepreneurship during a long term project.

C. MOTIVATING NARRATIVES

Motivating narratives are shared definitions of problems and potential solutions for them along with common beliefs held about how a project will impact stakeholders and the community or region at large. Forming joint definitions of problems and jointly crafting

solutions based on the dynamic of a particular community and interests of its members create more favorable conditions for collaboration (Buchecker and Hunziker, 2006; Peters, 2002). Adopting a moderate approach that appeals to various constituencies with different motivations can be a successful way of bringing rural development projects to fruition (Campbell and Feenstra, 1998).

In the case of projects that involve adding value to locally produced food, it behooves both community members and farmers to weave into their motivating narrative the community benefit that may come from more local jobs, better environmental impacts, and more income generated locally, both for private enterprises and local government (Brodt et al., 2006). In the literature on group process in rural development projects it is quite common that values about local food and sustainability are used to bring diverse interests to the table (Prokopy, et al., 2012). Community-led economic development that defines itself as consistent with the sustainable agriculture movement shapes it as an assertion of democratic control over key power relationships in the food system, promoting community mobilization, and the building of local social networks that unite diverse constituencies not just in agriculture but also within “the much broader array of political forces seeking decentralization, local control, community partnerships, and home rule as alternatives to centralized bureaucracy”(Campbell, 1997, p. 39).

Because of the appeal of these values to rural residents across the political spectrum, motivating narratives work not only to unite stakeholders integral to the project at hand, but also have the potential to engage the community at large in decision making.

D. ENGAGING THE COMMUNITY AT LARGE

Gaining input and support from the individuals who will likely be impacted socially and economically by a rural development project contributes to its success. Involving or engaging these individuals can take a variety of forms, and occur at various stages of the development process. Generally, the earlier they are engaged and the more integral their actions and opinions are to the decision making process, the better the outcome will be for all impacted (Hester 1985). Their involvement often results in better decisions, fairness, access to new information, improved legitimacy of group leaders, and capacity building for the community as a whole (Prokopy et al., 2012, Brodt et al., 2006).

Community support is much harder to achieve when there is a wide gap between the social and financial elite and the rest of the population in a particular community (Flora and Flora, 1992). The more in common community members have economically and socially, the more likely there are to be multiple investors in community projects because communities view themselves as united in their economic condition and future (Brodt et al., 2006).

It is of utmost importance to engage many varied population segments in any planning process, since these groups will be involved one way or another in the outcomes, potentially as the opposition, if not engaged from the beginning (Walzer and Hamm, 2010; Flora and Flora, 1992). The means by which participation is encouraged should be very sensitive to the uniqueness of any community or individual, with special attention to the history of economic development efforts that have had an impact (either negative or positive) on them. Studies show that when stakeholders in a project only use generic approaches (presenting at city council meetings, holding town hall forums) they

will only occasionally be effective (Prokopy et al., 2012). Often, there are certain voices that dominate conventional public forums and efforts must be made to shift the balance of power toward those who are not heard as often (Robinson et al., 2004). These methods should include forums that will give opportunities for quieter community members and for members who are marginalized by class, race, age, or other factors that make them less able to express their interests.

Because communities take on risk when they support a rural development project, it is important for leaders and project stakeholders to communicate about the consequences of collective action, both positive and negative. Putting information about risk out in the open allows impacted individuals or communities to perform a critical analysis. Additionally, successful rural development projects generally spread risk around among everyone, rather than rely on an investor or a few community members to take the fall if the project should be a failure (Robinson et al., 2004). Finally, communities must actually have a surplus of resources that can be risked in order to engage in collective entrepreneurial work. If there is great disparity in a community or if a community is very low-income, the ability to take entrepreneurial risks will be lower.

The type of goals that stakeholder groups and the individuals impacted by a decision set not only depend on the capacity for risk, but also on the definition of success.

E. DEFINING SUCCESS

While it is difficult to uniformly identify the effectiveness of community processes and projects because their goals vary, it is often the case that establishing a network within which information can be shared and relationships can be built is seen as a big part of success, whether or not other aims are met by the group. This formation of a network

often helps the group to develop a common vision or set of visions. Forming this network and vision are often determinants of whether the group can achieve success in its more tangible, project specific goals (Wondolleck and Yaffee, 2000).

While this thesis project is not able to fully measure the success of the livestock processing facility under consideration in the Mother Lode, it uses some of the concepts about social infrastructure explored above to examine the process undertaken by the steering community and other stake holders as they started a community-led economic development project with numerous unknowns, to see how they identified, discussed and thought about the potential positive and negative consequences for their communities in the face of ambiguity. The goal of this thesis project is to not only to document the challenges project stakeholders faced, but also analyze the approach taken by the group including my own role in assisting with their process.

IV. PROJECT OVERVIEW

Consistent with the trend elsewhere in the United States, there has been increasing demand for local, niche meats, in Northern California (Gwin 2008). Mother Lode ranchers I interviewed said that sales had increased 3-fold in the last year, and that there is no longer a winter lull in sales at farmers markets in the Mother Lode and in Sacramento and the Bay Area. While there has been tremendous growth in demand, the supply, especially of beef, pork, and lamb, is limited because these types of animals “must be slaughtered at a USDA-inspected slaughter facility and, in most cases, processed at a USDA-inspected processing plant”(Bush, 2008, p. 1). In California, these facilities are few and far between (the closest to the Mother Lode are near Chico, CA and in Reno, NV), and are geared toward large producers. These larger producers tend to use

up the bulk of available time for slaughtering, squeezing out the smaller producers, who are also burdened by having to transport their livestock long distances. Not only does this lack of animal processing infrastructure add cost to the small scale ranchers, but the price that they charge reflects the added costs, meaning that their products are available only to those members of the community willing and able to make local and natural purchasing a high priority. In addition to consumption, the community is impacted by the economic leakage felt by processing and sale of animals outside the region. This reduces the potential for local job growth and local business growth.

Over the last few years, the United States Department of Agriculture has funded a handful of feasibility studies and market studies to determine where and how livestock processing facilities might be developed to serve this emerging market. In 2008 the UC Cooperative Extension conducted a market demand study and, in 2010, the High Sierra Resource Conservation and Development Council (HSRC&D) received a grant to implement small and very small niche meat processing plants with a particular focus on the Sierra Foothills and the northern San Joaquin Valley. At the California Meat Processing Summit held in April 2010, a discussion was held among ranchers, meat processors and USDA officials to discuss “solutions to the lack of USDA inspected harvest and meat processing facilities in California.” (USDA RBEG Scope of Work, 2010, p. 2). All agreed that plenty of studies of the market had been done, and demonstrated the market potential for the industry, but more needed to be done to look at whether or not building new processing facilities was a viable business model. More grants were awarded to look at feasibility of a new facility on the North Coast, and in the

Mother Lode. El Dorado County received a Rural Business Enterprise Grant (RBEG) in 2010 to collect data about local niche livestock production.

These studies attracted the attention of USDA State Director Glenda Humiston, who visited the Mother Lode region and identified the need for a local facility as significant. She emphasized the value of a regional facility and was highly influential in securing additional grant funding. The region received both a portion of a USDA-Rural Business Opportunities Grant (RBOG) grant as well as a complementary USDA-RBEG grant in 2011. These two new grants serve four rural counties: El Dorado, Amador, Calaveras and Tuolumne.

The work being done under the RBEG grant is the focus of my research, since it set the guidelines under which the steering committee operated. It was administered by Calaveras GROWN, a Calaveras County cooperative marketing program for agricultural producers. Calaveras GROWN had been talking casually about developing a local slaughter facility for many years before the grant opportunity became available. After the funding was received, a steering committee was formed and a facilitator was hired to manage the grant. The goals of the grants include determining feasibility, garnering community support, and identifying potential investors. The grant was for \$50,000 and was matched by \$20,000 of in-kind support from Calaveras GROWN. The parameters included a Work Plan with eleven specific tasks, each allocated a particular dollar amount. The tasks included: forming an advisory committee, identifying potential facility sites and centralized agricultural product distribution hubs, identifying transportation networks or hubs, examining the possibilities and constraints of various financial models, evaluating various job training and educational programs that could

support the project, creating a marketing message about how the project would promote regional prosperity, developing a business plan and funding opportunities for a chosen site, and creating a website to document the process.

Glenda Humiston's promotion of the grant in the Mother Lode was based on the notion that a livestock processing facility will not only help small scale niche market producers to reach a level of economic viability, but in turn, "expand their operations, increasing their ability to give back to their communities" (USDA RBEG Scope of Work, 2010, p. 1-2). In a report quoted in the Scope of Work, "*Meat Industry Capacity and Feasibility Study of the North Coast Region of California*", it is estimated that ranching is a job multiplier, meaning that for every job in cattle ranching, a 0.4 job is created in a related industry in the region, such as processing. Humiston argued that because there was no processing facility located within the Mother Lode region, the ranching industry was not able to fully take advantage of this multiplier effect.

When I engaged in this research, I was interested to learn about the project feasibility but most importantly, how the stakeholders processed information, engaged with each other, and with the community at large and worked through various motivations and visions for the facility. Some of my questions included: How does existing regulation impact the decision making process? How does conventional meat production impact the markets served? How do project stakeholders perceive the project and how does this impact the decision making process and the research that the steering committee conducts? Do the steering committee and other stakeholders see the facility as having potential to benefit the community at large? Was this part of their motivation for participating in its development? If not, what are their motivations?

This project falls into the category of community led economic development that is endogenous to a particular region. As is common for such projects, its ability to succeed financially in the face of various external factors is difficult to predict, and its worthiness as an investment for both community members and outside investors is uncertain. In sum, it faces a great deal of ambiguity. I was, therefore, interested in how the stakeholders worked through this ambiguity together and what would be my role. In particular, I wanted to know how stakeholders, especially the steering committee viewed the project's potential impacts on the people of the region at large and to what degree this view influenced their vision and motivating narrative.

It was with these interests that I first reached out to the initial project facilitator. In order to combine my skills with a product that might have been useful to the group, thereby helping me gain entrée, I asked if there was any role that I might play in researching potential ancillary benefits, in marketing, or in any other data gathering or record keeping. While the facilitator invited me to attend some of the first project meetings in August of 2011, she was very hesitant to have any real involvement from me. However, I worked to build rapport with her, continuing to offer general assistance with the project.

Eventually, I asked if she might connect me with some of the ranchers involved in the grant so that I could interview them, as this was a requirement of the RBOG grant under which I was working in partnership with the Center for Regional Change. She gave me some names and phone numbers. She also introduced me to a person who was working in El Dorado County on the previously mentioned RBEG grant because she believed he might be able to help me find good interview candidates. This person would

later become a member the steering committee for the RBEG grant operated by Calaveras GROWN. Later in this report, I identify him as one of two leaders on the committee, calling him Leader Two to preserve anonymity. Leader Two proved to be a key ally who helped me to gain access to the project stakeholders. Not only did he give me the names of some ranchers to interview, he also called them in advance to tell them to expect a call from me. He also asked me to do a project that he thought would be very helpful to the steering committee, which was to complete a report on an existing small-scale processing facility in Reno, Nevada.

Completing this project proved to be essential because it had value for the group and it gave me the authority to complete other deliverables that I designed myself in order to help the steering committee reflect on how they were working through a multi-faceted, ambiguous process. Another key element in gaining access to the group was that the initial hired facilitator left and a new facilitator was hired. Not only was the new facilitator receptive to having the help of a graduate student, but as an independent consultant, she was eager to have a “co-worker” with whom she could discuss strategies and next steps.

V. METHODOLOGY

I chose to conduct a case study of a rural economic development project with two distinct goals: Improve understanding of group process in rural development projects and the influence of external political and economic factors on this process, and document and analyze the perception of stakeholders in the process about the benefits of such a project to the social and economic fabric of the community or region.

Because I am first and foremost a practitioner, rather than a researcher, I wanted to approach this project in a way in which I was contributing to the work of the steering committee. I learn best by doing, and I felt that that my work would be immediately valuable if I produced deliverables that were directly useful to the group. Additionally, by becoming a member of the project team, the committee became comfortable with my presence both in group meetings and in interviews, which I hope made them more candid and honest in what they said and did around me.

Because of my desire to engage in this work as a researcher-practitioner, I approached the research using Randy Stoecker's participatory project based research method. Stoecker believes that the best way to ensure that research is useful is "for the people affected by the research to guide it" (Stoecker 2005, p. 33).

Participatory research is dependent on a good relationship between researcher and the people one is working with. I was able to build trusting and collaborative relationships with the steering committee. This enabled me to gather meaningful data over a nine-month period working closely with, and in part for, the committee to ensure the utility of the product I generated. Randy Stoecker not only advocates conducting research that is directly applicable and useful to a community process, but also says that it is often important that the researcher contribute to the process even before completing the research (Stoecker 2005). I attempted to do this through a focus on being useful, employment of diverse methods, and an emphasis on collaboration. I made sure these elements were central to my research design.

I focused on being useful in a few ways. First, I offered to help with meeting organization, showed up early to convenings, and offered to do clerical things like take

notes. Secondly, I discussed my skill set with both of the project facilitators, although the second one was more receptive and took advantage of my offer to assist. I told the facilitator that I had experience running meetings with diverse stakeholders, I had some knowledge of financing and technical assistance sources, and I could write and think analytically. As a result of our discussion, she asked me to help with various grant tasks, and more generally, consulted me when she was unsure about how to approach particular problems such as group dynamics or how to bring up sensitive or complex topics of conversation in a way that would result in productive conversation.

I employed a number of ways of engaging with the group and conducting my research. I worked with the facilitator via email and phone, maintaining good lines of communication. I conducted interviews with both steering committee members and other project stakeholders, not only to gather data, but also to build rapport. I attended group meetings to observe, and to demonstrate interest in and dedication to the process.

In all of this work, I emphasized that I wanted to conduct my research to help this group as well as to understand rural economic development processes in general. I was transparent about my research goals, and I believe this helped me to build rapport.

Below I will discuss the four methods I used to conduct my research. These included: in-depth interviews, participant observation, site tours, and collaborative work with the project facilitator.

A. INTERVIEWS

I completed in depth one to two hour interviews with all ten steering committee members, as well as with two small scale grass-fed beef ranchers who are stakeholders in the process, one local retailer, one owner of a state inspected butcher shop, and one

manager of a USDA inspected livestock processing facility. I conducted these interviews in the field at the businesses, homes, farms, and ranches of interviewees.

My interview protocol included questions about interviewees' individual businesses and involvement in the livestock processing facility work, the challenges that they face as individuals in the industry, and the challenges faced by the project. I also asked general questions about economic development strategies for the region. I learned over the course of conducting interviews that the ones in which I let the conversation flow, with a few guiding questions, were those that resulted in the most rich information. I didn't have specific questions about business philosophy, community leadership strategies, or values. Regardless, these came across as being some of the most important themes. An informal and open-ended interview format was important for gathering this kind of data.

I transcribed and coded the information from the interviews, then grouped that coding into categories, which became the basis for the main deliverable I generated, the Process Evaluation.

B. PARTICIPANT OBSERVATION

In order to engage in participant observation, I also attended, observed, and served as note-taker at three months of steering committee strategizing meetings and attended and observed 2 stakeholder meetings open to all ranchers in the region. I accompanied the steering committee in their site visit to a potential facility location and served as note-taker and photographer during the visit. By serving as note-taker on a regular basis, I was able to not only jot down observations without looking out of place, but I also served a function that the group found valuable. Additionally, performing these tasks allowed me to clarify any questions that emerged throughout the process.

With the members' permission, I used an audio recorder at steering committee meetings to both help with note-taking, and also to enhance my field notes. My field notes were valuable for creating one of my deliverables in particular, a presentation on the potential for economic benefits to the region, because I was able to distill the vision that the group had for the facility and begin working on some of the marketing messages that would be genuine and have broad appeal. I also used field notes to fill in the outline that my coded interviews gave me for the Process Evaluation, particularly when discussing technical details about the facility scope, such as number of animals that would be processed. Although these details were not central to my research, they provide important context, particularly for the ranchers involved. Most importantly, my field notes from participant observations allowed me to understand the leadership techniques, various roles members played, relationships among group members and overall group process. Interviews alone would not have been sufficient to explore the way that these dynamics impacted the project.

C. TOURS

As mentioned in the Project Overview, I toured a USDA inspected livestock processing facility in Reno, NV and prepared a report for the committee, which helped me to gain their respect. I also went on five tours of farms and ranches and 2 other sites of import to the group, including the potential facility site and a livestock auction yard. I went on these tours to further immerse myself in the environment of the steering committee members and to demonstrate my interest in their businesses and the challenges they face.

The tours helped me to understand not just the process, but also the content of the project. I was able to learn some of the terminology used, and have a visual reference. I

also learned about the way that steering committee members related to the land and to livestock, and a bit about their daily lives.

D. COMMITTEE MEMBER INPUT

After I completed all the interviews, participant observation and tours, I prepared the Process Evaluation which documented and evaluated the project at its nascent stage. Randy Stoecker emphasizes that a participatory evaluation of a group process should have the goal of helping participants to improve their practice, rather than solely grading their performance. Stoecker describes four project stages at which research can occur: Diagnose, Prescribe, Implement, Evaluate. These stages can repeat as the project develops. For example, once an evaluation has been completed, a new diagnosis might be made, calling for a new prescription and way to implement the project. At the time the Evaluation was completed, the project was at a stage somewhere in between a diagnosis and a prescription. The diagnosis of a need for more livestock processing had been made, but the prescription for a feasible solution had not been identified. After working with the group to determine their needs, both stated and observed, it seemed appropriate to document the process undertaken so far as a tool for recording, marketing, and reflecting on the project at its current stage.

After completing and transcribing the interviews, I emailed (and offered to mail) the transcripts to each interviewee so that they could review and ensure that the information was accurate and that they were comfortable sharing the information that I had recorded. About half of the interviewees had no comments and were comfortable with what had been written. The other half made corrections to names I had misspelled or other factual errors that either I or they had made. Two were concerned that the

language they had used was too casual and so did some in-line edits to modify their statements to sound more professional. Most who responded commented that it had been a unique experience to read their spoken words in written form. Stoecker believes strongly in using methods that make sense to the people being researched. He argues that this will ensure the usefulness and validity of the final product. Returning interview transcripts to the interviewees is one way in which this can be done if appropriate for those being researched, i.e. they are literate and experienced in reviewing documents (Stoecker, 2005). This seemed to be the best approach for the steering committee, who were all professionals or businesspeople.

Also following Stoecker's model, the final and very important step in creating the documentation of the process, was to present a draft to the committee for their review and comments. It was in doing this that I received comments about the utility of the deliverable in terms of maintaining continuity in project discussions, marketing the project to the community and new stakeholders, and for reflection on the process. Allowing the members to review the document also ensured that they were comfortable with the material that was to be shared with the public. While all steering committee members were comfortable with other group members knowing what information they shared in the interviews, the group facilitator asked that anonymity be maintained in the document that was to be published online. So, while the committee members are not named in the report, it is likely that the members will be able to identify each other by the vignettes and descriptions given. Because they have worked together so closely, they are comfortable with this outcome.

VI. DELIVERABLES

The first deliverable that I produced for the steering committee was a report on a livestock processing facility in Reno, Nevada. As mentioned in the Project Overview, I did this at the request of Leader Two. He thought that some facility tours would be a good way to help the group think through what was feasible and desirable in their region. At Leader Two's direction, I interviewed the facility manager and toured the site, taking photographs and making notes to prepare a rough sketch of the facility lay out.

The goal of preparing this report was twofold. Firstly, it would be helpful in the group's decision making process, and secondly, it would help the group to know that I was able to generate something of worth to them and demonstrate my dedication to the project. Once I completed the report, which included giving a copy of the draft to the facility management for review and some corrections, I gave it to Leader Two, since he wanted to include it as a deliverable for the El Dorado County RBEG grant. He was pleased with it, and this gave me the confidence to email it to the new project facilitator for review and distribution to the steering committee. She had also visited the facility in Reno before she and I started working together (there was some lag time between when I stopped hearing from the former facilitator and when I learned that a new facilitator had been hired), and had prepared notes and a diagram of the pulley system used. She shared my report and her own information with the steering committee right before one of the steering committee meetings. When I attended the next meeting, I received feedback that the report had been useful, as a kind of virtual walk-through of the facility. One member in particular found my description of the operating budget and the number of animals processed to be particularly useful. The facility I visited is part of a university's

agricultural program and relies on subsidy from the institution in order to operate, despite being at maximum processing capacity, and having no mortgage or other debt load. This was crucial information when considering scale. In order to break even, the volume would have to be significantly larger than this facility. The group also appreciated the photographs and description of some of the equipment, as well as the floor-plan sketch. Leader Two and one other steering committee member, a retired military professional, seemed to use the report more than the other members. While I didn't receive any specific negative feedback about the report, I got the sense that more details about the equipment and the number of animals processed would have been useful.

The group, particularly Leader Two and the other enthusiastic steering committee member, began to use the report as a baseline for discussion, which was helpful, because much of their previous conversation had revolved around guesswork, or was based on the varied experiences of individual steering committee members. Now they had a common reference to use in discussion and for comparison with other facilities that the facilitator later toured. Most importantly for me, the committee was satisfied with the overall quality of the product and so they were confident in allowing me to take on other project deliverables and to continue building my relationship with them.

After working with the group as note-taker, I proposed my second deliverable. At steering committee meetings, I heard some members enthusiastically discussing how this project could change the region for the better. It seemed that they knew this was an important part of the project vision, but they didn't have any formal source of information about potential project benefits nor an organized way of presenting such information. As a way of engaging with the group, I asked if they would like me to start

recording some of their ideas to create a project marketing message not only for other ranchers but also directed at community members and community leaders. Not only was this a task required by the grant, but I also believed that gathering this information from group settings would help me to formulate meaningful interview questions.

The three steering committee members who were actively touting the ancillary benefits of the facility were enthusiastic about my offer. I prepared a brief PowerPoint presentation entitled “The New Mother Lode: Local Community and Economic Benefits of a Livestock Processing Facility in the Region” and gave a short talk at an April stakeholder meeting. The attendees included steering committee members and about eight or nine small scale ranchers. It was hard for me to know if the response from the stakeholders was enthusiastic because they did not ask me any follow-up questions about my presentation. This may have been due to the fact that the other presenters were ranchers who were addressing tangible issues including marketing of meat products, and cooperative facility ownership. Discussing the ancillary regional benefits may have just not been as interesting to this particular audience. However, it seemed to be important for steering committee members themselves, mostly to validate their opinion that there was a wider economic benefit of this project, than just that felt by the ranchers themselves. It also started to show them that they were united in certain values about having quality jobs and access to quality, healthy food at the local level. The presentation is now posted on the website for the project (to be discussed later) and Leader Two, in particular, felt that the PowerPoint would help the steering committee to promote the project with a unified message about its potential for broad economic, social and health benefits.

As the steering committee worked through various models for the facility (See pp.59-66), they began discussing financing sources. They wondered about the availability of project financing. I responded to their need by drawing upon some of the work I had done while assisting Rural Community Assistance Corporation with their Small Business Lending Program. This work was also valuable because it met the requirements of another task listed under the RBEG grant Work Plan.

While at RCAC, I had created a matrix of all Small Business lenders in the State of California, including the types of loans made, interest rates offered and areas served. I made a similar matrix for technical assistance providers for small businesses. These were originally created to help RCAC analyze the market and determine where there might be gaps that they could fill.

For the steering committee I selected the lenders and technical assistance providers that served the Mother Lode region and could possibly serve as resources for their project and made two custom matrices for them. Although the matrices were not used extensively when I was working with the group, they provide an at-a-glance understanding of the services and financial products that will be available to them when they reached the stage of needing business planning assistance, or loans for a new facility. The need for these matrices was an important indicator in my research. While the group knew that the USDA offered financing, they did not have immediate knowledge of the ways to access this funding.

Finally, I prepared a Process Evaluation of the group's work, as both a 36- page detailed piece, and also in digest form as a website. These two products serve three

functions: Firstly, they allow current and future stakeholders to access a snapshot of where the group's efforts have taken them, acting as an easy reference point and to give the group a sense of accomplishment. Secondly, because they are available online, they serve as an easy-to-use reference when the group needs to refer interested investors or community members to their project. Finally, documenting the process also allows the group to reflect on their process, and help them decide on next steps. It is for that reason that this deliverable includes not only decisions made, but also the thought process and debate behind each decision as well as the individual and group perspectives that influenced the decisions made. Sometimes members had different opinions about the viability of various models, and so it was important to present all perspectives in a way that identified motivations and was respectful to the point of view of each member. I also made an effort to include perspectives of stakeholders not on the steering committee so that these could be considered, especially when discussing community acceptance of a facility size, scope and location.

I produced an initial draft of the Process Evaluation and emailed it to the group, again, a few days before a steering committee meeting. I also brought hard copies for all of the members to the steering committee, as well as some self-addressed stamped envelopes. I asked all of the steering committee members to read the document and give me feedback, either line by line edits, corrections for accuracy, or general recommendations for changes. I said that I would accept edits via track changes in Microsoft Word or written edits on the hard copies. I received full edits back from three members and from the project facilitator, and brief comments from two others. Another told me verbally that he had read through the report.

Of those who provided detailed comments, two were mostly concerned with accuracy about information that they had provided, and gave a few minor corrections. For example, my report said that one member had spoken to a school principal, but it was actually the vice principal, so I made the correction. The third member, a Calaveras GROWN Board member and retired county official, had the most critical comments, but also lauded the efforts that I made to capture the group sentiment. He was protective of the group's reputation, and in particular suggested that I remove comments that referred to ranchers' lack of entrepreneurial spirit. He asked that I change the phrasing to refer to ranchers' aversion to risk, and conservative approach to financial decisions. I felt that this change was appropriate, and actually improved the quality of the report. In fact, I was able to integrate all suggested changes by the steering committee. None were controversial, and I believe that has to do both with my efforts to present multiple perspectives, and with the group's cohesion.

In addition to generating comments and input, the group's initial review of the Process Evaluation produced two new conversations about the project direction. One was a reiteration of the need for a certain scale in order for the business to be viable and the other was a renewed discussion about how to approach hiring a plant manager. These conversations resulted in a decision to hire a plant development consultant to run some initial numbers to indicate the feasibility (looking at both plant cost and revenue generating capacity) of various plant scales within the region. They will likely hire this company to help them starting up the facility when they reach the next phase.

VII. CONCLUSIONS, REFLECTIONS AND NEXT STEPS

While learning all about small scale ranching and meat processing was certainly fascinating, the real lessons from this thesis project revolve around the role of social infrastructure in a rural development process. As stated in the literature review, projects that are centered on issues of control over food production often unify community groups who might otherwise be disconnected or divided. This phenomenon was certainly true in the process that I evaluated. The steering committee members were politically diverse, but the issue of local food processing brought them together in a situation in which they had debate about practicalities, but in which they were unified in concept. They developed a common narrative about what this project would bring to the region, and worked from that platform to determine feasibility and work through the nitty gritty details.

A. IMPACTS OF THE RESEARCH

Observing this case of local food production serves to confirm previous findings about how it serves as a unifier. However, not all rural development projects can or will be about food, so it is important to determine some of the other valuable lessons learned in evaluating this process. The ability to build trusting relationships quickly through transparency, respect, were key elements in the group's capacity to work well together.

The steering committee faced numerous external factors including challenging regulations, high auction prices for conventionally raised beef, and unknowns about facility cost. The group certainly benefitted from relationships that they had already developed with key experts who became project allies. These included attorneys, successful processors outside of the region, and local elected officials. The steering

committee had a collaborative attitude that allowed them to engage in collective entrepreneurship, employing these relationships to meet group and individual goals.

The most important lesson I learned from observing this process was that group recognition and respect for individual goals and perspectives is vital to the ability to work collectively in a rural environment. This steering committee made no attempts to change one another's perspective, but rather, made use of the energy that was generated from the common vision that was developed to support the various goals of each member, as well as outside stakeholders.

B. MY CONTRIBUTION TO THE PROJECT

By producing documents that both helped the group to articulate their vision, and also that validated their vision by demonstrating that there was academic research on the importance of locally generated economic development projects, I helped the group muster the energy they needed to proceed and by discussing their capacity for cooperation, further unified them. Once it was stated and observed by a third party, this knowledge that their cooperation was an important asset also served as a source of energy for continuation of the project.

Over the course of the three months I was working integrally with the group, two of the steering committee members dropped out of the process, not because of any bad feelings about the project, but because they are busy community members and had other commitments take priority. This was a constant battle for other busy committee members, who sometimes missed meetings or deadlines for contributing information because of other obligations, either for work or for their volunteer civic work. However,

as I was wrapping up my work with the committee, they hired a plant development consultant and began to work toward a feasible model. This movement forward inspired a renewed interest by the remaining steering committee members, and also sparked some inquiries from stakeholders who wanted to take on more central roles. I believe that this ongoing motivation came first and foremost from having a paid facilitator, but was also inspired by what I produced, which helped the committee to recognize their assets and successes.

C. SHARING THE RESULTS

I shared the Process Evaluation with the group at the last steering committee I attended. It was still in draft form, and I have yet to announce the posting of the final document on the website. I believe that that will be my final interaction with the group on this project specifically. They are now moving into a new phase in which they will have to make key decisions about facility scope and scale, and I hope that having the documentation of the ground work that they have done, both for their own use, and as a quick reference for those who come to the process along the way will be a helpful backdrop for this next phase.

D. PROCESS OUTCOMES AND NEXT STEPS

The RBEG Grant will come to a finish at the end of August 2012, slightly more than a year after it was awarded. Of the eleven tasks assigned, all have been touched on. The ultimate goal of the grant was to identify a location for the facility and to identify specific funding sources. These have not yet come to fruition, but various sites and investment opportunities are being actively discussed.

While a few months ago I would have been more skeptical, the recent developments by the steering committee now lead me to believe that a facility will be developed within the next few years. The project facilitator has applied for additional grant funds to continue providing consistent support for the project, and a project design and operating consultant has been retained to crunch numbers and determine the best model. While financing must still be secured and a site identified, the leadership, relationships, and collective entrepreneurship of the group will certainly propel them toward these next steps.

VIII. ANALYSIS

In this section I will distill from the Project Evaluation the answers to my original research questions which were central to evaluating the economic and social factors that influenced the process of developing a livestock processing facility, as well as the function of the steering committee and other stakeholders in this process.

A. INFLUENCE OF EXTERNAL FACTORS

When I began this research, it seemed to be USDA regulation that would be the largest barrier to implementation. Despite the fact that I expected regulations to be a main topic of discussion, it was seen by stakeholders as a given part of the economic landscape, something to be dealt with, rather than challenged by members of the steering committee. Non-committee member ranchers were significantly more enraged about the federal government regulating their businesses.

Surprisingly, the larger impacts on the business model were: determining the number of animals that could be processed, preserving positive relationships with processors being used currently, and determining an adequate site location that would not

face much opposition from the surrounding community, and which would be strategically located for good access for most ranchers in the region as well as proximity to Sacramento.

B. PERSPECTIVES ON COMMUNITY BENEFIT

Stakeholders perceive the project as necessary for the region, but very challenging to implement. They are faced with great ambiguity. There is no way to know for certain that their efforts will result in successful development of a business. Having the grant to accomplish some initial research and to hire a facilitator whose job it was to work through this ambiguity was certainly crucial to the progress made over the time period I studied it.

The group was certainly mixed in opinions about how much they thought the facility would benefit the community. In general, the non-ranchers were optimistic about the potential for broad benefits, while the ranchers were either skeptical or indifferent about the benefits beyond those to their industry. As they became more deeply entrenched in the process, the ranchers did come to see the political importance of touting the benefits to the community, whether they themselves thought this was a goal of the project. The group came to the collective understanding that community support would be crucial once a site was identified. Without community support, there was great potential for opposition to the facility, and opposition would most likely lead to years of delays or a need to locate to a new site if compromises could not be made. This unified the group in their approach, despite the differences of opinion about the importance of community benefits.

C. BUILDING SOCIAL INFRASTRUCTURE

1. MOTIVATIONS

In exploring the motivations for the steering committee to participate in the process, I found that the members are active community participants with many personal and business ties to individuals and organizations throughout the region. They see the need for better control over their economic and regulatory environment. They recognize that achieving this kind of control is a lengthy process that entails a great deal of relationship building and maintenance, as well as identifying and working with institutions and organizations that may become part of the network that support projects within this broad vision. Through these relationships, the steering committee is actively building its “social infrastructure”.

2. LEADERS

Important tools in building social infrastructure are leaders. The group leaders I identify in the Project Evaluation as Leader One and Leader Two have compelling personalities that help them to inspire action. Leader One was key in bringing the initial group together. While his politics are to the radical left, he was quite conscious about inviting the former military base commander, who has extremely conservative fiscal and social values to the table because of his experience in managing large scale operations, and because of his political clout with some of the stakeholders in the process. Leader One also invited a large scale rancher who brings his animals to auction to be finished on corn, despite Leader One’s strong opinions that beef raised in that way are damaging to the environment. In fact, Leader One believes that the breed of cows raised in the region are really much too large, and do damage to the landscape. But he recognized the need to

be pragmatic and demonstrate willingness to compromise, and so set a precedent at the beginning of the process, which successfully inspired collective entrepreneurship.

Leader Two filled the role of maintaining the steering committee interest and energy through his optimism and willingness to work through the doubts of various members both individually and in group meetings.

3. ROLE OF THE FACILITATOR

Although these leaders were essential to the project's progress, the work of the facilitator was key. She had a responsibility, not only to the steering committee members but also to USDA, which funded the project. It was her job to ensure that concrete steps were made toward stated goals. It was beneficial in this case that the facilitator was the daughter of one of the ranchers. While not necessarily an expert on ranching herself, nor an expert on facility financing or design, the group knew that she had their interests in mind because they were her own, and they could trust that she had access to good information networks.

4. PROFESSIONAL RELATIONSHIPS AND NETWORKS

Also important to the progress made with the project were the relationships that committee members had with one another and also with their broader networks. Their group identity was built by the common motivating narrative they developed about why they needed this facility and what their vision for its success would be. Relationships with professionals who offered certain types of information to the process, such as the corporate attorneys who were consulted about the organizational structure, were valuable because they were allies in the process, but were not given the power to control it.

The steering committee maintained control by keeping meetings with informants and experts outside of group meeting time. Instead, information obtained at meetings with outside professionals was reported back to the group, who provided guidance for further conversation with these outside entities.

5. MANAGING CONFLICT

Also contribution to the group's power and cohesion was the fact that, despite differences of political views outside of the project, members were able to engage in respectful debate that was highly focused on the facility impediments and opportunities. There was certainly disagreement about decisions made. One example was that one rancher felt strongly that the mobile slaughter unit model had not been adequately explored to warrant dismissal as an option. The remaining group members felt that it was clear to them that this model had been examined and found to be financially unsustainable. While this difference of opinion was never fully reconciled, the group continued to work together including the rancher who had resisted the direction they had gone.

This type of conflict also occurred when it came to looking at financial models for various scales of development. Not all group members trusted the numbers generated by the consultant hired to prepare a fiscal analysis of various facility scales. However, the group figured out a way to ask some more questions of the consultant, and continue, with recognition of the doubts that some members had. This group accepted controversy as a normal part of the process, and were able to separate the person making the argument from the issue being debated. This contributed significantly to their ability to collaborate.

6. COMMUNITY ENGAGEMENT

Although the group has been successful in exploring many facets of the project, an area yet to be seen is how this project will fare once a site has been chosen and a community is approached with a proposal. While the group recognizes the importance of early engagement with the community, the potential for negative impressions, and the need for education and outreach, it did not start engaging the public from the very beginning. To some degree this was due to the fact that there was not a specific site identified from the start. But it is also important to note that beginning a process with community input first is not a development model with which most members of the steering committee were familiar. Their process was not truly a *community* development project in that the community did not get to shape the scope or scale of the project. Many successful rural community and economic development projects, that meet the needs of all income and demographic groups in a community, are determined by and for the community. This project does not engage that level of community participation.

That said, the group has established a network of support at the regional level, engaging stakeholders from the livestock industry from the beginning of their process. The outcomes of this process are already apparent. A network has been formed that can support the project, a common vision has been defined and internal relationships have been developed that help ensure that steering committee members will be accountable to one another, even as they face future challenges and unknowns as the work continues to bring a local livestock processing facility to the Mother Lode Region.

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PROCESS EVALUATION

**Livestock Processing in the Mother Lode:
Evaluation of a Rural Economic Development Project**

Prepared for the
Livestock Processing Steering Committee
of
Amador, Calaveras, El Dorado and Tuolumne Counties

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I. INTRODUCTION

This is an evaluation of the project undertaken by a steering committee in the four county region of El Dorado, Amador, Calaveras and Tuolumne Counties (hereafter referred to as The Mother Lode) to determine the feasibility of developing a livestock processing facility.

To complete research on this project, I worked with the steering committee over a nine-month period. During that time I completed interviews with all ten steering committee members, two small scale grass-fed beef ranchers, one local retailer, one owner of a state inspected butcher shop, and one manager of a USDA inspected livestock processing facility. I conducted these interviews at the businesses, homes, farms, and ranches of interviewees. I also attended, observed, and served as note-taker at three months of steering committee strategizing meetings and attended and observed two stakeholder meetings open to all ranchers and other interested parties in the region. I accompanied the steering committee in their site visit to a potential facility location and served as note-taker and photographer. I also went on several tours: I toured an existing USDA inspected livestock processing facility that does both slaughter and packaging as well as a livestock auction yard, and the farms and ranches of five interviewees.

In this evaluation, I will synthesize the results of my research, draw conclusions, and evaluate the process undertaken thus far. To do this I will discuss the possibilities for facility design and scope and models for the organizational structure. I will also look at some of the challenges facing the project. Finally, I will discuss the characteristics of the steering committee and its members. I will explore their individual motivations and

attitudes, their relationships with each other, their roles in the process and how each of these contributes to the project.

I hope that this evaluation serves to demonstrate the strengths of the committee and to bring to light questions about feasibility of developing a livestock processing facility in the Mother Lode.

I am not an agricultural economist, a rancher, or a businessperson, and, therefore, I am not in a position to make recommendations for a facility design or a business model. However, I have experience in assisting with group processes, and that is where this evaluation is focused.

Rural development studies have shown that it is not just economics or marketing that make a project succeed or fail, but also a number of social factors. A community or region's economic traits alone cannot explain its well-being.ⁱ In fact, some argue that building "social infrastructure," that is, relationships of community members within the organizations or institutions to which they belong, is actually the precursor to building physical infrastructure.ⁱⁱ In examining the steering committee's "social infrastructure" I found that at its core is a common narrative, or way of telling the story about the potential for the facility, that binds the steering committee and other stakeholders together, and continues to motivate them when they have disputes or when the project seems infeasible. Despite the committee's diversity in political and professional backgrounds and varied reasons for being involved in the process, there are three common themes in how members conceive of the project.

These themes are discussed below. The use of the word “our” refers to the committee members and other regional stakeholders:

- **A livestock processing facility in our region can be a way to honor the practices of past generations.**

Steering committee members feel that they can learn from the ways that generations past related to the land and to each other, and the way that they conducted business. For example, they find value in using the whole animal, in being more locally and regionally connected economically, and in understanding what the land can and can't yield.

- **A livestock processing facility in our region can create opportunities for meaningful work for future generations.**

This value is expressed in terms of creating meaningful vocational opportunities for young people that help them to stay in the region, and have jobs that connect them to the past and to the land, while also generating a business model for the future.

- **A livestock processing facility can reinvigorate the local rural economy through adding value to what the land produces, rather than relying on industrial or urban economic models.**

Committee members feel pride in living in a rural community and enjoy being distinct from urban places. They express that economic development should reflect rural values of local control, health, and valuing the land for what it can produce. They wish to capture some of the value in the processing of raw material in a manner that gives their region more control and more potential for economic well-being.

It is these common values that continuously reinforce the group's ability to work toward the goal of developing a livestock processing facility, even as the committee struggles to determine organizational structure, research the number of incoming animals ranchers can commit, debate the merits of various scales and models for the facility, and, ultimately, decide if building a facility is feasible at all.

Using the common narrative shared by the steering committee as a foundation, I completed this evaluation on two levels that serve different purposes, and different audiences.

1. The first level is that of documentation. This piece serves to record the process undertaken by the steering committee so that future stakeholders in this project learn the history of the project, and are able to use it as an entry point. This assists the steering committee in conveying consistent and complete information to newcomers.

2. The second level is reflection. This piece compiles the conclusions drawn by the steering committee members in interviews and allows them to look back on what their process has accomplished so far and what next steps are necessary. This part of the process will also assist others engaging in this kind of process in other regions.

II. FACILITY SCALE, SCOPE, AND FEATURES

To understand toward what end the steering committee is motivated to work, I will start by describing the various elements of the facility that have been envisioned and discussed. In so doing, it is important to note that, however inconvenient the existing outlets for processing are, ranchers are making them work. There are multiple options for USDA processing, but they are outside of the immediate region. While there are only two facilities that can do slaughter and cut and wrap under one roof, ranchers have

generally worked out arrangements with slaughterhouses and cut and wrap facilities to transport carcasses. While these are not ideal set ups, they are working to meet the current demand, except in busy periods, when these facilities get overbooked.

Ranchers generally feel that if they could process locally, they would likely increase the size of their business by building their herds and acquiring additional leased land if necessary. But building a new facility is a big investment and a risky endeavor. There is some fear that if a new facility is developed, the demand for the service will not be enough for a profitable business model, since direct marketed meat is a growing, but still very small niche market. (Direct marketed meat includes meats identified as natural, grass-fed, or which are simply sold outside of the dominant value-chain.)

Looking for options that would require less of an upfront investment, the group has investigated a number of models. They looked into the possibility of building a mobile unit, discussed the options of organizing a transportation cooperative, or developing more local freezer storage space in lieu of the major capital investment required by a full scale livestock processing facility.

In steering committee meetings, there has been a general conclusion that anything smaller than a fully functional slaughter and cut and wrap facility will not be profit-generating. According to research done by the steering committee members, and case studies reviewed by the project facilitator, a mobile unit will lose money when it is in transit, and to remain in operation, will have to charge a fee that would be cost prohibitive to most producers according to financial and logistical analysis completed by the project facilitator. Based on data collected from ranchers and facility managers,

transportation cooperatives appeared to have little value except for the smallest of ranchers, who are often reluctant to undergo the inconvenience of coordinating transport anyway. In my interviews, building freezer storage was revealed to have little value, because most ranchers of a medium- to large-scale were likely to invest in an on-ranch freezer to avoid having to travel to pick up their product.

The group has concluded that the most viable business models are also those that require the most investment. This makes some steering committee members hesitant to proceed, because a failure could mean a huge loss.

To determine what elements will work best for the industry and the region, the group has started to collect information and weigh the pros and cons for various conceptions of facility scale, scope and features. These elements include slaughter, cut and wrap, value-added processing, centralized storage, ordering and shipping, agri-tourism, and vocational training. The group will likely include some or all of these elements in their final facility concept.

In steering committee meetings, there has been a general conclusion that anything smaller than a fully functional slaughter and cut and wrap facility will not be profit-generating.

A. SLAUGHTER

Slaughter is the element of the facility that brings the most potential for community opposition. It also would require a very specific building design and expensive equipment. This would mean extensive remodeling of an existing facility, or a high-cost design and construction of a new facility. Discussion at steering committee meetings has

indicated an understanding that there is no profit in slaughter, despite it being an essential element of processing the animal. The profit is in the value-added products.

B. CUT AND WRAP

Another possibility that has been discussed has been the development of a cut and wrap facility without a slaughter facility. This would require forming a partnership with an existing USDA slaughter facility, all of which are more than a few hours away from the Mother Lode region. Some have mentioned the possibility of starting with cut and wrap and adding slaughter at a later date, although they wonder at the feasibility of getting community support for this idea.

C. VALUE-ADDED PROCESSING

The group has discussed the possibility of starting two businesses simultaneously. Marketing might help bring in the needed profit, and support the livestock processing facility while it is getting established.

Producing products such as sausage, smoked meats, jerky, and dog treats for retail sale has been discussed. Concern about this model is that there isn't a big retail market locally. The market would be in the nearby urban regions of Sacramento and the Bay Area, so

products would have to be transported. Also, there is not currently a plan to have a unified marketing plan or brand. These products could be sold under the various labels of the farmers who produce them. Developing a marketing plan would be a very different business than developing a processing facility. The group has discussed the possibility of starting two businesses simultaneously. The idea would be that the marketing might help

bring in the needed profit, and therefore be able to support the livestock processing facility while it is getting established.

D. CENTRALIZED STORAGE, ORDERING, & SHIPPING

As mentioned previously, storage space alone seems to have little value for ranchers that are increasing their business size because most are looking into buying their own freezers to store meat. However, it might be valuable for very small scale ranchers. Additionally, some interviewees are interested in the possibility of combining storage freezers with a shipping service. One interviewee envisions that each rancher would maintain his/her independent ranch label, but pay for a centralized ordering and shipping system. Clients could order meat from a rancher's website, and meat would be boxed and shipped and inventoried from a shared central location. Each ranch would have a separate account and separate locker, but would pay a fee to have ordering, payment processing and shipping done by the facility.

E. AGRI-TOURISM

One interviewee envisions that the facility could not only process livestock, but could also attract those interested in learning about

The idea is that not only could this model create income for the facility, but also for surrounding wineries, hotels or bed and breakfasts, gas stations, and coffee shops.

charcuterie and gourmet cuts of meat. He envisions a kind of agri-tourism in which customers would come attend classes in the day, attend a dinner in the evening that paired local meats with local wines, and perhaps stay the night in local lodging. The idea is that not only could this model create income for the facility, but also for surrounding wineries, hotels or bed and breakfasts, gas stations, and coffee shops.

F. VOCATIONAL TRAINING

A few members of the committee see the opportunity that this facility could create in providing training, not only for butchers, but also for those interested in retail, tourism and business management. This model has been explored by the committee. The group facilitator visited two high school sites that have vocational training programs in meat processing. One steering committee member has been working on making connections at the local community colleges. Because of the cyclical nature of livestock processing, one rancher pointed out that using students who are on a school schedule could correlate well with the supply cycle of animals to be processed. During the fall, a slow season, students would be in training. By the spring, when they had learned the trade, volume would pick up. And in the summer, when volume diminishes again, they would be out of school.

G. ASSESSMENT

Based on the opinions and experiences revealed in interviews and participant observation at steering committee meetings, it is apparent that the ranchers in the steering committee are particularly interested in the slaughter and cut and wrap elements of the facility. Value-added processing, storage and shipping services, agri-tourism and vocational training are innovative elements that are generally supported by all group members, but are more actively discussed by the community activists, who envision this project as meeting various economic development goals beyond those that serve ranchers.

The innovate elements, particularly agri-tourism and vocational training, should certainly be considered from the beginning when design the facility. (Location, size, capacity for expansion will all be important considerations). However, these elements are more likely to be successful after the facility has gained a reputation for high quality

work, professionalism, and concern about the community in which it is located. It is more likely that a local community will provide the support the facility will need to gain funding (and students!) for a vocational training program, and the political will to invest in infrastructure that will support an agri-tourism effort (e.g. façade improvements, road repairs, and signage) once facility operators have gained its trust. Facilitating realization of a long term vision that may include some or all of the elements described above will require good leadership and strategic direction. The organizational structure will be crucial to laying this groundwork.

III. ORGANIZATIONAL STRUCTURE

The steering committee has discussed various organizational and ownership structures. One of the steering committee members knows two local corporate attorneys who have been providing some initial advice to the group. No model has emerged as the most desirable. However, based on advice from the attorneys, the group has ruled out sole proprietorship.

A. COOPERATIVE MODEL

Some members hesitate at the idea of a cooperative model because there are so few successful examples, but many examples of failure. One interviewee pointed to the fact that successful cooperatives are usually very large, and thereby able to exert some control over market prices. This facility would not have the input volume needed to do that. The advising attorneys are not experts on cooperatives and so have not been able to give them direction on this possibility. However, at the time of this writing the project facilitator had made contact with an attorney specializing in cooperatives who volunteered to create a cooperative business plan so that the group might continue to vet this option.

B. PARTNERSHIP MODEL

One example that the committee members have been looking at with interest is a small state-inspected operation in the region that is co-owned by four ranchers who are also restaurant owners. They are able to process animals and sell them to their restaurants. One interviewee speculated that the reason for their success has to do with the vertical integration of their businesses. Also, because they are restaurant owners, these ranchers are perceived by the steering committee as being more entrepreneurial than the ranchers on the steering committee. While this model is successful for the four ranchers involved, it seems unlikely that the steering committee will choose this option because it does not accomplish the goals they have of scaling up and accessing bigger markets.

C. UNIFIED LABEL

One interviewee feels strongly that the only way to successfully generate enough consistent incoming livestock for the facility is to form a unified brand. He believes that the profit is in adding value to the meat through slaughter, cut and wrap and marketing, and so facility owners must plan on making their profit by having some kind of ownership in the final product, rather than solely providing a service to individual ranchers for which they pay a fee. While ranchers like the idea in theory, they struggle with the fact that they won't have direct control over the quality of the meat, risking inconsistency in their product, and thereby a risk to their reputation with customers.

Additionally, a livestock facility consultant that has provided some advice to the group expressed that when a plant buys the meat from the rancher, it becomes the plant's responsibility to market and sell the product, and that it can be hard to move this much product. If it does not sell soon after it is packaged, it often ends up having to be severely

discounted, and this doesn't generate income for the facility. According to the facility consultant, product moves more quickly when individual ranchers own it and are responsible for selling it.

D. INVESTOR-OWNED CORPORATION

The most commonly discussed possibility is that the facility should be owned by a corporation. The attorneys have advised the formation of a limited liability corporation or similar business structure because it entails the least amount of risk to individual investors. There is debate about whether the ranchers themselves should form that corporation, or whether the investment needs to come from an outside entrepreneur. At steering committee meetings, participants have expressed a general sentiment that ranchers are a conservative group, and are particularly risk adverse. This sentiment has been confirmed by the committee facilitator who relayed to the committee that in the feasibility studies conducted elsewhere in California, one of the largest barriers to moving forward with facility development was ranchers' aversion to risk.

Per the advice of the attorneys, the steering committee is considering creative options that might give them access to investors. One possibility is becoming a subsidiary to a large scale meat packing business (like IBP). The attorneys said that this model has been used before and that the big meat packers generally have a somewhat "hands off" approach to ownership, allowing the locals to run the facility. Another idea is to get sponsorship from a Silicon Valley company like Google or Apple, which might be interested in some kind of partnership that allows them to provide local meat at their employee restaurants. The attorneys have advised that, as they explore these options, the

committee request a non-disclosure agreement from potential partners and investors in order to protect their interests.

E. ASSESSMENT

A limited liability corporation appears to be the favored organizational structure. Currently the steering committee members are eager to find an outside investor who will take on the brunt of the risk. However, because this is being promoted to both ranchers and the communities as locally generated project, with a potential benefit to the local and regional economy, I argue that it is important that the committee consider the feasibility of the facility based on their own investment coupled with financing from a local bank or Community Development Financial Institution (CDFI). If the steering committee themselves are comfortable making an investment, this indicates sufficient confidence in their business model to approach potential investors. An outside investor may be more willing to match a local investment, as it not only demonstrates that the local stakeholders have faith in the business potential, but also reduces the risk for any one party. However, there are still a number of impediments that need to be overcome before the steering committee will feel comfortable soliciting investors or making their own investments in a new facility.

IV. IMPEDIMENTS TO FACILITY FEASIBILITY

There are a number of impediments resulting from economic and social factors that need to be addressed in order for the committee to make key decisions about the project. Most of these consist of circumstances that are hard to predict, or are due to lack of some key information.

Recently, the steering committee facilitator worked with a facility development consultant to develop financial models for three different facility sizes. Scenario A was for a facility that slaughters and processes 3,500 head of cattle per year. Scenario B was for slaughter and processing of 2,000 head of cattle, and Scenario C was for slaughter only of 1,000-2,000 head of cattle. (In any scenario, the facility will likely be multi-species, processing pork, goat, lamb, and beef, but the volume is discussed in head of cattle for consistency and because most of the animals processed will be beef). The consultant determined that Scenario C was not feasible because it would not be able to compete with existing facilities. Scenario A had the best profit margins, and Scenario B was also feasible. The committee now has a target number of 2,000-3,500 head of cattle per year and will likely factor this number into their decision making process(i.e. can the facility attract this kind of volume?).

A. HIGH AUCTION PRICES IN A CHANGING MARKET

Currently, conventionally raised livestock, particularly beef, is selling at auction for more than they would by finishing on grass. This means that conventional ranchers are unlikely to make a switch to selling through direct marketing, unless they are motivated by factors other than price. While in the long run some steering committee members argue that a switch to direct marketed meat allows ranchers to avoid the unpredictability of the historically volatile auction market, current auction prices are high enough that the effort to switch to an alternative system is not worth the marginal difference in profit.

According to one interviewee, until the mid-2000s, the cattle market fluctuated on a 10 year cycle as herds grew and shrank depending on demand. However, this cycle appears to be changing. One rancher attributed this change to an increasing global

demand for meat, especially in China and other quickly developing nations.

Additionally, many ranchers are retiring, but there are fewer and fewer replacements, due to low numbers of newly starting ranchers. Because the industry is shrinking with less and less beef on the U.S. market and an increase in beef importation, demand remains higher than supply. Until something alters in this pattern, it will remain difficult for conventional ranchers to justify switching to direct marketing, which usually entails having animals on a natural or grass-fed program. This requires significantly more time and more investment in feed and water, since animals are finished on the farm, rather than sold to a feed lot.

Note: It is possible that the drought that occurred at the time of this writing in the Midwest will elevate the price of corn to the degree that conventional beef prices will go up further, but profit margins will decrease. This may serve as an economic driver to push more ranchers into the grass fed market. However, in the Mother Lode region there is little irrigation available, which makes finishing cows over the summer difficult without buying a lot of alfalfa or other grass feed, or investing in the construction of irrigation ponds.

B. UNKNOWN INPUT

In part due to high auction prices, it is hard to get ranchers to commit to a solid number of animals they could have slaughtered at a new facility. Most are unwilling to commit if they know that there is a possibility that they could make more money in selling animals at auction than by finishing them themselves. Additionally, ranchers can't commit if they don't know the price for the service or the quality of the work to be done by the new facility. Not having these input numbers is problematic because without knowing income

to the facility, attracting investors or getting bank loans will be difficult, if not impossible.

A survey was distributed early in the grant period to interested ranchers in the region to ask how many animals each could commit to bringing to the facility if it were open. However, the survey response rate was very low. Even some steering committee members did not respond. Part of this low response rate was due to the survey being distributed by mail. The committee has discussed the possibility of conducting the survey again over the phone or face-to-face. However, the reasons for non-response are complex. Some ranchers feel that until they know what the facility is going to be like and whether it will do a good job, it is very risky to commit animals.

Ranchers have strong relationships with current processors, and if they were to commit animals to be processed in the new facility, it would likely be only during the busiest times of the year, when their existing processors are overbooked, at least until they saw that the new facility was reputable and likely to stay open. Also, some ranchers believe that they'll be able to grow if a new facility comes to their region. However, without having the facility in place, they can't commit future animals that they don't yet have.

Ranchers believe it is important that a new facility would complement the services of existing providers, not compete with them.

C. LOYALTY TO EXISTING PROCESSORS

Those interviewed also expressed sentiments of loyalty to existing livestock processors, both USDA and state inspected. These ranchers believe it is important that a new facility would complement the

services of existing providers, not compete with them. Ranchers expressed that if they take their business elsewhere, they risk burning a bridge with the original service provider that could not be rebuilt if the new local facility were to fail. In addition to these economic reasons, one steering committee member said that it is important to recognize the key role existing processors have had in building the industry. He explained that a particular USDA slaughter and cut and wrap facility in the northern part of the state was key in allowing the Northern California grass-fed beef industry to take off the way that it did. He said that before the influx of additional customers from new grass-fed beef producers, the facility was not doing very much business. Although this facility is more than a few hours outside of the Mother Lode region, it was having this facility available in the first place that allowed producers to gain access to the farmers' markets and test the demand for the product.

“Although we know it is an expanding market, it is also a very small market, and so, it doesn't take very many competitors to flood the market with processing capacity.”

D. POTENTIAL COMPETITION

Another related factor that makes the facility income difficult to project is the fact that there are other existing or new processors that could potentially compete with a new facility if developed. The committee fears that even if they build a facility, they will not be able to keep costs as low as other processors outside of the region. The processors currently being used by local ranchers are reasonably priced. They are able to keep costs low because they generally have been in business a long time, and have low overhead. One rancher said, “Although we know it is an expanding market, it is also a very small

market, and so, it doesn't take very many competitors to flood the market with processing capacity." So, while there are currently too few processors, it won't take much for there to be too many. One processor in the nearby Sacramento region that currently only processes lamb is looking at expanding into beef processing. If it does so, competition in the region would increase. The response of the group is that perhaps the Mother Lode facility could counteract the impact of this competition by diversifying their products and services, but this unknown seems to be a significant hindrance in moving forward.

On a positive note, the committee did get some numbers from the local county fairs that show 4-H project animals and other livestock. These animals are processed after they are shown at the summer fairs. Having the business of the fairs could possibly provide income in the slow summer months. However, the number of animals would be between 21 and 45 beef per month, approximately 17-30% of the monthly total needed for the facility size range recommended by the facility consultant (2000-3,500 head per year). This means that the slaughter and processing volume would have to be higher in the Spring and Fall to make up for the summer deficit. Part of the work that still lies ahead for the steering committee will be to understand the cyclical nature of the industry, and determine how to handle the peaks and valleys in processing. While the facility will be multi-species, beef is likely to contribute much of the volume. While it is possible for beef ranchers to stagger when their animals finish, developing such a schedule takes time. Currently, most grass-fed beef is slaughtered in early summer. It may be possible to fill in the slow months with other livestock such as lamb, goats, or hogs. Developing the facility as a poultry plant would also avoid some of these peaks and valleys. However,

this would add to the capital outlay needed as poultry processing requires very different equipment.

E. COMMUNITY ACCEPTANCE

Perhaps the least examined, but important potential impediment to moving forward in this process is community acceptance. Consumer demand for direct marketed meats has increased in recent years. Some interviewees spoke about the changes in consumption patterns, stating that consumers were becoming increasingly interested in “organic and alternative foods” because of concern about food safety, health, food security, and perhaps even labor rights. However, despite these changes in consciousness among consumers generally, interviewees recognized that not everyone could afford to eat alternative meat, or would be willing to eat less meat in order to afford it. While some on the steering committee discussed the role of food in bringing communities together, especially in the form of community gardens and farmers’ markets, all agreed that building a slaughterhouse in or near a community has the potential to be a contentious issue, rather than a community builder.

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The group was able to start thinking through the process of informing and educating the public during a site visit at a potential facility location, a government facility, located within the city limits of a community of approximately 7,500 residents. At this particular site, land tenure would be secured through a long term lease to the facility business owner (yet to be determined). The representative of the site owner expressed that the committee would

need to get approval of the local government elected officials and the community at large before doing any serious considerations of costs or logistics. The representative pointed out that when someone outside of the industry hears the word “slaughterhouse” or “livestock processing facility”, they think “feedlot”- a highly concentrated, large scale operation where animals are kept in close quarters and fed a processed diet for a few months before being slaughtered. Committee members have been discussing the need for community education about what a small scale facility looks, smells, and sounds like. The group has also discussed the importance of site design features that minimize the appearance and sound of animals. Of most concern to the group is the noise made by hogs. They are generally noisy, whether they are at a slaughterhouse or not.

The committee recognizes that community acceptance will play an essential role in ensuring the success of the facility. Providing education about the potential benefits to the economy is a way of encouraging their support. However, it will be important not to exaggerate the benefits. For example, it is unlikely that a livestock processing facility will be a big jobs generator itself although it has the potential to indirectly create numerous jobs. The community should know this, so that they are not surprised or disappointed at the number of people employed once a facility is built and running.

F. ASSESSMENT

While the external impediments to the process certainly present a challenge, the work that the group has done with the facility consultant over the last month will likely give them some more substantial numbers to work with. Now that they know that the plant must process between 2,000 and 3,500 animals per year in order to be a viable business model, they can work on determining if they can get support for this number from ranchers in the

region. They can also present a model to communities in potential site locations that adequately depicts the scale of the facility and scope of activities to be performed. Until now, despite warranted skepticism, what has allowed the group to move forward with visioning and information gathering has been the leadership and acceptance of group roles, accompanied by diversity in motivation and business philosophy and types of supporting relationships within the steering committee.

V. GROUP DYNAMICS

By their own acknowledgement, the steering committee brings together a diverse group of stakeholders, with varying political ideologies and reasons for being involved. These differences are not reason for conflict within this group, however. In fact they are viewed with humor and expressions of gratitude for the diversity of perspectives.

One interviewee said that the variety of political values and professional backgrounds allows the group to think better about what impacts each member and his interests, rather than addressing only one set of needs. Others recognized that their opinion might be different than others in the group, and understood that different players had different levels of risk associated with proceeding. For example, members of the committee were sensitive to the fact that ranchers had more to lose if they committed animals to a facility that turned out to be unreliable, or closed after a year of operations than did non-ranchers, who wouldn't be making this kind of commitment.

A. LEADERSHIP

Leaders in the steering committee fulfill their roles by bringing a thoughtful group of people to the table and allowing a process to occur, rather than by taking charge and

giving direction. There are two key leaders of this sort in the group. One was mentioned by more than 75% of steering committee members as the person who connected them to the project. This person's leadership philosophy is to focus on solutions, rather than on problems, emphasizing the importance of communication. He believes that identifying problems is important. But rather than pointing fingers at who is to blame, he believes in ascertaining what will work to make all parties feel they will benefit. The other leader has a role in keeping people at the table when they feel discouraged or when the process loses momentum by maintaining strong relationships that exist both inside and outside of the formal meeting setting.

B. ROLES

Along with leaders, there were other roles in the group. In addition to the parts played because of the skills endowed by their current or former occupation, group members also have roles that relate more to their outlook about the project.

There are only two full-time ranchers in the group. Four others are involved in agriculture: one in free-range egg production; one in vegetable plant sales and honey production; one in produce sales, honey production and farm design consulting; and one is starting up a livestock transportation business. Another member does soils consulting for a local agency and one has a small business producing and selling a value-added food product. The remaining two group members had lived and worked in rural places as professionals, and have a genuine interest in the industry. One is a retired county assessor who had also worked in real estate development and finance, and the other is a retired agricultural economist. The assessor sees his role as ensuring that the group thoroughly considers and understands their potential profits and losses thoroughly and to

assist with property acquisition once the group reaches that stage. The agricultural economist believes that he can contribute by making sure the group's vision and business plan make sense, and also by helping with research design. Specifically, he helped to design the rancher survey mentioned earlier.

In terms of non-professional roles, the group recognizes the value of those who serve as voices of enthusiastic optimism when the group is weighed down by barriers. On the other hand, they also recognize the benefit in having committee members who balance the group by serving as a voice of caution and skepticism. Both the optimists and skeptics seem aware of these dynamics, and of the balance that is achieved by the interplay between various personalities. This generates a sense of respect for each other among committee members.

C. MEMBERS' MOTIVATIONS AND BUSINESS PHILOSOPHIES

Each interviewee, including both steering committee members and non-committee members, discussed their business philosophy. Many are motivated in their daily lives and in their business decisions, not only by the immediate economic outcomes of their work, but also by a longer term vision, by their business and family relationships, and by a desire to leave a legacy for future generations. For example, one steering committee member, a rancher, was motivated to sell the development rights on his property to a land trust, meaning that the property has to stay in agricultural use in perpetuity. This interviewee said that the reason for doing this was based on the value he and his family place on keeping the land in agriculture. Another steering committee member, a retired professional, who grows vegetables for a local farmers' market, discussed his dedication to helping community members learn about and choose healthy foods. He said that to

help consumers with this choice he often has to “subsidize” their purchase by deducting the cost of his labor from the price of the food, so that they will pay for it. Another steering committee member, also a retired professional who is starting a livestock transportation business, discussed the importance of reinvesting money into his business rather than “cashing out” in order to increase its size and hire more employees, providing meaningful and well-paying work to fellow community members.

These business philosophies are tied to the value of self-reliance, not just individually, but collectively, as a region. Some within the group believe that an economy that is more self-reliant will respond better to market pressures, be more economically sustainable in the long run, and contribute to local job growth. To promote changes in practices that would increase self-reliance, some committee members are eager to look at models for better use of the local land, such as improving irrigation practices and encouraging more ranchers to choose a grass fed program, rather than selling animals at auction.

D. REGIONALISM

Acting as a region is seen as a benefit among the steering committee members. Some see the importance of the project because of its potential for reducing market concentrations among large corporations. In particular, they are interested in alternatives to uniform mass production. One interviewee sees regionalism as a necessity for increasing local control over politics and economic well-being.

Some steering committee members discussed the role they have in promoting the facility in their counties, whether or not it is to be physically located there. One

committee member in particular actually believes the ideal location is in the county to the south of his own, due to its proximity to Sacramento. He is committed to getting ranchers from his county to commit livestock to the new facility and helping to develop training for employees needed to run it. These sentiments demonstrate connection to the region as a whole, rather than loyalty solely to one's community or county.

The group recognizes that the Mother Lode region does not quite have the same cache as the Napa Valley, but what it lacks in celebrity can perhaps be made up with affordability.

At steering committee meetings, when discussing the idea of agri-tourism, the group recognizes that the Mother Lode region does not quite have the same cache as the Napa Valley, but what it lacks in celebrity can perhaps be made up with affordability. While the group usually discusses this reality with a sense of humor, it seems to be important part of forging an identity for the region. Interviewees also said that part of what makes their region distinct from a more urban one and a good place to do business is the support they have from local officials. Local officials tend to support local control over spending and regulation. Because of the small population, there is also a sentiment that officials are more responsive than their counterparts in urban areas.

It is important to note that while steering committee members identified regional cohesion, such cohesion is not felt by all of the non-committee members interviewed. One rancher in particular laments the idea of having a livestock processing facility located in another county, especially because he would have to travel a significant distance on windy roads to have his animals processed. He said that he would prefer to continue going to his existing processor unless the facility is built in his county.

E. RELATIONSHIPS

Relationships were at the core of many conversations I had with interviewees. Interviewees generally discussed the importance of trusting relationships developed with others in the industry, along the value chain. Various interviewees have important relationships with elected officials, farmers' market managers, larger ranchers who are able to advise them on how to build up their businesses, animal transport providers, and of course, with processors.

The ranchers interviewed are well connected to other small and medium-scale ranchers in the larger region. They know details about their operations, particularly those related to processing. It seems that mid-sized ranchers in other regions are happy to share their practices and offer assistance both to individual ranchers and to the livestock processing facility project. Additionally, various committee members have relationships with processors and regulators who have offered to provide technical assistance during facility development.

Important relationships are not just limited to those formed out of business arrangements. In fact, interviewees discussed the relationships with people from their churches, from connections made through a spouse, through employers and former employers and with people in political offices. These relationships are important for a variety of reasons, the two most obvious being the ability to get good information about a political or economic situation, and the ability to connect to business opportunities.

Within the steering committee, new relationships have been easily forged. A core group of four steering committee members knew each other from long-term friendships

and business relationships before engaging in this process. The remaining members were connected through relationships with one of the core members. While a core group of four steering committee members knew each other before engaging in this project, not everyone involved in the steering committee knows each other through a longstanding relationship. For example, one member had been involved in similar discussions through a grant that served his county and those to the North. He felt that his county was better connected to those to the south because of geographical divisions and so he became involved in the work of the steering committee. He connected to it through a business contact who knew one of the core group members and he has since become an important part of the group.

F. INTERACTIONS WITH FUNDERS AND REGULATORS

The perceptions that the committee and other interviewees have about funders and regulations are important parts of this analysis. They demonstrate the degree to which the group feels empowered to move forward with the project. They are also an indication of the degree to which they are dependent on grant funding and are constrained or encouraged by the guidelines set by regulation.

1. USDA REGULATIONS

While some steering committee members have a strong desire for local control and limited government, all of them see compliance with USDA regulations as a necessary hurdle to expand their businesses. One interviewee explained that it is important to understand the impact of regulations on a business plan and integrate that knowledge into the factors affecting the business.

Interviewees who were not steering committee members are much more resistant to the role of the USDA in regulating commerce that is not across state lines. They believe that control over meat inspection should be done by the state inspectors, and that legislation should be changed to remove USDA from the process.

Some of the steering committee members seem to think that the California Department of Food and Agriculture (CDFA) may be considering the possibility of taking over federal inspection, but this is currently speculation only. The interplay between state and federal regulations varies from state to state. Some states have taken on the federal responsibility of performing meat inspection to USDA standards, whereas others rely on the federal inspectors. According to one interviewee, in the previous Jerry Brown administration, the state gave up the USDA inspection in an effort to save costs. However, this resulted in a two-tiered system in which the state still inspects custom processing and the USDA controls retail sales. The state still has to employ inspectors. This interviewee argued that perhaps the state could actually generate some revenue by returning to a fee-based USDA inspection service managed by CDFA.

There is a preference among ranchers, both on and off the steering committee, for the state regulatory system, claiming that it is less bureaucratic and more practical. However, some wonder if moving from federal inspection to state inspection could mean an increase in regulatory requirements that are stricter than USDA. Generally, California regulations are much more stringent than federal regulations, even if meat processing inspection is currently an exception to that rule.

2. USDA GRANT AND STAFF

Having access to the USDA Rural Business Opportunities Grant (RBOG) and Rural Business Enterprise Grant (RBEG) has certainly been beneficial to the project, in that the grants have allowed the process of determining feasibility of a processing facility to start in earnest. In particular, the ability to hire a paid facilitator has been crucial. The committee generally agrees it is the only way that momentum can be maintained. If a paid facilitator is not present, the volunteer committee members have trouble keeping the project going when more pressing obligations take priority.

One member, who had worked under a previous RBEG grant that addressed some of the same issues, got involved in the new grant with the explicit interest in avoiding duplication of efforts and sharing knowledge. The grant itself did not stipulate that duplication of effort was to be avoided and so he wanted to be sure that the new efforts were continuing to build the body of research and relationships that would lead to facility development.

Some interviewees said that having the presence of USDA staff in the region really has drawn attention to the process and has been positive overall. In particular, a presentation done by Glenda Humiston on a report completed by the USDA on the state of the rural economy of California really brought stakeholders out to begin discussing the possibility of a local processing facility. However, at times, the sense is that USDA staff has one vision for the facility that doesn't leave enough room for adaptation to the specific needs of the region, and may be off-putting to some of the business associations that have been brought to the table by local stakeholders. Others expressed the sentiment that, while a USDA grant does allow for some initial studies of feasibility that wouldn't

otherwise be done, the impact that government programs can have on economic development is limited. One interviewee said, “You have to look at this as a business person, and you have to pursue it in that way because if you get wrapped up in doing all of these studies and grants, you’ll never get anything accomplished.” Most believed that the RBOG and RBEG grant is allowing groundwork to be done that is needed for the project to attract an entrepreneur.

G. ASSESSMENT

The group dynamics and attitudes of project stakeholders toward external influences on the project including funders and regulators are important at helping them to manage the ambiguity present in their decision making process. Because they value control over the economic development process, they are cautious about how to move forward with project design, and respectful of the various motivations and philosophies of the process participants.

VI. REASONS TO PROCEED

Although there are significant impediments to the process of developing a livestock processing facility, there are compelling reasons to proceed. In addition to a well-functioning steering committee, not only is there demand, but there is likely to be local political support for a facility.

A. DEMAND

If one thing is clear in the process of determining feasibility of a livestock processing facility, it is that demand for direct marketed meats is increasing steadily. The ranchers interviewed that sell their product to Farmer’s Markets discussed how their business has

tripled in the last two years, and that they can never keep adequate supply to satisfy their customers. A study conducted by Lauren Gwin and Shermaine Hardesty in 2008ⁱⁱⁱ indicated the market for niche red meats (including certified organic, grass-fed, naturally raised, local, Halal and Kosher) is increasing in volume as well as value, and most of it is sold directly to consumers by producers.

B. SUPPORT FROM LOCAL OFFICIALS

The general consensus was that local government officials have been very supportive of the principle of developing a livestock facility. While some committee members say it is impossible to predict the support of officials until a site location is determined and they are asked for something specific, it seems that they will be willing to provide political goodwill because of their desire for local control, support of the local food movement, and because of the potential for job creation. Committee members want to be cautious about overpromising in terms of jobs creation. An example of support provided thus far can be found in one of the counties involved; the Board of Supervisors passed a local food ordinance, stating that the Board would not enforce state or federal law that negatively impacted local food production. An assistant superintendent of schools in the same county has been enthusiastic about supporting a facility, and has built a relationship with one of the steering committee members who is working on a proposal to add butchering to the curriculum of the Regional Occupational Program (ROP) which offers vocational training to young adults.

C. ASSESSMENT

Given the demand from consumers and the potential for strong support from local elected officials, the steering committee and other stakeholders have reason to be inspired about the project's potential.

VII. THE IMPORTANCE OF A VISION

Some of the steering committee members have said that the group needs a united vision to bring the project to fruition. Even if the vision changes along the way, establishing a common set of goals is one of the first steps in attracting an investor.

According to rural development scholar, Dave Campbell, a vision may never be fully realized, but can be considered successful if it has been articulated, and links to the narrative of a community's past, present, and future. A vision, when accompanying practical planning and research, can inspire group leaders and the community-at-large tangible ways to act incrementally both individually and collectively to reach long-range goals for increased community vitality.^{iv}

Therefore, in moving forward with this project, it will be helpful for the steering committee to keep their shared narrative at the forefront:

- **A livestock processing facility in our region can be a way to honor the practices of past generations.**
- **A livestock processing facility in our region can create opportunities for meaningful work for future generations.**

- **A livestock processing facility can reinvigorate the local rural economy through adding value to what the land produces, rather than relying on industrial or urban economic models.**

With these shared ideals, they may be able to create more opportunities for regional economic development and prosperity.

VIII. CONCLUSION

This depiction of a community based effort was compiled to both document the process of the Livestock Processing Steering Committee so that new stakeholders can understand the work accomplished so far, and to organize and evaluate the information about the process in a way that allows committee members to look back on progress made and challenges faced in their continued efforts to build a local facility that both meets the immediate needs of ranchers, and also contributes to the economic sustainability of a rural region.

This evaluation demonstrates not only the importance of recognizing external economic and political factors, but also the importance of the motivations, skills, relationships and attitudes that stakeholders bring to a process. These are valuable considerations for any business person or community development professional engaging in a rural project that attempts to capture economic leakage by adding value to raw products within their region of origin.

ⁱ Buchecker, M. & Hunziker, M. (2006) The effects of consensus building processes. *Agricultural Economics Review*, 7(1), 67-78. Retrieved July 8, 2011, from www.eng.auth.gr/mattas/eng.htm

ⁱⁱ Flora, C. B., Flora J.L., et al. (1992) Chapter 10: Social Infrastructure. *Rural communities: legacy & change* (pp. 231-247). Boulder: Westview Press.

ⁱⁱⁱ Gwin, L., & Hardesty, S. (2008) Northern California Niche Meat Market Demand Study. University of California Cooperative Extension.

^{iv} Campbell, D. (1997) Community-controlled economic development as a strategic vision for the sustainable agriculture movement. *American Journal of Alternative Agriculture*, 12(1), 37-44