

SOCIAL OPPORTUNITIES AND OBSTACLES TO SUSTAINABLE RURAL
COMMUNITY DEVELOPMENT: MCCLOUD, CALIFORNIA'S EXPERIENCE
WITH NESTLE WATERS NORTH AMERICA

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ABSTRACT

SOCIAL OPPORTUNITIES AND OBSTACLES TO SUSTAINABLE RURAL COMMUNITY DEVELOPMENT: MCCLOUD, CALIFORNIA'S EXPERIENCE WITH NESTLE WATERS NORTH AMERICA

Kerry E. Topel

This thesis explores the role of community capacity in sustainable rural community development. Community development in the United States has typically followed an economic model founded on the assumption that economic growth will positively affect overall community welfare. I argue that this model may result in environmental degradation and social harm. I explore an alternate approach to sustainable community development, one based on the ideas of community capacity and social capital. I explore these ideas through a case study of McCloud, California, a former timber company town located in the north central part of the state. In recent years the residents of McCloud have sought to sustainably develop their economy and their community. This effort included exploring and eventually rejecting the privatization and commodification of water through a 100-year contract with Nestle Waters North America. Current efforts in McCloud to foster sustainable development reflect the contemporary localization movement and efforts to build community capacity and social capital. I utilize a community capacity cycle model to identify and understand

McCloud's community capacity in order to help uncover the social barriers and opportunities for McCloud's sustainable community development.

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CHAPTER 1: PRESENTATION OF THE STUDY

Introduction

In the fall of 2003 at the end of a town-hall meeting in the unincorporated town of McCloud, California, the McCloud Community Services District (MCSD) Board approved a 100-year water-bottling contract with Nestle Waters North America (NWNA). Many in attendance expected that the meeting was to be the beginning of a public discussion of the proposal to bottle the locally sourced spring water. They voiced serious concerns about issues such as the price of the water sold and the duration of the contract. At the end of the meeting, despite many objections to the contract, the MCSD board signed it. In July, 2008 the California State Attorney General Jerry Brown submitted a letter to the Siskiyou County Planning Department to inform them that the Draft Environmental Impact Review (DEIR) of the water bottling contract between Nestle Waters North America (NWNA) and the McCloud Community Services District was “so fundamentally and basically inadequate...that meaningful public review and comment (is) precluded” (Slon & Brown, 2008) and threatened to sue if NWNA did not improve their DEIR. This action vindicated five years of work by the groups Concerned McCloud Citizens and the McCloud Watershed Council, groups composed of McCloud residents who were concerned about what they saw as potentially negative impacts to their community and surrounding environment that would result from the contract’s implementation. They were gravely concerned about a number of contract particulars such as the 100-year length of the contract (50 years with a 50 year renewal option

decided by Nestle), the fact that costs of Nwana's water extraction in times of drought would be borne by the community, not the company¹, the option to drill bore holes in an unknown hydrological region dominated by lava tubes, and low payment for the water. The contract states that Nestle would pay the MCSD between \$0.000081/gallon and \$0.0005/gallon. A 2007 study by EcoNorthwest of the contract between McCloud and Nestle illustrates the insufficiency of that offer through analysis of amounts paid for water in other regions. In comparison to the Nestle contract, a municipality in Georgia was paid \$0.002/gallon or roughly three times higher than McCloud's remuneration - and for municipal water, not spring water (Lee, Neculae, Niemi, & Reich, 2007). Notwithstanding these issues, the most serious complaint against the contract was the complete lack of a public process where the voices of residents could have been heard and their concerns openly discussed.

Water Privatization

Water privatization has been around for centuries in various forms. However, water bottling is an extractive and aggressive industry that has gained traction in just the past few decades (Gleick, 2004; Shiva, 2002). Water has long been considered an essential public good; providing safe drinking water is considered a core governmental responsibility (Gleick, Wolff, Chalecki, & Reyes, 2002). For centuries, water was traded on a small, informal scale between farmers and local communities throughout the world but such arrangements were based upon a principle that held water as a common heritage

¹ See contract, sections 5.4.2 and 5.4.3. The original contract can be found at the bottom of this webpage: <http://www.mccloudwatershedcouncil.org/legal>

to be shared on the basis of need (Barlow & Clarke, 2002; Shiva, 2002). Recently, the paradigm of water as a right and part of the commons is beginning to change.

In recent years the privatization and commoditization of water has gained momentum, in some cases threatening the stability of communities and local, regional and international governments (Barlow & Clarke, 2002; Harvey, 2006). Since the 1990s the World Bank and other aid agencies have been aggressively pushing for the privatization and market-based distribution of water (Shiva, 2002). Many view this shift from the public to the private sector as irresponsible and dangerous (Harvey, 2006). As David Harvey illustrates in his book, Spaces of Global Capitalism: Towards a Theory of Uneven Geographical Development, the neo-liberalism, “the financialization of everything”, seeks the “corporatization, commodification and privatization of hitherto public assets” (Harvey, 2006). These assets include natural resources such as “earth, forest, water, and air” and their privatization is a way to create scarcity and profit for the owners of capital (Harvey, 2006). Concerns include the possibility that privatization may bypass under-represented and under-served communities, worsen economic inequities and the affordability of water, fail to protect public ownership of water and water rights, neglect the potential for water-use efficiency and conservation improvements, lessen protection of water quality, ignore impacts on ecosystems or downstream water users and fail to include public participation and contract monitoring (Gleick, et al., 2002; Harvey, 2006).

Bottled water, considered by some to be a form of ‘voluntary’ water privatization, is a relatively new phenomenon that has become both controversial and a very lucrative

business. According to Peter Gleick (2004), bottled water sales are increasing worldwide ten percent annually compared to fruit drink sales growing at less than two percent annually and beer and soda sales growing at less than one percent each year. Bottled water sales from 1988 to 2002 more than quadrupled (Gleick, 2004). Bottled water is one of the fastest growing and least regulated industries in the world (Barlow & Clarke, 2002).

Among the many bottlers such as PepsiCo, Coca-Cola, and Danone, Nestle is the world market leader in bottled water. Nestle is a multinational corporation and the world's largest water bottler "with 72 brands of bottled water in 37 countries" whose brands of bottled water include Perrier, Arrowhead, and Poland Springs. The Nestle Corporation also controls one-third of the U.S. market (Barlow & Clarke, 2002; Gleick, 2004). It held a 38.5 percent share of the North American bottled water market in 2006 (Gleick, 2004; Lee, et al., 2007).

Sales of bottled water have grown steadily over the last twenty years. In the United States in 2006, sales exceeded 8.25 billion gallons, which represents an increase of 9.5 percent over 2005 (Gleick, 2004). The sales volume of bottled water surpassed that of milk, and nearly overtook that of beer in 2006 (Gleick 2004). Growth in the sales of bottled water has outpaced all other beverage categories, and bottled water is expected to exceed carbonated soft drinks in overall sales volume in the next decade.

Places where abundant water is sourced are increasingly sought for the capture of this resource. Small, rural communities such as McCloud are prime targets for companies like Nestle. Corporations like Nestle identify small, struggling communities

that have lost their resource base but have a good water source and they offer to bring in badly needed jobs and revenue for the district and county (Barlow & Clark, 2002; Gleick, 1998; Learn, 2009).

How did the MCSD decide to follow a decision-making process that excluded the public's input? Why did a group of residents interrupt the implementation of a contract that was heralded as bringing desperately needed dollars into their local economy and jobs to their neighbors? How did water become something that is bought and sold, not a valued, vital element protected for the health and well-being of all living organisms? Why does "development" always privilege economic interests? How is it that "development" follows a pattern that favors an economic system that inevitably leads to degraded environments? Why are the communities that are directly affected by decisions largely left out of the decision-making process?

This thesis explores these questions through the lens of community capacity using the community capitals framework – a framework that identifies a community as greater than the sum of its parts. The community capitals framework parses communities into interacting elements that include its economy, as well as its built environment, its political capacity, its culture, human capacity (education, training, skills), and social capital. According to Robert Putnam, social capital is the idea that society is made more efficient and democracies more successful when social aspects such as trust, norms and horizontal networks are increased to facilitate community collaboration and cooperation. (Putnam, 1993). This thesis emphasizes the role social capital plays in creating robust community capacity. McCloud's current transition, nested within a larger context of

multiple national and global crises (economic, environmental and atmospheric), challenges its residents and decision-makers to identify a way to address their local economic and infrastructural problems. I intend to illustrate how attention to one part of McCloud's community capacity, its social capital, presents an opportunity for the community to move ahead in a sustainable, holistic manner. First, it is important to understand how McCloud came to this state of transition.

Background

McCloud is not alone in being a former forest dependent community struggling to identify a new direction for their community development. Timber has been central to the local economies of countless rural towns throughout the Pacific Northwest for roughly a century (Dumont, 1996). The forests throughout the Pacific Northwest region were being cut faster than they could re-grow in a culture of "cut out and get out" forestry practices that dominated the region into the 1930s (Baker, 2003a). The timber industry logged their private forests quite aggressively after WWII and into the 1960s and 1970s (Dumont, 1996; Institute, 2002; Office, 2008). Once private timberlands were depleted, focus shifted to public forestlands (Baker, 2003). Local economies in the region, fueled by constant timber harvests, prospered until the 1970s and 1980s when a variety of factors caused a dramatic decline in timber harvest levels (Baker, 2003; Dumont, 1996). Industry changes included automation of processing facilities and an increase in raw log exports (Baker 2003). Legislation eventually slowed logging on national forestlands. Access to the forests changed in the late 1960s and into the 1980s with passage of

environmental legislation such as the Endangered Species Act, the National Forest Management Act, the National Environmental Policy Act and the Federal Land Policy and Management Act. These policies and industry adjustments brought large reductions in timber harvests to forest dependent communities (Baker, 2003).

Declines in and loss of the timber industry brought overwhelming negative repercussions to these forest dependent communities. In Oregon in 1915, 63 percent of wage earners were employed in the timber industry whereas those occupations only account for four to six percent now (Dumont, 1996). More than 37 thousand jobs were lost in Oregon, Washington and northern California since 1990 (Dumont, 1996). In 1980, due to McCloud's loss of their timber industry, the Siskiyou Board of supervisors named McCloud an economic disaster area. In 1990, the unemployment rate in McCloud was 19 percent (Dumont, 1996; Keith & Niemann, 2002). According to the Sierra Institute for Community and Environment's report on the Northwest Economic Adjustment Initiative (NEAI), people from communities hard-hit by loss of timber-related jobs reported increased incidences of alcoholism, suicides, people displaced from jobs and their communities and whole communities devastated by mill closures (Institute, 2002).

The detrimental impacts to the economy and society experienced by forest dependent communities highlight the fragility and vulnerability of communities dependent upon any single industry. This is especially so when the resource is extracted at an unsustainable level. Although the timber industry uses a renewable resource, trees, the aggressive manner with which that resource was harvested in the PNW made such an

economic pursuit unsustainable and detrimental to both the environment and the communities where mills were based.

The consequences of the McCloud community's reliance on timber extraction came to bear with the sale of the McCloud River Lumber Company (MRLC) in 1963. Prior to that time, McCloud was a company-owned lumber town where all residents were company employees and much of the focus of daily life was directed towards company work. By 1965, due to consolidation, the MRLC's satellite town of Pondosa was evacuated and residents relocated to McCloud; the McCloud Theater, McCloud Laundry and Hospital closed, and the McCloud River Lumber Company sold all of its properties – the mill and town of McCloud – to U.S. Plywood. In 1965 U.S. Plywood, not wanting responsibility for the town's infrastructure or to act as a landlord, transferred the ownership and control of the town of McCloud to the newly formed Community Services District (CSD) and ownership of the residential properties to John W. Galbreath & Co., a firm that specialized in the privatization of company towns, who proceeded to sell the properties to residents and outsiders. In 1966, for the first time, various private businesses opened in McCloud but the economy declined nonetheless. By 1970 the log pond was drained and replaced by mechanized unloaders and log handlers. McCloud Dairy closed after 62 years in business. Three buildings, the Thorpe Hotel, the elementary school and the high school gym, all built in the 1920s, were torn down. In the 1980s, McCloud, like countless other communities in the Pacific Northwest, experienced a precipitous decline economically due to further decline in industry as a result of mechanization, reduced timber demand and volume (Dumont, 1996; Institute, 2002).

McCloud changed demographically and socially as the departure of many residents created socio-cultural gaps and holes in the everyday experience of the remaining residents. McCloud residents had been very engaged in their community and active in various organizations such as the Elk's club, Masons, Knights of Columbus, Odd Fellows, Women's Auxiliary to name a few (Gray, Berryman, & Gray, 1997). This level of community involvement disappeared when the mill sold due to the departure of many residents seeking new employment elsewhere.

In the 1980s, new residents began to arrive, attracted by McCloud's stunning scenery, small town, quaint atmosphere, and low-priced real estate. Most of the newcomers came from urban areas in California, many from the Bay Area. A large percentage of these immigrants were retirees² and many people just happened to stumble upon McCloud and took advantage of the reasonably priced housing. These new residents also brought a new worldview with them to McCloud. Their life experiences were vastly different from people who spent most of their lives working and living in a company-owned mill town. The factors of job losses and decreased population combined with many newcomers created an entirely new community. The shift in the population coupled with loss of an industry made McCloud a "bedroom" community rather than an interacting, associated town.

The occasion of the official creation of a legal contract between the MCSD and NRNA crystallized factionalism in McCloud. Residents who desperately wanted the jobs and community income that Nestle promised resented those in town who worked to

² An ironic turn of events since up until the sale of the McCloud River Lumber Company, no one was able to retire in McCloud. Only if you were working there were you able to live in McCloud

nullify the contract. Those who felt strongly that sale of the spring water for “practically nothing” to a multi-national corporation was unsustainable and environmentally destructive were angered about being left out of the decision-making process. Those residents who were involved in the decision claim “no one was left out. Everyone was free to attend the meetings”.

A few pivotal groups formed in the community in reaction to the Nwana contract. Concerned McCloud Citizens formed immediately following the contract. Their sole purpose was to dissolve the contract since they perceived the sale of water as incorrect development. The McCloud Watershed Council (MWC) formed as a non-profit organization shortly after the contract was signed, also in response to the water-bottling contract and with the aim of seeing the contract cancelled. The “Grassroots Alliance”, a “pro-Nestle” group, was an informal collection of residents supportive of Nestle in the interest of job creation and economic enhancement. The Protect Our Waters (POW) coalition, an alliance of California Trout, MWC and Trout Unlimited formed in 2007 in reaction to aggressive water bottling efforts in the Mt. Shasta area and with the intention of ensuring the ecological and hydrological integrity of the area (Coalition, 2008). The McCloud Local First (MLF) group formed due to their realization that the community needed to focus on job creation but even more so, the MLF founders believed that a locally-based, ecologically grounded economy is much more sustainable and beneficial to local interests than the attraction of externally based industry. After witnessing the depression resulting from complete dependence upon a single, extractive industry, some residents of McCloud began to engage with each other to diversify their economy.

Privileging the economy

Although economic development is important for community survival, an overemphasis on that one area, financial, can negatively impact other community resources leaving a community imbalanced and vulnerable (Callaghan & Colton, 2008; Clark, 1995; Draper, 2000; Dumont, 1996; Sierra Institute, 2002). The dominant and typical rural development model relies completely on unsustainable forms of economic development as community development and has left communities marginalized economically, socially, politically and geographically (Danks, 2000). Over reliance upon the extraction of any resource, an economically motivated practice, for example, often results in a degraded and unproductive environment leaving residents without clean air, water or soil and therefore unhealthy overall (Adams, 2009; Callaghan & Colton, 2008; Clark, 1995; Cowell, 1997; Dumont, 1996; Owens, 1994).

Rural areas have long served as a source of resources for industry (Danks, 2000; Dumont, 1996; Institute, 2002; Parkins & White, 2007). Adam Weinberg, in his paper on sustainable economic development in rural America points out how “dysfunctional” development reliant upon natural resource extraction, industrial waste facilities and prisons brought economic development as well as social and ecological disruption (Weinberg, 2000). The placement of these industries in rural areas often serves to further degrade the natural environments and negatively impacts the health of residents as placement of dirty industries offers badly needed income to towns and jobs to residents. The boom and bust of a “cut and run” industry like timber leaves residents economically and socially vulnerable as they are forced to look outside of their community to find

work. This economic dislocation creates a pre-occupation that distracts them from concerns of community development.

Sustainable Development

Sustainable development is an approach to community development that uses a holistic vision to encompass not only economic but also the social and environmental aspects of a community. It is a reaction to the social, cultural and environmental ravages of the “development” discourse that dominated since its formalization after WWII (Adams, 2009; Clark, 1995). “Development” as a concept and practice was formally standardized after WWII by Truman in 1949 when he announced in an inaugural address that science and technology, vigorously applied, would give rise to greater prosperity, production and peace globally (Adams, 2009). In this context, development would serve to re-create the west and bring with it the ‘benefits’ of industrialization, urbanization, capitalism and democracy (Adams, 2009; Clark, 1995; Daily & Ehrlich, 1996).

Over time, the application of development practices by “first world”, “developed” countries to “third world”, “underdeveloped” countries served to increase global disparities in wealth and environmental degradation rather than eliminate them (Clark, 1995; Redclift, 1987). The promises that economic growth would bring societal justice and be compatible with environmental protection never materialized. Instead the gaps between the “haves” of the industrialized North and West and the “have nots” of the global south only grew worse (Clark, 1995; Daly, 1996; Loomis, 2000; Redclift, 1987). According to the World Development Report 2000/1: Attacking Poverty (World Bank

2001 as cited in Adams, 2009), 2.8 billion people live on less than \$2 a day, lack access to education and health care, political power and voice, are vulnerable to illness, economic dislocation, personal violence and natural disasters. 1.2 billion people lack access to safe water and 2.6 billion lack access to sanitation (Adams, 2009).

Environmental degradation also increased resulting in forest declines, rising energy use and CO₂ production, overexploitation of fisheries, depletion, pollution and erosion of soils, food shortages, depletion of irreplaceable fossil groundwater and reductions in biodiversity (Adams, 2009; Clark, 1995; Daily & Ehrlich, 1996).

Sustainable development arose as a reaction to the aforementioned multidimensional global crises created through the faith that economic growth would be a rising tide that could “raise all boats” (Daly, 1996). Sustainable development emerged in the 1970s with the growth of the environmental movement and the recognition that current economic systems are unsustainable and destructive since they thrive on the liquidation of natural capital to create greater scarcity and greater profits (Clark, 1995; Daly, 1996). The term, sustainable development, rose to prominence with the 1987 World Commission on Environment and Development (WCED) report Our Common Future that defined it as “...development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Environment and Development, 1987). Although this definition may seem appealing, its use has created much critique.

Critique of Sustainable Development

Most of the critique regarding sustainable development centers around its lack of clear, consistent meaning (Adams, 2009; Clark, 1995; Cowell, 1997). The WCED definition is viewed as problematic since ‘needs’ is overly vague (Agyeman, 2005; Clark, 1995; Glasmeier & Farrigan, 2003; Hackett, 2006). ‘Needs’ of a corporation are very different from the ‘needs’ of an impoverished person or fish in a watershed or the watershed itself. Critics questioning the WCED author’s motivations have suggested that what is being sustained is “largely the capacity for autonomous increases in productive capability and, thus, per capita GDP” (Agyeman 2005, Clark 1995; Glasmeier & Farrigan, 2003). They argue that there is an innate conflict between economic growth and equity, justice and ecological health that must be addressed before ‘development’ can be considered ‘sustainable’ (Clark 1995, Agyeman 2005; Simon, 1997). Sustainable development promises the resolution of environmental crises and poverty without any sacrifices to the affluent standard of living enjoyed by the world’s elite (Clark, 1995; Daly, 1996; Glasmeier & Farrigan, 2003). Much in the development literature that espouses the benefits of sustainable development also keeps alive the reliance on economic growth, or business as usual (Development, 1987). This is contradictory since sustainable development directly confronts, and problematizes, business as usual.

In reaction to such concerns, the definition continued to evolve. In 1992 at the United Nations Conference on Environment and Development in Rio de Janeiro, Brazil, representatives created the Rio Declaration on Environment and Development known as the Earth Charter (Hackett 2006). This document was

revised and in 2000 a final version was issued (Hackett, 2006). The Earth Charter initiative offers the following definition of sustainable development³, one that incorporates concerns for equity and justice:

The goal of sustainable development is full human development and ecological protection. The Earth Charter recognizes that humanity's environmental, economic, social, cultural, ethical, and spiritual problems and aspirations are interconnected. It affirms the need for holistic thinking and collaborative, integrated problem solving. Sustainable development requires such an approach. It is about freedom, justice, participation, and peace as well as environmental protection and economic wellbeing (Hackett 2006 p. 326).

Even though much of the dialogue and discussion around sustainable development centers on disparities and inequities between the global north and south, it is relevant to McCloud and similar rural places within the United States. The people and planners there are still largely ruled by the dominant neoclassical economic paradigm that espouses economic growth and environmental protection as compatible while there is no evidence to support this notion. The evidence against the compatibility of current economic growth models and environmental protection is overwhelming (Clark, 1995). Rural places are still largely viewed as a repository of resources used in production by urban elites as well as a location for land fills and prisons (Glasmeier & Farrigan, 2003; Redclift, 1987; Weinberg, 2000).

The Earth Charter's definition of sustainable development addresses many issues and concerns raised over the years and encompasses communities in the global south as well as rural areas in the United States. The challenge now is to put the concept of

³ The Earth Charter Initiative can be found at www.earthcharter.org

sustainable development into practice in communities to elucidate consequences of the theory and see if the outcomes actually do increase the quality and durability of the socio-economic and natural environment. In order to do that it is necessary to clarify what is meant by “community” and how people in communities can come together to create the capacity to develop sustainably.

Community

“Community” is a term used in many ways by sociologists both to refer to a place as well as a shared sense of identity dislocated from place (Flora & Flora, 2008). Much of the literature views community as “a spatial unit, a social structure, and as a set of shared norms” (Agrawal & Gibson, 1999; Brown, 2002). More than an administrative unit or a homogeneous group of people with similar interests and attitudes, a “community” is a process of local social interaction among a group of heterogeneous individuals that differ by class, age, ethnicity and ethics (Agrawal & Gibson, 1999; Brown, 2002; Wilkinson, 1991). Traditionally, people in rural communities relied on their neighbors for nearly everything and, as was the case in McCloud, lived, worked, worshipped and socialized in the same place (Brown, 2002; Flora & Flora, 2008). Today, with mass communication and transportation, the concept of community is somewhat blurred. People everywhere are simultaneously involved in a variety of communities – they may feel a sense of community with others spread across the country that share similar values but only “meet” on-line, for example. For the purposes of this paper, the “community” of McCloud is referred to as the physical area that includes all relevant stakeholders

including, but not limited to, people residing in the area, local government officials, bureaucrats, administrators, businesses, institutions and civil society organizations (Wachowski, 2008; Wilkinson, 1991). The concept of community emphasized here is a sense of place and shared norms as norms of behavior guides resource management outcomes (Agrawal & Gibson, 1999).

Community and Institutions in Natural Resource Conservation

A community as shared norms has its potential pitfalls regarding conservation, as discussed by (Agrawal & Gibson, 1999). Communal norms may dictate that land and resources are only useful when exploited for agriculture or profit leading to the degradation of those resources (Agrawal & Gibson, 1999). Agrawal & Gibson explain that collective action has not necessarily been shown as connected to conservation behavior. This point is echoed by other scholars and together they call for greater attention to how community actors interrelate and the institutional arrangements that structure their interactions (Agrawal & Gibson, 1999; de Beer & Marais, 2005; Escobar, 1992).

Institutions are “sets of formal and informal norms that shape interactions of humans with others and nature” (Agrawal & Gibson). Through clarifying behavioral norms, institutions help determine terms of interactions among community actors with differing objectives. Clark C. Gibson & Tomas Koontz (1998) underscore this point in their study of two similar intentional communities established in Indiana in the late 1960s. Although both communities shared similar values for resource conservation and

community resilience, one succeeded in maintaining those values while the other didn't (Gibson & Koontz, 1998). One community still has a stable membership, a protected block of forest in good condition and effective conflict resolution mechanisms. The other, however, has experienced widely fluctuation membership, a degraded forest and more evidence of conflict. Gibson and Koontz show that the main reason for this disparity was the first group's establishment of institutional arrangements that included attention to the founder's values for resource conservation while recognizing an innate need for conflict mediation – characteristics that were lacking in the second group (Gibson & Koontz, 1998). Their example illustrates that how community actors interrelate and the institutions that affect their interactions is much more important than the mere size or make-up of a community. Understanding the existence or lack of various aspects of a community and seeing how people interact and institutionalize their values, their knowledge and experience is the purpose behind the exploration of community capacity (Chaskin, 2001; de Beer & Marais, 2005; Escobar, 1992; Flora & Flora, 2008).

Community Capacity

Community capacity is the cumulative potential of a community derived from the synergy between the various community capitals and built from interactions between people who reside in an area together (Putnam, 1993). It is the collective ability to solve problems and improve or maintain the well-being of the community found through the interaction of human capital, organizational resources and social capital existing within

that community (Chaskin, 2001). Studies from the past couple of decades argue that in order for communities to truly evolve in a sustainable manner and achieve equity, an emphasis on community capacity is required (de Beer & Marais, 2005; Flora & Flora, 2008; Sierra Institute, 2002; Putnam, 1993; Wachowski, 2008). According to Cindy Lyn Wachowski (2008), when capacity development strategies are situated in the concept of social capital, those strategies seek to harness, manipulate and build community capacity to improve living standards and facilitate participatory governance.

Social Capital and Community Capitals

Social capital, in the social science literature, is the ability of individuals to work together through networks and within social norms. It describes relations of trust, reciprocity, and exchange: the evolution of common rules, and connectedness in networks and groups (Adger, 2003; Callaghan & Colton, 2008; Flora & Flora, 2008; Pretty, 2003; Putnam, 1993). Social capital is viewed as essential to the other capitals since cultural, economic, human and physical capital all rely for success, to a degree, on the ability of people to cooperate and collaborate - to use their social capital positively (Callaghan & Colton, 2008). It is central to the lived experience of coping with risk and explanatory regarding the ways civil society interacts with the institutions of market and state (Adger, 2003).

Edith Callaghan and John Colton assert that although all aspects of community capacity are important, some factors necessarily serve as a basis for others (Callaghan & Colton, 2008). The natural environment is an essential and basic factor. Healthy

environmental or natural capital, the stock of renewable, nonrenewable and ecosystem services found in ecosystem functions, is essential for humans to survive and forms the foundation for all other community capitals (Hackett, 2006). “Capital”, according to Flora (2008) is a resource or an asset that is increased through its use and investment. Communities are disaggregated in the literature into six capitals with natural capital set apart in its own separate category. The six community capitals are human (skills and education), cultural, physical (the built environment), political, economic, and social.

The next most essential factor of community capacity, after natural capital, is human and social capital. It is the type of interactions between people and the relationships formed around shared values, norms and trust - the social capital - that determines the quality of the local culture, economy and built environment (Callaghan & Colton, 2008; Emery & Flora, 2006; Pretty, 2003; Putnam, 1993).

The recent inclusion of social capital into consideration for development projects comes from the realization that past projects and policies were unsuccessful because they failed to recognize social aspects as key factors for sustainable development (Wachowski, 2008). There is general agreement that a new approach to rural community development, one that results in sustainable communities, must begin with a focus on the overall capacity of the community (Adger, 2003; Callaghan & Colton, 2008; Flora & Flora, 2008). Wachowski, in her work to assess community capacity’s potential for poverty alleviation and rural development in the Philippines, utilized a conceptual framework of community capacity that elucidates and assesses the ways in which various aspects of a

community come together to either strengthen or weaken its overall capacity⁴. I outline the framework here and later, in my discussion of McCloud's reaction to the Nestle contract, apply it to McCloud's community in order to examine and assess the potential that exists for its residents to create a sustainable future.

In her study, Wachowski separates community capacity into three interacting and intersecting spheres – attributes of community capacity, community agents and community actions (A-A-A) – all set against a background element of contextual influences. See Figure 1.



Figure 1. *A-A-A Cycle of Community Capacity from Wachowski, 2008 (working model based on Chaskin et al 2001; Miyoshi & Stenning 2008)*

⁴ Although a variety of models exist to illustrate how community capitals intersect as well as models that depict how the environment is commonly treated and viewed as separate from society, Wachowski's model is one that not only categorizes the various human capitals (political, economic, social, human, and cultural) but also attempts to demonstrate the synergy between the various elements of those capitals within a community. The only major piece missing from Wachowski's model relative to this thesis is the role of the natural environment.

This model of community capacity represents one approach to assessing the potential present in a community. Communities are as dynamic and complex as the people that reside within them. Many researchers discuss the synergy between variables, such as Flora & Flora's community capitals framework⁵, that together define a community. They emphasize the importance of attention to positive and negative outcomes of those dynamics (Callaghan & Colton, 2008; Emery & Flora, 2006; Flora & Flora, 2008; Putnam, 1993; Wilkinson, 1991). Few, however, have devised a model that allows for a comprehensive assessment of a community's overall capacity. Wachowski's model provides a concise and relevant method that combines research on social capital and community capacity offering one way to categorize the many aspects of community capacity and assess how each part influences the whole.

The A-A-A model depicts community capacity as a continuous cycle between attributes, agents and actions (A-A-A) where each part reinforces the other and does so either in a positive or a negative manner. Wachowski's model brings together ideas of community capitals and combines them into these three spheres so that it is possible to understand how the overall community is or is not functioning. Contextual influences exist in the background of the community capacity cycle to illustrate how they persistently affect each of the three parts of the community capacity cycle (Wachowski, 2008).

⁵ Flora & Flora (2008) describe a community capitals framework in their text, Rural Communities Legacy and Change, that illustrates how all community capitals, including natural capital, are interdependent, complementary, and essential for sustainable community development. Their narrative provides an excellent discussion of the many facets of approaches to sustainable community development. Their work does not, however, provide a model that applies the principles they outline.

Contextual Influences

Contextual influences, according to Chaskin (2001), are the inherent, historical circumstances of the community, a large part of the background of a community that provides the substrate upon which the community capacity cycle rests. The contextual influences integrate Maslow's hierarchy of needs. Maslow's theory states that people need to meet their basic physical and emotional needs before they can begin to engage in anything beyond mere livelihood activities (Maslow as cited in Wachowski, 2008). Contextual influences, therefore, inform the potential of the community to develop sustainably. They exist, according to Chaskin (2001) and Wachowski, in three broad categories; safety and security, structure of opportunity, and the distribution of power and resources. Wachowski's work breaks these into the sub-categories of economic condition, location, maturity of civil society, institutional development, political stability and accountability, stability of residence and history and culture. The explication of these sub-categories, especially maturity of civil society, stability of residence and history and culture in McCloud's case, emphasizes the basic and important role of relationships in decision-making through creation and maintenance of inter-personal ties and the establishment of trust. Taken together, these influences underlie the community capacity cycle and influence its effectiveness. If residents feel safe and secure, they will experience less stress and contribute to larger questions impacting their overall community (Wachowski, 2008). When the structure of opportunity and distribution of power and resources is identified and understood, community members are able to affect change in ways that serve them.

The Community Capacity Cycle

The spheres of the community capacity cycle, attributes, agents and actions, are more dynamic and fluid than the contextual influences and are therefore more malleable and easier to change (Wachowski, 2008).

Community Attributes

Attributes are a sense of community, commitment, the ability to set and achieve objectives and the ability to recognize and access resources. Overall, the sphere of attributes identifies and characterizes the relationships within the community. This aspect of the community capacity cycle examines connectedness between residents through their collectively held values, norms and vision. It also considers the impact of resident's willingness to contribute to and take responsibility for happenings that modify their community. The sphere of community attributes considers the local decision-maker's abilities to identify issues important to residents as well as to devise participatory strategies that address those issues.

Community Agents

Community agents are individuals, organizations or networks that bring about change or effect action in the community (Wachowski, 2008). Flora (2008) refers to this as collective agency and asserts that in order to be effective, people must believe that their efforts to organize to collectively to address their shared needs will make a difference.

The approach taken by community agents can vary by the level of public engagement incorporated into the problem solving process. This, in turn, will affect the community's overall quality of life as each approach identifies different goals, processes, clientele and core problem to be addressed. These affect the community's "triple bottom line: healthy ecosystems, vital economy, and social inclusion" (Flora & Flora, 2008).

Community Actions

Community actions are the work a community performs such as: governance and decision-making, production of goods and services, communication, and organization and advocacy. Overall, actions examine the energy and attention community members dedicate toward their governance, economy and overall quality of life. Community actions looks at how involved residents are in local politics and decision-making and considers the community's capacity and effectiveness in recognizing and paying attention to issues of local importance.

Approaches to Community Action

The approach community agents take varies according to the level of public engagement incorporated into the problem solving process. This, in turn, will transform the community's overall quality of life. Each approach identifies different goals, processes, clientele and core problem to be addressed and therefore affects the community's "triple bottom line: healthy ecosystem, vital economy, and social inclusion" (Flora, 2008).

Cornelia and Jan Flora describe three different approaches to community action; the Technical Assistance Model, the Conflict Approach and the Appreciative Inquiry Approach. These approaches are outlined here to illuminate the approaches to problem solving used in McCloud and illustrate alternative approaches to community action.

The Technical Assistance model is associated with communities that have low levels of community participation. In these communities, leaders seek external assistance such as attraction of industry or finding an outside expert to solve a particular problem. Use of this approach commonly assumes that there is *one* appropriate solution to a problem and that the “experts” should be left alone in their decision-making. This creates dependency, and public participation, therefore, remains low (Flora, 2008). This has been the approach used in McCloud.

Those who pursue the Conflict Approach seek to build organizations that use direct action to empower the powerless (Flora, 2008). This approach is often used to mobilize against external forces; the effort in McCloud to stop Nestle is an example of this approach. In this case, the McCloud Watershed Council also mobilized conflict against an inside power structure, the McCloud Community Services District. The resultant chism in McCloud’s community resulted from the use of the conflict approach to problem solving.

The Appreciative Inquiry Approach builds on existing community assets and focuses on strengths rather than needs (Flora, 2008). It engages community residents to act as co-learners and work to build transformative change by bringing into the future ideas and processes that work in the present and have worked for the community in the

past (Flora, 2008). This approach works through collaboration to achieve entrepreneurial and community visions (Flora, 2008). As will be noted later, this is an approach evolving in McCloud.

Community Capacity critique:

Wachowski's model provides a practical way to assess the opportunities for and obstacles to effective community development. The essential role of the natural environment to the well being of community residents is absent, however. The community capacity framework and Wachowski's model leaves natural capital out of the discussion. Although it may be argued that a community's capacity is independent of the natural environment, such an assertion is naïve and oblivious to the importance of clean air, water and soil to the health of all living members of a community. People in a community who are afflicted and ill due to negative impacts of a degraded environment are less able to engage in their community or contribute energy to its maintenance or improvement. Their energy becomes directed towards self-maintenance. Therefore, the loss of human capacity to work and contribute to dialogue and discussion negatively impacts overall community capacity. According to Flora & Flora (2008) and Callaghan & Colton (2008), natural capital is the base on which all other capitals depend. Health is a basic need and relies upon a robust, healthy environment. Any community's efforts to develop sustainably must include attention to the quality of the immediate and regional natural environment and include environmental considerations in contextual influences. As Flora & Flora (2008) assert, the destruction of natural capital to produce financial

capital can leave an area highly vulnerable to extreme climate events and have negative effects on human, social, built and local financial capital.

Despite the omission of the natural environment in the community capacity framework, it remains an effective framework for examining the potential of a community to solve collective problems and improve the well being of community members. Attention to the role of the natural environment in the overall health and well being of a community would enhance Wachowski's community capacity framework.

This study explores McCloud's community attributes and presents an examination of McCloud's community capacity through the use of Wachowski's model. McCloud is in a transitional stage between its past as a company-owned mill town and some as yet undetermined future identity. Current residents are in the process of grappling with the uncertainty of their future alongside the present struggle to address current expensive infrastructural maintenance needs with insufficient finances. How McCloud's residents identify, appreciate and utilize their overall community capacity to address these challenges will determine the extent of their success in implementing development that is sustainable. The intent of this research is to identify and understand the social opportunities and obstacles to sustainable rural community development. The community capacity framework is used to illuminate how a community's social capital can serve as a barrier or an opportunity for a community's development decisions.

CHAPTER 2: METHODOLOGY

This study employed multiple qualitative research methods. Qualitative research seeks to understand a social phenomenon from the perspective of those involved (Glesne, 2006). The methods I used are participant observation, interviews, document analysis, and interview coding and analysis.

Interview coding and analysis is an application of grounded theory. Grounded theory is a research methodology based in constructivism, a research paradigm that denies the existence of objective reality and instead holds that all realities are subjective social constructions of the mind (Mills, Bonner, & Francis, 2006). It is theory generation through inquiry (Glesne, 2006), and works in reverse from the scientific method in that the researcher generates the theory while conducting research (Mills, et al., 2006). Grounded theory comes from a relativist viewpoint that perception of the external world is formed by each person's individual reality, which is influenced by his or her personal context. Meaning is constructed by the researcher through coding and interpretation of the subjective data gathered between the researcher and participant (Mills, et al., 2006). This is in contrast to the positivist stance that a pre-existing reality exists "out there" waiting to be identified or discovered. I am not a resident of McCloud, for example - I am an outsider. My own background and experiences as well as the specific period of time that I was in McCloud unavoidably color my experiences there.

Entrée to McCloud: Background

When I returned to the United States, after five years of teaching middle school science and math in Morocco, and began graduate school, I visited the McCloud area frequently. A high school social science teacher at another American School in Morocco that I met through inter-school sports happened to be a resident of the Shasta Forest just outside of the town of McCloud. I became acquainted with him the same year that the MCSD signed the contract with Nestle in 2003. His specialty as a social science teacher gave him a heightened awareness of and interest in matters of water privatization, environmental justice, and enclosure of the commons. As a resident of the area, he was concerned about the contract's local influence. The exportation of water and Nestle's privileged access to water over that of the residents in times of drought troubled him. The news of the MCSD's contract with Nestle shocked and concerned him. My interaction and conversations with this colleague introduced me to the subject of water privatization and commodification and caused me to ponder how the McCloud community came to the decision to sell an ecologically vital, public resource such as water.

As I visited McCloud, I was attracted by the area's amazing scenery and abundant recreation. I continued to pay attention to McCloud and the issues around the bottling contract with Nestle as I began my studies. After the California State Attorney General nullified the contract between McCloud and Nestle in the fall of 2008 (Slon & Brown, 2008), I decided to make McCloud my thesis topic. I realized the social and environmental significance of the contract and ensuing conflict and understood that there

were important lessons to be learned that could apply to other rural communities in the western United States.

Community Based Methods

In the fall of 2008, I began immersing myself in the McCloud area. At that time, I learned about a movement in McCloud to explore the possibilities of developing a strong local economy. In collaboration, the McCloud Watershed Council and JEDI (Jefferson Economic Development Initiative based in Mt. Shasta) arranged a visit to their area by Michael Shuman, a founder of BALLE (Business Alliance for a Local Living Economy) since they saw the localization movement as a portal to their future and he was already scheduled to make a presentation in Weed, Ca. As part of my research, I attended the two BALLE meetings; one in Weed, Ca. and the other in McCloud. I realized that the efforts of McCloud's residents to learn about localizing their economy represented action toward sustainability. I also attended a few MCSD Board meetings and Nestlé's first public meeting after the initial contract was cancelled. During this time I began establishing contacts and networks with residents in McCloud. These community-based events were excellent opportunities to observe and meet residents who are passionate and actively participating in public dialogue regarding McCloud's situation and creating its future. After attending these community-based meetings I decided to focus on McCloud's community development for my thesis since it represented a local opportunity to explore and understand the conflict between market-based capitalism and sustainable development at a rural community level. McCloud's resident's struggle and conflict over

establishment of another extractive industry, water bottling, represented an opportunity to tease apart the opportunities and challenges toward the creation of sustainable community capacity through an examination of the values embedded in the community's social capital. The situation in McCloud also presented an opportunity to explore the processes through which these actors and their values interrelate (Agrawal and Gibson, 2000). Many groups were formed in the aftermath of the creation of the original contract and I saw this as an opportunity to understand how relationships between community actors influence the construction of institutions and how those arrangements influence community capacity.

I began my field season in McCloud in the spring of 2009 and intermittently spent time interviewing and observing through June. Due to the gracious hospitality of Claudette Silvera, I was able to reside in McCloud and spend a total of 8 weeks there. During my time there, I conducted 32 interviews, attended MCSD Board meetings, two community meetings with Nestle, public meetings with the McCloud Area Planning Committee, the McCloud Chamber of Commerce, McCloud Watershed Council, McCloud Local First, and public events such as Earth Day clean-up, the annual McCloud Mushroom Festival, McCloud Flea Market, and Heritage Days. Although relatively brief, these experiences allowed me to expand my insight into the socio-cultural aspects of McCloud.

Interviews

My primary research method consisted of qualitative, open-ended interviews. Each interview was conducted using a semi-structured open-ended interview schedule.

My selection of interviewees was purposive⁶. I interviewed leaders and decision makers in McCloud as well as people of influence who reside outside of McCloud, since I wanted to understand how their values and perceptions influence interactions and priorities and translate into community decisions. My definition of a leader is both a person in a formal leadership role such as an elected position, as well as “silent leaders”, those that others in the community turn to for advice or support but who do not have an official role as a community leader.

Key informants were identified according to their role as leaders or decision makers in the community. I used the “snowball” technique to identify community leaders⁷. My list of interviewees included non-residents of McCloud who were also people who played a role in decisions affecting McCloud’s development. Those suggested included people such as Siskiyou County supervisor Jim Cook, Nestle’s representative Dave Palais, the Siskiyou County school district supervisor Mike Matheson, as well as leaders of business development and non-profit groups.

⁶ Purposive sampling is a qualitative technique where participants are chosen based upon characteristics they possess (Babbie, 1973) which in the case of this study is selection of people viewed as leaders in and in relation to McCloud, Ca.

⁷ The “snowball” method is simply asking an interviewee to name others that they feel fit the criteria and would benefit the study. I found through use of this technique that it also reinforced my list of potential interviewees since many different respondents suggested I speak with the same people.

Although I was consistent in my approach to each interview, the dynamic between the interviewee and myself may have influenced the information gathered (Glesne, 2006). Gestures such as a smile or frown while in conversation subtly signals approval or disapproval and may alter the answers an interviewee gives in an interview. I was aware of this dynamic during interviews and endeavored toward neutrality.

Interview Coding

Coding is a process of data organization that sorts qualitative data into similar categories to allow the researcher to look for patterns in the data and interpret those patterns bringing greater meaning to the research (Bogdan & Biklen, 2003; Glesne, 2006). After transcribing my interviews, I examined each question of the interview schedule and created codes from interviewee responses in relation to my overarching question about social challenges and opportunities to sustainable rural community development. Responses to each question were divided into a number of different categories that reflected my interpretation of the various responses. Those categories were then formalized into codes. I then returned to the interviews and tallied the number of codes each respondent included in their answer to each specific question. Repetition of an idea or concept within a response to a question was only assigned one code and counted once. For all of the interviews taken together, each code within each question could have a maximum frequency of 32 since there were 32 interviews. The total tally of code responses for each question, however, varied since one respondent could give a response that included five codes while another respondent might only respond with two

codes. For example, one of the interview questions was, “What do you value about McCloud?” After examining all of the interview responses I created seven codes for that question: Natural environment/health, natural environment/aesthetics, culture, quiet, historic, safety, and recreation. I then went back to the interviews and tallied the number of codes found in each response. One interview response was, “The air, the water, the environment and the people.” This response was determined to contain two codes: natural environment/health and culture. This process was repeated for each question of every interview and recorded in an excel spreadsheet. The resultant compilation of data was examined to illuminate the social dynamics between McCloud’s residents and to understand McCloud’s community capacity.

CHAPTER 3:

MCCLOUD: HISTORICAL DEVELOPMENT OF A TYPICAL RESOURCE DEPENDENT COMMUNITY IN THE WESTERN UNITED STATES

McCloud, California is located in Siskiyou County in the north central part of the state, and lies in the shadow of Mt. Shasta, the second highest peak of the Cascade Range. McCloud is 10 miles east of Interstate I-5 on State Highway 89 where it is surrounded by large, private industrial timberland and federal lands endowed with rich natural resources (Keith & Niemann, 2002).

McCloud was initially established as a company owned town. The lingering effects of company ownership run deep in the psyche of contemporary residents. Prior to its establishment as a mill town, McCloud's location between two major rivers was important to the livelihood of indigenous people. This history is still felt today.

The McCloud River is a primary northern tributary of the Sacramento River and is located between the Pit and the upper Sacramento Rivers. It was vital to the livelihood of the Winemem Wintu people ("Winemem" in the Wintu language means "middle river"). The Winemem Wintu lived a fishing subsistence lifestyle in the upper Sacramento River foothills and occupied the area of present day McCloud for millennia where they thrived on a plentiful diet of salmon, acorns, pine nuts, black bears, deer, and other foods (Hoveman & Turtle Bay Exploration Park, 2002; Moore, 2008). The McCloud river is historically renowned for being "the best salmon-breeding river in the world," so full of salmon that Livingston Stone, a fish culturalist, once proclaimed in 1874 that, "if a person could balance himself, he'd be able to cross the river on the backs

of salmon, they're so thick." (Hoveman & Turtle Bay Exploration Park., 2002). The river definitely shaped life in the McCloud region. The geography of the area also influenced McCloud's early settlement history.

The topography of the McCloud region, particularly the region toward the nearest city, Mt. Shasta, has made travel in and out of the area difficult ever since its settlement by western Europeans. Highway 89 traverses a steep grade commonly referred to as "The Hill" or "Friday George Grade" between McCloud and its nearest neighbor, Mt. Shasta. Prior to its establishment as a lumber town settlement, McCloud was logged by Ambrose "Friday" George (Gray, et al., 1997). Unable to successfully overcome the physical and financial hurdle of transporting logs and wood products with oxen over the steep mountain grade between his lumber camp and rail access in Mt. Shasta, "Friday" George went bankrupt. George W. Scott and William M. Van Arsdale, who bought his mill and property, founded McCloud in 1897 with the formal incorporation of the McCloud River Lumber Company (Gray, et al., 1997).

Logging was a big industry in the 1800s throughout the American west as westward expansion and settlement fuelled the demand for timber to build towns and cities (Moore, 2008). Scott and Van Arsdale rapidly laid out the McCloud town site, their logging operation, and completed the railroad over "The Hill" to Mt. Shasta. Since McCloud was fairly isolated and difficult to reach, Scott and Van Arsdale established McCloud as a "Company Town" (Gray, et al., 1997). "Company towns" were common in California in the late 19th and early 20th centuries due to the need for strategic placement of labor near the woods where they worked, thereby increasing the ability of industry to

easily exploit resources (Allen, 1966). Only the employees of the McCloud River Lumber Company (MRLC) and their families were allowed to live in McCloud and enjoy the amenities the MRLC provided (Gray, et al., 1997; Keith & Niemann, 2002). The MRLC gave families housing and single male employees lived in a rooming house.

The amenities offered to employees in McCloud, as in other company towns, were numerous. Generally owners of company towns provided water, sewage, electricity, fire protection, gas, telephone, home maintenance and social programs including health and welfare, recreation, religious activity and education (Allen, 1966). MRLC provided a well-equipped social center at the fire station where dinners and card parties occurred. The company also built a theatre, hospital, dance hall, pool hall and even a swimming pool. Each year, the company provided each family with a turkey for Christmas and presents to all the children (personal communication, May 22, 2009). Its inhabitants regarded life in McCloud as “good” and many residents fondly remember the days of “Mother McCloud,” the name affectionately given to the company town when it retained employees during the Great Depression. This is also true for the other notable company towns in Northern California, such as Scotia, which had a waiting list of people interested in working for the Scotia Pacific Lumber Company and the privilege of living there (Allen, 1966). The bonds between residents of former company towns were so strong that many former residents still gather regularly for reunions to celebrate and remember the “good old days” (Moore, 2008).

The way the MRLC ran the mill and town was very hierarchal. Overall this was a business endeavor and the fact that it was also a town was secondary to the way things

were managed. In a company town the company was the local government and made all business and civic decisions. The MRLC hired a constable to keep order and enforce the company's rules of conduct – but only one individual was required as constable since the company policy of firing anyone who was disruptive in any way effectively maintained order.

Company policies regarding disruptive or untoward behavior enforced what some viewed as a safe and peaceful society that weeded out anyone who stepped out of line or was thought of as a troublemaker. If an employee's child misbehaved once too often, or there was a conflict in the workplace, the employee and his family was asked to leave and had to move within two week's time to make room for their replacement (personal interview May 25, 2009). This exercise of power also reinforced hierarchies and social inequality. For those residents who maintained their employment in McCloud, dependence on the MRLC to meet their needs and take care of their safety and security along with hard and often-dangerous working conditions brought the employees/residents of McCloud close together and reinforced the power of the Company. Everyone didn't experience that closeness equally, however.

The threat of job loss was an effective tool for creating and maintaining divisions. Racism that was pervasive in the rest of the country existed in McCloud and other similar lumber towns throughout the Pacific Northwest. A race-based hierarchy was maintained in company towns like McCloud (Mann, 2002). Northern Europeans were at the top of the hierarchy, Italians next, Mexicans below them and African Americans at the bottom. All people lived in separate, segregated areas of town. The maintenance of segregation

allowed the company to keep wages low, control labor, prevent unionization and manipulate workers to the advantage of the company (Mann, 2002)

MRLC employees of similar racial and ethnic groups developed fellowship on the job as well as off the job. Many lodges were established along with their auxiliary ladies' organizations such as: Masons, Knights of Columbus, Sons of Italy, Haymakers, Knights of Pythias, Odd Fellows, Foresters of America. Boy and Girls Scouts were there for the young people (Gray, et al., 1997). African American residents maintained a separate Baptist church and civic groups (personal interview, April, 2009). Residents enjoyed regular sport and recreation, too. The pervasiveness of such fellowship lodges and regular recreational community experiences coupled with strict disciplinary action created a close-knit, rule driven, yet segregated, society that also normalized authoritarian decision-making.

Because of the stability and security it lent to their lives, many contemporary residents of McCloud reminisce about how well taken care of they were and romanticize the past days of "Mother McCloud." In their experience The Mill was always there for them. If a person needed a minor house repair or firewood for the winter, a call to the company manager took care of it (personal interview, June, 2009). As with many company towns, since the MRLC took care of everything, no one developed experience with civic decision-making. This dependence created a vulnerability regarding local town management and became pronounced when the timber resource the mill and town depended upon for their livelihood ran out.

The rapid logging rate in the forests owned by MLRC couldn't go on indefinitely. Eventually the great old growth pine, fir, and cedar trees of the region were mostly all felled and supply for the mills dwindled.

Company Town to unincorporated community: The end of an era

In 1963 the MRLC closed its operations and sold the mill, railroad and the town of McCloud to US Plywood/Champion International Corporation. US Plywood/Champion International Corporation improved its efficiency and employed only a fraction of the 1600 employees that the mill had employed. It had no responsibility for the workings of the town itself as the MRLC did (Keith and Niemann, 2002). In 1965, since they weren't interested in or adapted to the real estate business, US Plywood/Champion put the railroad and the town on the market (Keith & Niemann, 2002) and in 1979, they closed completely. P&M Cedar reopened the mill, but at a much reduced capacity (Keith & Niemann, 2002). When US Plywood/Champion closed in 1979, 300 people were without work. Most left for work elsewhere taking their families with them. P&M Cedar arrived in 1980 but closed in 2002 leaving another 100 people out of work and the community without any industry.

The Transition

Between the time MRLC sold and P&M Cedar left, the town's population halved and many houses and structures were left abandoned (Keith & Niemann, 2002). The town seemed to be on the verge of becoming a ghost town. Soon however, some people

from the Bay area and elsewhere began to buy houses in McCloud. Many bought a home as a second home, some bought houses as vacation rentals and some people decided to retire in McCloud. All of these changes greatly altered the demographics of McCloud. The town changed from a mill-centered, booming, family-oriented town to a bedroom community literally overnight. The loss of long established residents leading to an overall decline in population as well as houses left vacant for most of the year and the slow influx of new residents greatly impacted the sense of community in McCloud. Now instead of a common industry unifying resident's interactions and sense of purpose and identity the residents of McCloud only shared a geographical space. Residents of McCloud, an unincorporated community⁸, were left with an industry but no town government. They went from being "wards of the company to wards of the County" (Keith & Niemann, 2002).

⁸ In referring to McCloud as a town, it is important to clarify that McCloud is actually an unincorporated community. Control over property and the generation of revenue in unincorporated areas is a difficult issue. The services delivered to unincorporated areas depend primarily on property taxes, sales taxes, and other locally raised revenues that the county uses to service all of its unincorporated areas (Sokolow, 2000). Unincorporated areas are in competition with each other, therefore, for county government attention and resources (Sokolow, 2000). Cities, on the other hand, benefit directly from local tax revenues. Counties earn only about 2/3 the revenue from sales tax on a per capita basis because cities experience more commercial activity than county areas leading to higher sales tax revenues in relation to population (Sokolow, 2000). The land of unincorporated places is controlled by the county which is responsible for planning, zoning and land-use regulation (Voters, 2009). It is this point that has specifically confronted McCloud with proposed development generally and the Nestle issue specifically. The decision of Siskiyou County planners to allow a large number of vacation rentals in McCloud has had a huge negative impact upon the community.

The McCloud Community Services District⁹:

In February of 1965, US Plywood established the McCloud Community Services District (MCSD) in order to “transfer ownership and operation of the town’s services from a private corporation to a public entity” (Supervisors, 1965). The MCSD was the only decision-making body in town with their decision making style modeled on the hierarchical example set by the mill - the only model residents knew (personal interview, June 2009). The MCSD general manager and the Board made all local community decisions, continuing the authoritative dynamic established by the MRLC. The MCSD even continued to tend to private household matters for a number of years as the company had. If a resident’s heating malfunctioned or an appliance needed repair, a call

⁹ The purpose of a Community Services District (CSD) is to serve as “any agency of the state for the local performance of governmental or proprietary functions within limited boundaries” (Government Code Section 16271 {d}). It is a local government, formed under state authorization, that delivers public services to a particular area (Mizany, Manatt, & Committee, 2005). CSDs are limited purpose local governments whose role is to provide infrastructure and up to 16 public services for the local community. (Mizany, et al., 2005). Eighty-five percent of California’s CSDs are single service districts created to allow local citizens access to a service they want, such as a water district or a cemetery district, and have the ability to influence the cost of that service (Mizany, et al., 2005). Some CSDs, on the other hand, are quite large and cover an area that encompasses towns and unincorporated areas. The Humboldt Bay Municipal Water District, for example, supplies water to five cities and two unincorporated areas. The McCloud CSD (MCSD) is unique because it offers eight services: water, sewer, alleys, refuse collection, park/recreation services, library, fire/ambulance service. According to a member of the MCSD, “Until recently ours (the MCSD) provided the most services of any CSD in the state of California.” The MCSD offers so many services because McCloud is an unincorporated community that is fairly isolated and requires many localized services.

Because of its small size and the expenses associated with incorporating and becoming its own city, McCloud has remained an unincorporated community (District, 1965). Two incorporation studies were conducted in the past but results showed that McCloud didn’t have a sufficient commercial base to make the effort worthwhile (interview May, 2009). Special districts generate revenue through the collection of fees for services, property taxes, grants and loans from several sources, or the issuance of bonds. CSDs can issue bonds for capital improvements but are not able to participate in the business of direct economic development as cities are (Mizany, et al., 2005). Special districts are limited in activity, in their ability to raise revenue, and in their power to regulate planning and land use (Voters, 2009).

to the district office took care of it. Eventually such services were discontinued as the MCSD necessarily had to charge for such assistance.

The original proposal for district formation, besides relieving U.S. Plywood of its responsibility to operate and maintain local services, emphasizes the democratic election of directors by local residents who are affected by the availability and quality of the services provided by the district and highlights the democratic benefits of the MCSD (District, 1965). This decree proposes that the MCSD could bring participatory self-governance to McCloud after nearly a century of autocratic rule by the McCloud River Lumber Company. In practice, at least until recently, the governance structure was not participatory. Instead, the MCSD was largely absolutist, where power was hierarchically employed and the pursuit of participatory democracy was de-emphasized. It didn't take long before the community realized how difficult it can be to change old habits of autocracy, and how much of a burden ownership and operation of a town's services can be.

The MCSD became McCloud's local government agency once the MRLC sold off its assets. It is an influential community agent with a lot of potential to influence the development of McCloud's community capacity either positively or negatively. Although it has a democratically elected board, some residents felt that the MCSD acted independently and without true consideration of their concerns when making decisions. Residents raised this point during interviews. "A lot of them (board members) came from that mill town background where that's how it was always run. The company said, "This is the way its going to be and if you don't like it, you can pack your stuff and leave

town.”” According to a few interviewees, residents who were unhappy with how the MCSD ran things didn’t go to the MCSD to complain because they weren’t listened to. “If we say something, they won’t listen to us anyway.” “They just do what they want. They don’t listen to nobody.”

The MCSD essentially alienated themselves from McCloud’s residents, negatively impacting McCloud’s community attributes – sense of community, commitment, and the ability to recognize and access resources- through decreasing participation, increasing apathy and lessening dialogue, thereby decreasing communication and the opportunity to understand their community human assets. “The arrogance and the contempt and the power and the manipulation you would see was discouraging. I can see why people ran from hearings...because they were treated horribly.” So, although meetings were legally required to be open to the public, the manner in which the MCSD worked essentially made it an authoritarian organization that believed it had legitimate power to make autonomous decisions. Although the MCSD tried to improve life in McCloud, not all decisions made affected McCloud positively. Some vital decisions, such as the way it handled District finances, made the community financially vulnerable.

Since its establishment and until quite recently, the MCSD didn’t put money away for reserves or apply for grants. For example, when the MCSD realized it had to raise water rates in the early 1970s and the district manager advised that the board add two or three dollars to the fee increase so that the district could put money aside, the board rejected the idea (interview, 2010). This oversight prevented the MCSD from getting

ahead financially and the lack of savings continued for many years. “There were no reserves 15 years ago. A lot of it was the “Mother McCloud” factor. Could pick up the phone and get what was needed. (The community) stayed on the crutch for years.” “We have a legacy problem. The previous district didn’t put money away or invest in infrastructure. The legacy has been, ‘We’re cheap, and we’re going to stay cheap.’ Now we have a huge increase in expenses – got to put in all these mandated requirements that the state has for us.” Another interviewee mentioned that the MCSD was reluctant to take money from the federal government. “In the 1960s and 1970s the federal government gave away money for infrastructure and the boards didn’t want to ask for any money because they didn’t want to deal with the federal government. They wouldn’t apply because they didn’t want to get in bed with the federal government.” The lack of funds combined with an aging infrastructure and no plan to address these issues made McCloud’s community vulnerable.

Problems with the community’s infrastructure finally surfaced in the 1990s when the water and sewer systems were found to be in disrepair (Keith & Niemann, 2002). That state of affairs caused a “cease and desist” order to be placed upon the town and disallowed new residential and business development until costly repairs were made with a loan from USDA Rural Development (Keith & Niemann, 2002).

Besides their poor fiscal state, McCloud was also ill prepared regarding planning. In 1994, when the Northwest Economic Assistance Program (NEAI), a socioeconomic assistance program established in 1993 was introduced to the McCloud community, McCloud had no action plan to address their infrastructure problems unlike many other

northwestern communities like Happy Camp and Hayfork that did (Keith & Niemann, 2002). In reaction to the loss of its major industrial source of income and after being declared an economic disaster area in the 1980s, the MCSD, in the 1990s, considered bottling the water flowing through McCloud.

The lack of planning along with insufficient funds brought increased pressure on the MCSD in the 1990s to establish a plan of action that would allow them to generate revenue. Even though it is not part of their charter to be involved in economic development, the MCSD was compelled to improve the town's economy in order to bring in revenue that would serve the needs of the district. The remaining residents were not affluent and the property values were relatively low, so properties in town did not generate much property tax revenue. Even so, given the fact that as a CSD they are not able to participate in direct economic development, pursuit of an economic enterprise such as water bottling was a legally risky decision.

The early MCSD board members were very well intentioned but inexperienced (interview, May 2010). The model of governance that they replicated, from the mill management, was autocratic and closed rather than pluralistic and transparent as promised when the MCSD was formed. This execution of leadership deeply and negatively affected the community's ability to govern, communicate and make decisions together. Because of the ingrained lack of communication and resultant weak community capacity, the McCloud community lacked the collective ability to respond to external and

internal stresses or meet local needs (Sierra Institute, 2002). The greatest need and internal stress was and remains the water infrastructure¹⁰.

McCloud's water infrastructure is over 70 years old and some of it is made up of hollowed out redwood logs. The location of much of the underground water system is unknown since records of past work on the system were not systematically kept making repair and maintenance difficult if not impossible. "It (the water infrastructure) went into the ground, installed by the mill, so nothing in the ground is in logical places... We have some pipelines that are 60 and some that are 70 years old. We inherited it." At this time, spring of 2010, the MCSD is working to design and implement a completely new water infrastructure distribution system but it is estimated that completion of such a project will cost approximately \$30 million. How does a small community of 1300 people pay for this?

The Nestle Experience

The MCSD considered bottling their own water and selling it but research they commissioned in 2006 through The Source Group, Inc., an environmental engineering, hydro geologic and management firm located in Pleasant Hill, California, found that market share was too difficult and it would be better to collaborate with an established bottler instead of establishing a McCloud brand (The Source Group, August 12, 2006).

¹⁰ The water infrastructure of many communities in the western United States is old and in need of repair, maintenance or replacement. In California, water infrastructure creation received a lot of attention in the 1950s and 1960s with the economic boom and urban flight in the 50s (Studies, 2006). That attention waned in the 1970s. Now most water systems are 50 years old or more and therefore require increased attention and maintenance.

Prior to commissioning the study with the Source Group and signing the contract with Nestle, the MCSD did seek out other bottlers. Early on, one of those bottlers was Nestle but at that time Nestle wasn't looking to expand their market into Northern California. According to Dave Palais, Nestle's natural resources manager, "We were first approached in 1998. At the time we weren't looking to put a bottling facility up here (in McCloud)." Dannon did discuss possibilities with McCloud but wanted to secure rights to the water. McCloud refused since they didn't want to relinquish their water rights so Dannon left and established a water bottling facility just outside of the boundaries of Mt. Shasta City.

There are currently three other bottlers in the area: Mt. Shasta Spring Water and CCDA (Coca Cola Dannon waters of north America) in Mt. Shasta, Crystal Geyser in Weed and AquaPenn in Dunsmuir. According to Steve Bachmann, the McCloud Forest Service hydrologist, water bottlers didn't exist in the area until after 1994 when he was hired. "In my memory this all happened very, very quickly. The year before Dannon and Crystal Geyser came we just started to get phone calls from consultants and they wouldn't tell us who they were working for but they just would ask us questions about the springs, accessibility and information that we had which frankly wasn't much. In that first period there was initial research and then suddenly the (water) plants were there." As mentioned earlier, the bottled water market only became a lucrative business in the early 1980s and really started to take off in the 1990s. The fact that so many bottlers appeared in the Mt. Shasta area in the late 1990s underscores the fact that bottled water is a very profitable enterprise and that the naturally volcanic filtered spring water in the Mt.

Shasta region is considered quite valuable economically. But is its commodification justified or sustainable?

Despite claims by water bottlers that the nature of their business automatically makes them concerned about the sustainability of the water source, the track record of companies such as Nestle preferring litigation over communication and cooperation demonstrates that their actual business practices still mostly favor only the financial health of their shareholders and mimic that of the aggressive timber companies (Barlow, 2002; Shipman, 2009). Corporate bottling companies exist to make a profit and if the water supply is negatively impacted they are content to pack up and leave (Barlow, 2002; Gleick, 2004; Shiva, 2002). The fight between countries, governments, corporations, and international agencies regarding whether water is a right or a need is underway¹¹. The assertion that privatization of water is more effective and efficient than public systems is hotly contested (Barlow & Clarke, 2002; Gleick, 1998; Shiva, 2002).

For McCloud to shift from timber extraction to water extraction and sale leaves the community vulnerable to a future economic crisis similar to the one that occurred after the loss of the mill. Although the water supply seems infinite, that perception is strictly conjectural since the first studies on surface flow and spring water supply in the Upper McCloud River Basin are only now just underway (Henery, 2008). Heavy extraction of water to supply a water-bottling industry in the McCloud region, therefore, has unknown ecological consequences. In the contract, Nestle would have the ability to extract 1600 acre-feet of water per year – and unlimited access to groundwater.

¹¹ In July, 2010, the United Nations adopted a resolution recognizing access to clean water and sanitation as human right (<http://www.un.org/News/Press/docs/2010/ga10967.doc.htm>).

According to a statement made by Noah D. Hall, an assistant professor of law at Wayne State University, even though water bottling has essentially no impact on the *total national supply of groundwater*, “it can have significant impacts on local groundwater supplies. Groundwater extraction may affect the quantity and quality of the groundwater aquifer. Significant groundwater pumping can cause a temporary or permanent lowering of the water table... This affects other groundwater users whose wells go dry or stop producing potable water.” (*Federal and State Laws Regarding Bottled Water - An Overview and Recommendations for Reform*, 2007)

The existence of three bottlers in the area has already had an impact on the watershed according to the Winnemum Wintu. Panther Springs located on the side of Mt. Shasta, a sacred place for the tribe, has run dry two years in a row, the first time in tribal memory this has ever occurred. Their mythology speaks of a balance between fire and water and they believe that now that the water is leaving, the mountain will explode (fire will emerge). A multi-national corporation has many more financial resources than a small, unincorporated community like McCloud. Already, in communities in Michigan and Florida, Nestle has shown that they are not averse to using litigation to extract as much water as they desire (Shipman, 2009). Once they get their ‘foot in the door’, they are known to use lawsuits to increase their extraction (Gleick, 2010; McCloud Watershed Council, 2009).

After years of searching, the MCSD finally found a bottler. In 2002, the MCSD was approached by Nestle as they were looking to expand their reach into northern California. At that time they entered negotiations with the MCSD. David Palais of

Nestle Waters North America stated, “Several years later (after 1998) when we were (looking to put a bottling facility in the McCloud area), in 2002/03, we contacted the MCSD again to see if they were still looking to have a bottling company come in. So we spent the summer negotiating a contract with the MCSD.”

The Nestle Contract

The contract¹² sells 1600 acre-feet of water to Nestle Waters North America (NWNA) at the price of 200 household equivalents (HE) at the rate charged to residents¹³. This amounts to \$42,240 per year and would go up if household water rates rise. The water bottling plant in the 2003 contract, at full build-out, would occupy one million square feet. The duration of the contract is 50 years and gives Nestle the right to extend the contract for another 50-year term, effectively making it a 100-year contract. The contract allows Nestle to request the district to “design, construct and install one or more ground water production wells” with costs reimbursed to the District by Nestle. Water obtained from these wells as well as water used for sanitation, grounds maintenance and production is not included in the maximum take of 1600 acre-feet, essentially allowing NWNA to take unlimited amounts of water (Richard McFarland Testimony, 2007). The amount paid for this groundwater would be the same as charged for golf course irrigation that was \$0.0002/gallon at the time of the contract. Nestle would also create an Arrowhead Community Enhancement Fund for McCloud and

¹² All information in the paragraph is taken from the contract found at the McCloud Watershed Council’s web-site - <http://www.mccloudwatershedcouncil.org/node?> Page 8

¹³ Nestle also acquired rights to water in the McCloud River for over five times the amount of water established in the McCloud contract.

contribute a fixed \$100,000 annually. This amount would not change with inflation. The MCSD also would receive exclusivity payments for the duration of the contract beginning at \$150,000 for the first five years and increasing to \$250,000 per year by the 25th year.

Members of the MCSD thought they had found the best solution for the welfare of the town and thought that the decision would be celebrated widely. As one former MCSD Director stated, “I was so stupidly naïve to think, who would fight a clean industry? Oh boy, was I wrong.” The negative reaction in the community shocked them as much as the decision to bottle the town’s water shocked many residents. “At the end of the meeting, MCSD said they’d heard the comments before, they’ve answered everyone’s questions and they went ahead and signed it (the contract). I talked with one of the board members there and he said, “Well, Nestle forced us into it.” And I talked to Nestle and they said, “Well, no. We were shocked (that they signed at that time).” Another resident, at a congressional hearing states, “After an hour or so of questions and concerns from the public, the MCSD voted to approve the contract between MCSD and NWNA. The audience was shocked. We had assumed that this hearing was going to be the beginning of a public process” (Richard McFarland Testimony, 2007; Shipman, July 15, 2009)

Some people who didn’t support Nestle didn’t dispute the idea of bottling the water, but did not think Nestle was a “good fit” or appropriate, especially given their track record and lack of accountability. But due to the eroded relationship between the MCSD and the public, the voices of these residents weren’t acknowledged. It was the

general lack of community involvement in any dialogue around the decision to sign the contract with Nestle and bottle McCloud's water that created a corrosive environment in McCloud following the signing of the contract. The lack of information and consideration of a community perspective hurt the MCSD's ability to make an informed decision that reflected the interests of the residents.

As illustrated through interviewee comments, the MCSD did not encourage the public to participate in decision-making but rather enforced the acceptance of the MCSD's decisions through belittling residents who complained. "The board (MCSD) was basically ignoring the community. It was like, 'I'm in power now and I'm going to do what I want to do.' It's a power trip." This power dynamic influences which voices are heard and which are silenced. The Board's inability to effectively engage the public in decision-making decreased its accountability. Through generally dismissing opposition the MCSD reinforced its power and maintained a dynamic in which those who disagree with decisions either keep quiet or move out. "We had people in this town told at public meetings here by the old board members (five years prior to my interviews), 'It's the way it is here and you can leave just as easy as you came. This is how we do things here.'"

Another interviewee remarked, "Our MCSD is very much a dictatorship. It's a 'good 'ol boy's' club who does whatever they want, so they're kind of a big barrier in this town."

The MCSD decided to address economic issues with the bottled water solution out of a sense of civic duty as well as financial desperation driven by the impending infrastructure repairs to the water system (Keith & Niemann, 2002). The economy is a

difficult issue for a small rural community such as McCloud to address. The fact that it is an unincorporated community and does not benefit from sales taxes limits its options.

Overall, the past actions of McCloud's governance structure along with the lack of strong local businesses after the mill closed made the community vulnerable to exploitation by outside influences. Those actions also weakened the community's ability to engage in local politics, decreasing the MCSD's accountability and leading it to make funding decisions that hobbled the community's ability to plan for the future and address large, expensive infrastructural repair and maintenance.

Contract benefits: Real or Ephemeral?

Nestlé's original proposal with McCloud suggests the bottling plant would bring 240 jobs to McCloud (Lee 2007). Nestlé's track record in other communities suggests, however, that not only is Nestle likely to hire from outside of the town, but actual employment numbers are likely to be 20 percent lower than originally suggested (Lee, et al., 2007; Shipman, 2009). Evidence from their other bottling facilities indicates that not only would employment levels vary by season but also the types of jobs hired out locally by job title and wage are not disclosed (Lee, 2007). A Nestle representative suggested 30-40 percent of the jobs would be entry-level positions with starting wages of \$10 per hour. Other positions that require expertise or experience would pay more (Lee, et al., 2007). Nestlé's proposal brings jobs to the area almost immediately as construction of the one million square foot plant requires construction workers, but none of the employment is guaranteed to go to local residents. An out-of-town engineering firm

would design the McCloud facility, but Nestle would open bidding for a contractor, *possibly* awarding construction to a local contractor (Lee, et al., 2007). The Nestle bottling plant would bring employment to McCloud and provide some income to the community through sewer, disposal, exclusivity and contingency payments, but the fee payments would not keep pace with inflation (Lee, et al., 2007). For a 100-year contract, such details are noteworthy since without inflation-adjusted fees, benefits the community gains will continuously decrease.

The amount Nestle intended to pay MCSD for the spring water, a much sought after resource in the water bottling industry (Gleick, 2004) is much lower than it pays or has paid for water in other locations. The driver of the price is the fact that Nestle insisted they be treated the same as any municipal customer. This detail has large ramifications. If residents agreed to a contract with Nestle, and wanted to charge the company a lot for the water and Nestle is contractually a 'resident', everyone's rates would increase.

Language used in the contract regarding water extraction is unclear. Regarding the amount Nestle would withdraw for bottling, the contract discusses a nominal cap of 1,600 acre-feet of spring water a year. "The cap applies only to 'qualified' spring water, and only Nestle can determine what 'qualified' water is. The contract then allows the company to take virtually unlimited amounts of groundwater that is not included in the 1,600 acre-feet cap" (Martin, 2008).

Contract Concerns:

Overall, environmental impacts, economics, distrust of a multi-national corporation, climate change, and the unknown hydrogeology of the area are concerns raised by residents regarding the contract. Many people I interviewed in McCloud voiced concerns about the affect a bottler may have on their watershed. “Nestle will come and they will use the water and as much as they can get their hands on as rapidly as they can use it. ... when the resources have been used up and its no longer profitable, they’re gone.” Others weren’t concerned at all since the mill used a lot of water for steam power and to fill a log pond. “They (the mill) used it to steam for heat until 1966. Used water to blast dirt out of trees... Nestle is not gonna hurt the environment. It’s not going to affect the falls. Its nothing compared to the water the mill used.” Overall, interview respondents understood the economic benefit a water bottling business could bring to their community but many were wary of the business practices of a multi-national company such as Nestle.

As I interviewed residents in McCloud, thirty-six percent, when asked about any concerns regarding the 2003 contract, mentioned environmental impacts ranging from the negative impact of increased truck traffic to air, water, and noise pollution and prediction of a decreased quality of life once the bottling plant was operating. “I’m really concerned about traffic. It’s a small, little country road (hwy 89) that connects us to the interstate and I think that having all of those trucks on the road would be really bad. Those trucks would go through town – they’re supposed to use a separate road but reports from other towns told of how the contractors did not follow the rules that are set and they just pretty

much do what they want.” Heavy truck traffic on Hwy 89 would double at full build out of the facility and would have hidden costs such as congestion, air pollution and increased road maintenance (Knight 2008).

Thirty-one percent of responses highlighted an economic concern. These concerns were dominated by a perception that as a multi-national corporation, Nestle is solely interested in profit and has no regard for McCloud itself. “My primary concern is it’s a huge corporation with no interest in this community and with a reputation for using its financial power to get its way once it’s established.” Others were concerned with the fact that Nestle is such a large corporation with a lot of money and ability to withstand costly litigation whereas the MCSD is struggling financially. “The concern I have is that as a small town we don’t have the resources to defend our position so that’s why I think there needs to be a tribunal set up. You’d have to have something like that, otherwise they’re just going to run wild.” Other economic concerns were that the water was underpriced and that there would actually be few jobs for McCloud residents either due to hiring people from outside the area or automation. “A lot of the jobs will go to people outside of this town and for \$10/hour they can’t afford to rent the (local) houses. So they’ll be bringing in people from somewhere else.”

Nineteen percent of responses concerned social aspects of McCloud. The largest of these concerns centered on a general dis-trust of Nestle. As one respondent stated, “The bottom line is trust. They don’t have a good record. Haven’t shown themselves to be a responsible company. Level of trust is nill. It (Nestle) doesn’t have a good track record. I don’t trust them.” Others thought the contract length was inappropriate and

intended to establish Nestlé's dominance over the community to the detriment of McCloud's character and historical roots. "People come here to get away from noise and pollution. If the plant goes in, we will lose our beautiful surroundings." Others saw Nestle as damaging McCloud's potential as a small, quiet historical mill town that was just beginning to blossom.

The rest of the responses regarding concerns about the Nestle contract, fifteen percent, were political in nature. People were concerned about control of their local resources. Most of these responses mentioned the loss of local control due to contract particulars that privileged Nestlé's access to the water. "Once Nestle comes in, even if they come with a nice tight little package deal they're going to expand. And once they gain control of this water they're going to gain more and more control. Nestle has never shown any reason to trust that they would listen to the will of the people who live in the area." Also, "My primary concern is it's a huge corporation with no interest in this community and with a reputation for using its financial power to get its way once its established. Mainly it's the unbridled power that a company like that (has) because they have so much more money to pay lawyers than we do."

Some saw the project as too large for McCloud and others basically don't believe water should be a commodity. "I think the privatization and commoditization of spring water is a dangerous business. I think its wasteful and a poor use of our most valuable asset especially considering climate change and the water shortages we're facing. I think water is valuable beyond our wildest imagination and by squandering it and allowing a multi-national corporation to deal in it is pretty much suicide for the commons."

Climate change, the issue that proved to be the crux of the opposition, along with the unknown hydrogeology of Mt. Shasta was a very large concern. Forecasts suggest that annual precipitation will decrease and rising temperatures will cause a shift in precipitation patterns throughout the seasons possibly bringing rain rather than snow in the winter and drier conditions beginning earlier in the year (Lee, et al., 2007). The State Attorney General, Gerry Brown, raised similar issues;

As initially proposed, the project would be the largest water bottling plant in the United States. Even the scaled down proposal has the potential to significantly affect the important and unique natural resources of the McCloud River area. Yet, the DEIR (Draft Environmental Impact Report) fails to address in any meaningful way the project's likely environmental impacts. Most significantly, the DEIR fails to analyze the global warming impacts of the project, even though bottling and transporting water are highly energy-intensive. Nor does the DEIR adequately examine the impacts of the project on air quality, water quality of the McCloud River and its tributaries, biological resources or solid waste (Slon & Brown, 2008).

Regarding the region's hydrogeology, Mt. Shasta's geology is "highly porous" and the hydrology is poorly understood (Protect Our Waters Coalition, 2008). It wasn't until 1994 that the McCloud and Shasta Lake districts of the Forest Service had a permanent hydrologist. The hydrologist that was hired, Steve Bachmann, mentioned in an interview that when he was hired, "...there was very little information when I got here in terms of watershed information on the McCloud River. There wasn't a lot of information. So, I basically started from scratch in terms of building watershed files and collecting information." The high degree of uncertainty around how new wells might affect existing wells, especially since McCloud has recently experienced droughts and

some higher elevation springs have run dry raises the anxiety about withdrawals due to a water bottling facility (Knight, 2008; Lee, et al., 2007).

Displacement and opportunity cost is another area of concern. Water diverted to Nestle would be unavailable for other commercial uses as well as for replenishment of the natural systems that are vital to McCloud's quality of life, its economy and for those downstream. "Nestlé's proposed extraction of water would reduce the availability of water for competing uses – municipal, industrial, agricultural, and environmental – over the period of 100 years" (Lee, et al., 2007).

As these concerns illustrate, many residents share values for the small town character of McCloud, its natural surroundings, and their current quality of life. They appreciate and can identify the community's need for employment but also value local control and don't consider a multi-national corporation such as Nestle to be trust-worthy or a positive fit for McCloud.

When asked, "What do you think are potential positive aspects if the Nestle contract went through?" seventy-six percent noted the water-bottling plant would benefit the MCSD economically. "If negotiated properly, we could minimize the amount of monies required to run an established home in this town such as the MCSD district fees could be reduced which would help the people that own homes in town." Responses in this category included the perception that it would both generate revenue for the MCSD as well as the county, that it would bring jobs to McCloud and that the plant would provide an industry. "The jobs and the tax base of having an industry established that's

selling product and having to pay taxes to the County (would be a positive aspect).”

Twelve percent of responses indicated that they saw no benefit whatsoever.

The responses regarding both concerns about and potential positive aspects of a contract with Nestle point to a mutuality of circumstances that is a part of the sense of community discussed by Wachowski (2008). Respondents from both perspectives (pro and anti- Nestle contract) share common values for the quality of life they experience as residents in McCloud. This point is made more clear when we consider an explicit question of community vision.

When asked “what is your vision for McCloud?” most responses, forty-six percent, centered around economic interests which is understandable given the concurrent context of the economic depression the town is in and the Nestle contract situation at the time of the interviews. Of those responses, many (forty-eight percent) were interested to see the creation of sustainable businesses, wanted economic diversity and small businesses and/or light industry “It would be nice to see the industrial land used in not one big “anchor” industry. History has shown that that dependence is not a secure future. Lots of light industry is possible and better. There is such a high quality of life here that I see it possible to bring in those.” Only seven percent of responses mentioned that large industry was part of their vision for McCloud. The next largest response, thirty-six percent, in answer to the question of their vision for McCloud, mentioned social and cultural aspects of the McCloud community. This included remarks like, “a community of people who get along” and “the vision would be to have these people that are absentee owners spend more time here, to participate politically, to be recognized and to

participate in what they would like to see the town become.” Also “bring families back into town, children in the schools and to the businesses. Focus on people coming and returning to town.” “...keeping that sense of us as a small town with a lot of history. Any expansion would be with the historic mill town look and feel.” Seventeen percent of responses regarding a vision for McCloud mentioned environmental aspects such as an emphasis on recreation, creation of a trail system, or becoming a model, sustainable community.

Eleven percent of responses, when answering this question, brought up the fact that one-third of the houses owned in McCloud are absentee owned. Thirty-seven percent of houses are either a second home or used as a vacation rental. The implication of this circumstance is that much of the housing is unoccupied most of the year and when the houses are occupied, especially by vacationers, those individuals are disconnected from the daily routines and issues in McCloud and they do not participate in the local politics or purchase supplies locally. Also, those who reside part-time in McCloud are not involved in decision-making and problem solving in the community. “What’s happened is a lot of our homes have become vacation homes and so Siskiyou County allows them to become vacation homes...the problem is ...half that street can become vacation homes and then nine months out of the year there’ll be no one there. It affects our schools, the sports programs, it impacts how quiet it is.”

These responses underscore the fact that many residents, although they publicly disagreed regarding their stance on the Nestle issue, hold a common private vision for their community.

Contract Nullification:

In 2005 Siskiyou County Superior Court Judge Roger Kosel declared the contract void. He ruled the contract was not in compliance with the California Environmental Quality Act (CEQA), in response to a suit brought forth by Concerned McCloud Citizens (Boerger, 2006). Nestle appealed that ruling and in 2007 the Third Appellate Court reinstated the contract. Concerned McCloud Citizens appealed to the California Supreme Court and the Court declined to review the appeal (Boerger, 2007). In early 2008 Nestle released information stating their intention to scale back the size of the plant to 600,000 square feet. Attorney General Jerry Brown warned Nestle in 2008 that the State of California will challenge the environmental plan for the bottling plant if the company does not revise its contract with the MCSD. In a letter addressed to the Siskiyou County Planning Department from the office of Attorney General Jerry Brown, the DEIR was found to be “so fundamentally and basically inadequate and conclusory in nature that meaningful public review and comment is precluded.” (Slon & Brown, 2008) In August of that year Nestle cancelled the 2003 contract and began the process of renegotiation with the MCSD. In the fall of 2009, after identifying a municipal water source in Sacramento, Nestle pulled out of McCloud completely. Nestle says they’ll have the property assessed and will sell it at market value.

Group Formation:

Ironically, the Nestle contract appears to be a catalyst for a new beginning for the community of McCloud. The group formation and collaboration that has occurred since

the contract was first signed points to the potential creation of renewed community capacity.

When the contract between Nestle and the MCSD was signed in 2003, a few residents who'd tried to voice concerns about the plan to bottle the area's water became very active and worked to educate other residents about why a water-bottling contract with Nestle alarmed them. They formed the group, Concerned McCloud Citizens (CMC), to file suit against the MCSD and Nestle to contest the legality of the CEQA document created for the contract in hopes of preventing Nestle from breaking ground. Concerned McCloud Citizens (CMC) was a small group of residents who were very alarmed with what they read in the contract. They were also upset with the MCSD board and general manager for their handling of public records. For example, the CMC started to transcribe tapes from the meetings in order to keep their own records but after they were told that the tape from a specific meeting in which important legal points were raised was blank, they began making their own recordings. Of the four most active members of CMC, two were newer residents from the Bay area with connections to outside organizations and enough savings to be able to afford a lawyer to challenge the contract. They sought out and secured a lawyer, Donald Mooney, who successfully brought suit against Nestle in 2005 arguing that the MCSD and Nestle had to complete a CEQA review prior to signing the contract. That ruling was overturned in 2007¹⁴.

¹⁴ It is noteworthy that in October of 2008 a ruling, *Save Tara v. City of W. Hollywood*, clearly delineates that it is improper for a public agency to enter into a development project prior to environmental review.

Concerned McCloud Citizens disbanded shortly after the formation of the McCloud Watershed Council.

In 2004 a group of four residents also concerned about the contract decided to put on a public forum complete with a free sit-down dinner. As speakers for the forum, they flew in a hydrologist, Chris Grobbel, and an activist, Terry Schweir both from Michigan to share what was happening in Mecosta County, Michigan where a group - Michigan Citizens for Water Conservation – was suing Nestle Waters North America for excessive withdrawals and watershed damage. The McCloud group flew in Yale economist Josh Scope to discuss Nestlé’s economic report. They also invited a member of the Winnemem Wintu tribe and people from the Ecology Center to make presentations. About 350 people attended. After the forum “we decided that we really needed to form a 501c3 organization, so that was when the McCloud Watershed Council (MWC) was formed.” The purpose of the MWC initially was to educate the people about what the contract said since they found that “no one had really ever read the contract.”¹⁵ Their mission statement has since evolved to state “Supporting a sustainable community and protecting natural resources by providing advocacy and stewardship for the greater McCloud River watershed.” (Council) The MWC has become an effective watchdog for the McCloud River and is trying to also work with the MCSD on matters that impact the local waters. The MWC did offer to share legal assistance to the MCSD when the latter

¹⁵ The contract was made available to the public on a Thursday before the Monday night meeting when the contract was signed.

organization was working through Nestle's second contract¹⁶ attempt but that offer was declined.

A lot of resentment exists in McCloud toward the MWC as a result of the fight around the Nestle Waters North America water-bottling proposal. The organization is working to overcome this and show residents that they do ultimately have the town's best interests at heart. "I really do believe that we have an extraordinarily beautiful community and an extraordinary opportunity that most people don't have. And I think that there are people out there that are very pro-Nestle that if they would just let that go for a minute, would have some ideas that would be phenomenal for this community. I think I need them. ... I think we all need each other."

Residents who wanted an industry and a large employer are outraged that a group of people they perceive of as "outsiders" deprived them of an opportunity for industry¹⁷. When asked, "What barriers exist that may prevent the realization of your vision (for McCloud)", the following responses were given. "The Watershed group. They stopped Nestle from coming in here. They haven't come up with the right facts or proof (to back up claims made regarding negative impacts of Nestle). You can say anything could happen, but what is the proof?" "Specifically let's take the Watershed Council. They've run off a large, substantial industry and they haven't provided a replacement. Not only

¹⁶ At the time of this writing, Nestle still owns property in McCloud, but is supposedly no longer interested in pursuing a water bottling contract since they were able to locate a municipal water source near Sacramento.

¹⁷ According to my observations, although a number of people working to remove Nestle from McCloud were new residents, many had resided in McCloud for 20 years or more, some for a lifetime. Also, many Nestle supporters had only lived in McCloud 10 years or less.

has that impacted the water project but other businesses are looking and they won't come here."

In terms of community capacity, the contextual influences of stability of residence and history and culture are influential here. Some long-term residents' wariness of newer residents was reinforced by the formation of the MWC and their mission to stop the contract that the pro-Nestle residents saw as a way to revitalize their town and reinstate a part of their history as an industrial town. "When the mill was running, then you had a sense that everything was good. Things were moving, people were working. Now – they aren't logging. No bustle. There's a feeling that everything is down. Right now, what we need is that bottling plant. Not necessarily Nestle, any bottling plant."

Not all group formation was in opposition to the Nestle contract. The McCloud Grassroots Association (MGA) formed after opposition to Nestle erupted when the contract was signed. It formed to support Nestle and in reaction to CMC and MWC, but was never a formal organization. Since it wasn't a legal or formal organization I wasn't able to locate a leader to discuss particulars but some of the people I interviewed had participated in and supported the efforts of the MGA. According to one source the Grassroots are now involved in the Cemetery Association and the Fireman's Association. The MGA came together in reaction to those in the community who challenged the contract with Nestle. Although some of the most assertive members of MGA had lived in McCloud only 10 years, they viewed those against the contract as newcomers and outsiders with no interest in the welfare of McCloud's residents. According to interviewees, as many as 60 residents came together as the MGA due to their interest in

the jobs promised by Nestle and the money that would flow from Nestle to the MCSD and keep their Services District fees down.

The above groups formed amongst residents of McCloud to protect aspects of their community from perceived threats. CMC and the MWC formed to protect the water resource and local control that they perceived as threatened by the Nestle contract. The MGA formed to protect an economic opportunity they perceived was threatened by the other groups. The bonding amongst members of these groups bolsters their efforts and strengthens their resolve for their specific causes but such bonding can also be exclusive and repellant. “People don’t mingle – those who are for (Nestle) don’t go to places where those who are against (Nestle) go and vice-versa. I don’t necessarily feel welcome so I don’t tend to go to things that are held by people who are against Nestle because a lot of them are confrontative, a lot of us feel verbally jumped upon...” Although all three groups have McCloud’s best interests at heart, the formation of groups that are tightly bonded internally but aren’t also networked outward creates mistrust in the greater community (Flora & Flora, 2008). That’s exactly what happened for the MWC, CMC and the MGA.

Two other organizations emerged through collaboration. They used networks to form bridges with nearby organizations that shared their regional concern for the watershed, the ecosystem and community sustainability of the Mt. Shasta region. The Protect Our Waters Coalition is the result of an overall concern for the long-term health and viability of the bioregion. The McCloud Local First group is focused on developing

a diverse, balanced, and locally oriented business community that also works in concert with the surrounding environment.

The Protect Our Waters Coalition (POW), a coalition between the MWC, CalTrout and Trout Unlimited formed in January, 2007 to “ensure the ecological and hydrological integrity of Mt. Shasta’s unique headwater’s areas for future generations.” (Coalition, 2008). The short-term goal of the organization is to “ensure the long-term health of the McCloud River Watershed and the McCloud community by ensuring the Nestle project receives adequate environmental review and allows for public participation.” (Coalition, 2008). Their long-term goals include revising county’s groundwater ordinance to cap the amount bottlers can export without a permit, to gather the data needed to better understand Mt. Shasta’s unique water supply and to provide the information to decision-makers for use in management and policy decisions (Coalition, 2008). POW was able to work with Nestle to secure a two-year stream study to establish base-line data on the McCloud River and along Squaw Valley Creek to be used in determining the affect large withdrawals might have upon the flora and fauna of the ecosystem¹⁸.

McCloud Local First (MLF) also emerged through a network of regional people and groups interested in finding local, sustainable solutions to McCloud’s problems. People recognized that Nestle represented a solution to McCloud’s economic woes but also understood that another extractive industry was not a long-term sustainable solution. It was obvious to many people in the area that fighting to remove Nestle would not solve

¹⁸ Even though Nestle has pulled out of McCloud, they are continuing the stream study with POW.

the underlying problems of poor employment prospects and weak municipal finances. They understood how the rift that crystallized was damaging the community. In order to move ahead if the movement to remove Nestle were to be successful, it would be necessary to establish a strong economy – optimally one that was diverse, locally based and ecologically and economically sustainable.

McCloud Local First (MLF) is the result of the collaboration between three local organizations (JEDI¹⁹, Cal Trout, and the McCloud Watershed Council), one national organization, BALLE (Business Alliance for a Local Living Economy) and interested and committed McCloud residents. It is the youngest of the groups that formed in McCloud in reaction to the Nestle contract, but “Nestle” is a topic that is actively avoided since MLF is interested in bringing all of McCloud’s residents together and understands that any discussion of Nestle can be fatal to their mission of a strong, locally orientated community. MLF was created out of the awareness that “the biggest reason Nestle had been successful (in creating a contract with the MCSD in 2003) was the fact that the town really didn’t have a lot of job opportunities and it was also clear that the businesses in town weren’t thriving. “...its in our best interests to help the community be able to make their decisions from a position of strength.” Prior to the formation of MLF, four community members (three from the above groups and one from the MCSD) attended a BALLE conference in Boston in May of 2008. The attendees were so impressed by “the

¹⁹ JEDI, Jefferson Economic Development Initiative, “is a non-profit corporation based in Mt. Shasta with a mission to increase the economic well being of local people and communities through business development and local wealth creation.” It was formed in 1996 “by a group of community activists interested in economic justice issues and ensuring that low-income people have economic opportunities. Business is not our end product, it’s the means to people becoming economically self-reliant.” (interview May, 2009)

whole local first movement to localize our economies, to provide sustainability, stabilization and self-sufficiency” that they thought, “We’ve got to do this in McCloud!” Serendipitously, Michael Shuman, a founder of BALLE was coming to the nearby town of Weed in October in 2008, so Cal Trout and JEDI helped fund a meeting with McCloud, too. The meeting in McCloud attracted many local residents and business owners who held differing perspectives on the Nestle issue but were united in their interest in creating a strong community and economy. MLF was formally established in January 2009, out of the interest and energy generated by those meetings. The goal of MLF is “to promote local businesses, facilitate collaboration among local businesses, and educate shoppers about the benefits of keeping dollars in McCloud.” (Local First) Since its establishment, MLF has developed projects to create local business opportunities and increase McCloud’s capacity for self-reliance. Among their projects are a local farmer’s market, a renewable energy committee to investigate business opportunities in that field, a rails to trails project, a victory gardens committee and a tourism committee. They’ve also collaborated with the Siskiyou County ‘Shop Local’ Community Coupon Book to promote the sale and use of the books to encourage people to shop locally. Most recently, MLF held an event they called McCloud Celebrates Who We Are – a gathering intended to bring all of McCloud’s organizations, groups, churches and community members together in order to get to know each other better.

CHAPTER 4:

DISCUSSION: CREATING COMMUNITY CAPACITY – SOCIAL
OPPORTUNITIES AND OBSTACLES TO SUSTAINABLE RURAL COMMUNITY
DEVELOPMENT

This brings us back to the original question: What are the social opportunities for and obstacles to sustainable rural community development? How do social actors who live in a rural community such as McCloud determine their collective future in a way that is sustainable for the environment, society and the local economy? What can we learn about the answers to these questions from McCloud's experience with the Nestle contract?

Those who fought Nestlé's placement of a water bottling plant in McCloud recognized the connections between the extraction and sale of water and social and environmental degradation. As Robert Goodland and Herman Daly (1996) state, the era of seeing natural capital as infinite relative to the scale of human use is past. The challenge now is to devise a new approach to development that increases ecological and human resilience rather than ignores the fact that the environment is finite and perpetual economic growth is unsustainable.

It is through community capacity, or "the collective ability of residents to respond to external and internal stresses, to create and take advantage of opportunities and meet local needs" that community members can determine *their own* future direction versus external community mobilization (Sierra Institute, 2002). External mobilization relies upon outside agencies to design and implement programs using persuasion (bottom-up

versus top-down approach to community development) (Sierra Institute, 2002), devising solutions that are not necessarily embraced by local residents.

What is the status of McCloud's community capacity as a result of the loss of the mill and the Nestle Experience? An exploration of each aspect of McCloud's community using Wachowski's Attributes – Agents – Actions (A-A-A) model will offer some insight. This exploration will illustrate how McCloud's social, political, and human capitals interact and together influence community capacity. The A-A-A model helps to reveal the interactions of the various community capitals discussed by Flora & Flora and Putnam. It allows one to see clearly, through its application, the variables that bring a community strength as well as the areas that impair a community's potential.

McCloud's Contextual Influences:

At the base of the A-A-A model are contextual influences. Together these aspects form the basis of the community capacity cycle, providing for equity, residents' basic needs and, if all of those pieces are present, will complement the functionality of the community capacity cycle. The Nestle Experience in McCloud highlights the foundational role contextual influences play since three specific contextual influences – economy, stability of residence, political accountability and participation – currently undermine the community's ability to move forward.

The weakest contextual influence in McCloud is its economy and it is the recognition of this fact that drove the decision to sell the locally sourced water.

However, this is the area where ALL energy and attention has been. Overemphasis on

the economy without attention to other aspects of McCloud's community (sense of community, stability of residence, political accountability and participation, the ability to recognize and access resources) is a large part of the reason efforts to build the economy have failed. This reinforces assertions made by Callaghan & Colton, 2008 and Flora & Flora, 2008 that emphasis on one community capital decreases the strength of the others. McCloud's designation as an economic disaster area in the 1980s is significant.

Although the Chamber of Commerce began to develop tourism in the 1980s in an effort to improve their economy, this economic development lacked centralized public organization (Keith & Niemann, 2002). The decision to enter into a contract with NWNA, another attempt to solve McCloud's economic problem, alienated the community and perpetuated a dependence on external, extractive industry.

The recent formation of the MLF group, however, has the potential to reinvigorate both the economy and the community. MLF is currently working to create a balanced trajectory toward defining and implementing an approach to McCloud's economy with attention to the overall community's well being as evidenced in their Rails To Trails committee and sustainable energy group. Membership is open to all residents of the community. McCloud's economy as well as the overall community dynamic is largely affected by the community's demographic shift.

Stability of residence, characterized by a community with low emigration and a number of long-term residents, is an element of contextual influences weakening McCloud's potential. Stability of residence, according to Chaskin (2001), increases acquaintance networks that support social cohesion and enhances the likelihood that

people will engage in local activities. McCloud's dramatic shift in demographics over the past four decades has completely shifted the populace in terms of average age, income level, and duration of residence and community history. During the company town days, no one was allowed to retire in McCloud or own a house. This created a constant shift in residency that disrupted social cohesion (Gray, et al., 1997). "This was the worst thing about the company owned town. People who had worked here their entire lives had to move away. So many people would never have moved, given the choice."

Once the mill sold, the demographics shifted dramatically. Not only did older, retired or nearly retired residents stay, but most younger residents with families and in need of jobs moved away to find employment. The population dropped to half and the town was left largely vacant until urbanites of retirement age moved in or people with financial means bought houses for weekend get-aways or as vacation rentals as allowed by the County. This shift destabilized the existing community and nearly shook it completely off any foundation leaving many current residents concerned that the town is dying. "We have an aging population. Six people passed away last year, three people have passed away this year. I know of four people, older people - wonderful people well entrenched here – and their children have moved them away this year." At this time, elderly residents occupy one-third of the houses, new residents occupy one-third and the remaining third are vacant most of the year.

The prominence of vacation rentals is especially troubling since it negatively impacts the local economy and politics. "There's less and less input from this community simply because there are one-third absentee homes. They vote somewhere

else.” “About one-third of the houses in town are vacant. That’s very harmful to the town and businesses because people with second homes don’t buy much from the local businesses, don’t buy groceries in town.” Since McCloud is an unincorporated community, the County decides if a homeowner can make their house a vacation rental. “Because we’re unincorporated, Yreka (the County seat) is making that decision for us. I feel they’re actually contributing to the demise of our actual community. It affects our schools, the sports programs; it impacts how quiet it is. In the summer it can look like we’re bustling because of all of a sudden everyone’s on vacation. But that’s only three months out of the year. The rest of the time it’s a ghost town. I feel that the planners are being real irresponsible.”

The lack of political accountability and participation is another weak characteristic undermining McCloud’s community capacity cycle. Although the MCSD has persisted since its establishment, its accountability and the public’s lack of participation due to the negative dynamic between recent MCSD boards and the public damaged the degree of democracy exercised through this local form of government. Residents have been effectively left out of the decision-making process. Regarding the decision to bottle the waters that flow through McCloud, although MCSD Board members remarked that the public was free to attend meetings but didn’t, the dynamic established between the Board and the public handicapped a participatory process. Also, the fact that the contract between Nestle and the MCSD was largely negotiated privately and only available to the public five days before the public meeting further illustrates a lack of a participatory process.

Fortunately there is recognition by the organization that there is a need to improve both accountability and participation. In response to the interview question of how well the MCSD responds to public feedback, one board member stated, “Our ability to have relationships is in bad shape.” And another stated, “I think that’s improving a lot. I think one factor is that three of the board members went through a training program about leadership... The whole notion of how to build a consensus in a community was really valuable. I think having that experience helps a lot.” It has been suggested by another resident that perhaps changing the method of running the public meetings would make the decision-making process more egalitarian, since the use of Robert’s Rules implicitly creates and reinforces a hierarchy and a one-sided power structure.

McCloud’s Community Capacity Cycle:

Taken together, the current state of the contextual influences of economy, stability of residence and political accountability and participation undermine and weaken McCloud’s community capacity cycle since residents are less able to meet their basic needs through employment or to engage in the decision-making structure to affect those needs. Turning to an examination of McCloud’s community capacity cycle further reveals areas where McCloud’s potential for collective problem solving is compromised but also exposes areas of strength. Drawing again from the A-A-A model, illumination of community attributes – particularly a sense of community, commitment, and the ability to recognize and access resources - illustrates McCloud’s overall capacity and willingness of individuals and organizations to engage in capacity building activities.

McCloud's Community Attributes:

Sense of community, one part of community attributes, reflects the degree of connectedness among community members and includes collectively held values, norms and vision (Wachowski, 2008; Chaskin, 2001). Through exploration of shared community priorities, the capacity of the community to identify common ground is increased. Many interview respondents, regardless of perspective on the Nestle issue, share common values regarding McCloud. When asked, "What do you value about McCloud?", forty-nine percent communicated a value for environmental aspects of McCloud and the area. Most respondents mentioned the beautiful scenery, the mountain, the night sky, and the clean air and water. "Its beautiful here. The water's really wonderful, but the people are really warm and welcoming. Its kind of a combination of the beauty and the versatile area as you've got mountains, you've got the lake, you've got the river, you can hike...I value all of that."

Forty-five percent of responses reflect a value for social aspects of McCloud with the majority of those comments emphasizing their appreciation of the small town, "Mayberry"²⁰ or Norman Rockwell nature of McCloud. "One thing I really value about McCloud is that people I don't know wave to me when I walk or ride my bike around. There's just what I would call a Mayberry sort of feel to this town that is tough to find anywhere." Other social values for McCloud were the friendliness and neighborliness of the residents, the low crime and the town's historical attributes. Overall, these responses

²⁰ Mayberry and the Andy Griffith Show are television sitcoms from the 1960s that depict small town, rural, Caucasian American life as benign and harmonious.

illustrate a strong mutual value for McCloud's culture. There was also a similar consensus regarding respondent's vision for McCloud discussed earlier. The common values and vision amongst residents signifies great potential to create a quality community and overcome the rift created by the Nestle debacle.

Commitment is an aspect of community attributes that in my data may over-emphasize. My results in this area are heavily weighted toward a large degree of commitment since my selection of interviewees focused on decision-makers and leaders in the community. Some respondents, when speaking of barriers to their vision, however, did discuss that those who are committed to the community are always the same people and burn-out is a danger because of that. "You have some people (who are involved) but they burn out. Pretty soon you're back to the same basic 40 people that are on the MCSD or the Area Plan Committee or the McCloud First. Progress comes with a price and it takes energy and commitment which is very difficult to extract from the people in this community." And "It's a small town and it's always the same people. We get burned out." Therefore, although there is a high degree of commitment from those viewed as leaders in the community, their small number is problematic and negatively affects their long-term potential.

Another barrier weakening McCloud's community capacity is the inability to recognize and access resources. I found that human resources in McCloud are largely unknown, as they are not sought out. At the BALLE meeting in November 2008, for example, some of the latent talent in the community surfaced. One resident offered to act as a facilitator to assist with McCloud's development since that was what he'd done

professionally prior to moving to McCloud. Another resident has experience in public policy. Due to the fact that many residents have moved to McCloud to retire, there exists many lifetimes of underground, unidentified talent. Long-term, full-time residents are also assets to the community that are currently underappreciated. Many are disengaged from the local decision-making process because of the authoritative, top-down structure of the MCSD institution. Inattention to and under appreciation for the energy, ideas and enthusiasm these residents have for their community detracts from McCloud's potential. However, the changes being seen in the MCSD and through groups such as the MWC and MLF point to renewed potential in the community's ability to recognize and access local resources.

McCloud's Community Agents:

Community agents, the second sphere of the A-A-A model, are actors that create change in the community. Community agents in McCloud are varied in their approaches to problem solving and this has impacted the quality of life in McCloud. The most prominent agent, the MCSD, relies upon the technical assistance model, a very common model in rural community development (Flora, 2008), but one that relies upon experts and outside assistance and relies very little on public participation, thereby disempowering residents. Implementation of the technical assistance model posits residents as consumers rather than participants in development. The MCSD's decision-making process to solve the community's economic problems sought external assistance through industrial recruitment. The effect of using the technical assistance model on the

community reflects Flora's assertion that this approach tends to alienate community residents. The MCSD required local residents who desired to participate in the decision-making process regarding the contract to "assimilate and absorb a great deal of information concerning complex legal and scientific issues" (Flora, 2008). This was explicitly demonstrated when the Nestle contract was made available to the public shortly before the meeting where the contract was signed. This was a legal document that required more than four days to critically examine and absorb. Providing the public such a short time to assimilate the information was unrealistic and demonstrated poor public process. Ultimately, the MCSD's approach to decision-making catalyzed the creation of other community agents.

Concerned McCloud Citizens, MWC, and POW embraced the conflict approach to problem solving and community action. These groups saw NWN as a threat to their community. They recruited and mobilized other residents who shared their concerns and fought against the MCSD to stop implementation of the contract. Although their motivation was to protect the positive assets and attributes of McCloud and their actions were ultimately successful, their approach alienated many members of the community and created an atmosphere of resentment and distrust. The loss of the Nestle project created hard feelings between residents and neighbors. It created internal factionalism characterized by distrust and an unwillingness to cooperate with one another making conflict the dominant community-level attribute. As Flora (2008) asserts, community level action is difficult to organize and carry out when internal conflict persists.

To overcome the rifts created by the Nestle contract, another community agent, the MLF organized and is working to establish a localized economy and increase participation in community actions. Although there is a hierarchy in the group's structure, MLF aspires toward collaboration and cooperation to identify community problems and solutions.

MLF is a very new group in town. Unfortunately, its association with members of MWC creates a barrier to success since the resentment some residents who desired the Nestle contract feel toward the MWC spills over into the work of the MLF. Although any mention of Nestle is actively avoided in MLF gatherings and meetings, residents and local business owners who supported Nestle avoid association with MLF, undermining its efforts to create unity in McCloud's community. The low turnout for MLF's recent McCloud Celebrates Who We Are gathering was largely attributed to these ill feelings. This gathering, held in May, 2010, was intended as a first step toward bringing local citizens and businesses together to celebrate McCloud's past and begin to identify a common future vision. Residents were asked to bring photographs, stories, and their dancing shoes as the legacy of the "Hottentots", an historically significant big band from McCloud's past, was revived for the gathering. This action by MLF, although sparsely attended, represents a first step toward greater community capacity through the attempt to engage residents in identifying McCloud's future.

McCloud's Community Actions:

Community agents bring about community actions. Inclusive actions increase with greater community capacity since they indicate the ability of the community to effectively engage and participate (Wachowski, 2008). In a community with well-developed social infrastructure, members tend to engage in collective action for community betterment (Flora & Flora, 2008).

The goal of community capacity building is to increase the number and quality of community actions that are the work a community performs. They serve as an indication of the level of governance and the ability of the community to effectively engage and participate (Wachowski, 2008). Governance & decision-making and communication are two of the four areas of community action in Wachowski's A-A-A model that are significant in McCloud.

Flora & Flora (2008) point out that commitment to carrying out decisions is greatest when all citizens are included in the decision-making process. This is not the approach to governance and decision-making practiced by the MCSD. The lack of public inclusion in the process is the major reason for resistance to decisions made. Residents feel excluded from the decision-making process and resentful of decisions, made without their input, that directly impact their daily lives. This resentment goes both ways in McCloud. Since the decision to sign the contract with Nestle happened without public input, those who had serious concerns about the decision were upset and mobilized against the MCSD, forming the CMC, MWC, and POW coalition. Also, those in support of the decision were resentful towards those who succeeded in keeping Nwana out of

McCloud – to the point of seeing residents against NWNA as outsiders. “Because of things the Watershed Council has done, its really iffy if McCloud’s gonna get to say what happens to their water. If we’re gonna get any benefit from our water. There’s some resentment for that. This could have been something that the people of McCloud should really have had the right to make the decision about.”

As noted earlier, the MCSD is working to change the dynamic between the Board and the public. Also, as a result of success in staving off Nestle, residents felt emboldened to voice dissension at MCSD meetings. This was recently demonstrated through a decision to privatize the garbage collection. In an effort to save the District and community money, the MCSD proposed to privatize garbage collection. The proposal included changing collection from the alleyway to the front of houses. When residents raised the issue with this logistic and claimed it would bring harm especially to older residents since their house is physically set-up for alleyway garbage collection, they were ignored and the MCSD voted for the proposal anyway. Residents quickly protested and gathered petition signatures and held a few informal meetings to alter the decision. The MCSD, in reaction to the public protests and recognizing this as an opportunity to show their increased responsiveness, re-investigated the options and found that they were able to request service in the alleys with a minimal increase in the collection fee. “An uproar from the public and we had another meeting. That’s when we found out what the real impact would be and the company was willing to pick up in the alleys and we were able to change our decision. In that past that wouldn’t have happened. Would have just said ‘that’s our decision and its too bad.’ The public is realizing they are heard now.” The

contract was changed. This series of actions shows a slight shift towards more participatory governance in McCloud.

The community action of communication is important for local outreach and engagement as well as commerce. According to Chaskin (2001), outreach and communication is vital to capacity-building efforts. Communication arose often in interviews as an area of concern in a variety of realms – community engagement, relationships between organizations and between organizations and residents – but mostly arose as the reason for the rifts that erupted over the Nestle contract. When they felt they weren't listened to, residents disengaged or they engaged in conflict. Both reactions lowered McCloud's community capacity by diminishing further the number of residents engaged in community dialogue and exacerbating antagonistic behaviour. Absentee ownership also negatively impacted the degree of communication. "There's less and less input from this community, simply because there's one-third absentee homes." Obviously communication is important for the creation and maintenance of community capacity and it is a skill that must be continually developed and practiced. The fact that three board members of the MCSD enrolled in a leadership course in 2009 is a positive development toward increasing communication between the community and decision-makers. The weak ability of McCloud's decision-makers and residents to effectively communicate about the water sale diminished the importance of the natural environment to McCloud's residents and future development.

The natural environment plays a vital role in rural community sustainability (Flora & Flora, 2008; Callaghan & Colton, 2008; Shiva, 2002; Daly, 1996). The

recognition of human reliance on natural resources for well-being as well as economy is essential to any community. Sustainable rural community development must include appreciation of the services and benefits provided by a vital, healthy ecosystem. Natural capital is more than just a resource for manufacture or value-added production.

Functioning ecosystems provide essential services for the maintenance of life such as clean air, water, and soil. A perspective that only perceives water as a product to be sold misses the essential nature of this element. A positive valuation of the health, beauty and maintenance of the surrounding natural environment came up repeatedly in interviews and was shared by all demonstrating its importance to the community as a whole. The vital role that water plays in sustaining ecological systems is an essential factor that residents opposed to the Nestle contract tried to discuss. Their input was dismissed by decision-makers hungry for a quick economic solution to the District's financial difficulties. Although residents on both sides of the Nestle experience mentioned solutions using natural resources, most notably the trees, in a sustainable fashion, these ideas never surfaced in public discussions regarding Nestle since residents weren't effectively allowed to contribute ideas.

Overall the above application of Wachowski's model to McCloud illuminates social opportunities and obstacles to McCloud's sustainable community development. The changes that surfaced recently in the actions of communication and governance and decision-making strengthen McCloud's community capacity cycle. Residents and decision-makers are recognizing the importance of inclusion in the decision-making process. The cycle is also bolstered by the attribute of the sense of community as most

interview respondents, regardless of Nestle affinity, share common values and vision.

This is a very strong but underappreciated community asset. Commitment is also strong in McCloud for those in leadership roles but the number of people active is small, leading to the potential for burnout. The examination of McCloud's foundational contextual influences, specifically the economy, stability of residence and political accountability and participation, reveals social barriers to McCloud's community capacity and its potential for sustainable development.

Another barrier identified but beyond the scope of this paper is the relationship between Siskiyou County and McCloud. Since McCloud is an unincorporated community, decisions such as the number of vacation rentals allowed in the town, shown through this research to adversely impact the community, rest with Siskiyou County. State and federal policies and regulations, based within the paradigm that privileges economic development, also adversely impacts the choices allowed a rural community such as McCloud.

CHAPTER 5: CONCLUSION

The purpose of this investigation was to identify and understand the social opportunities and obstacles to sustainable rural community development. This research draws upon and applies research in community capacity through the community capitals framework. I found a variety of challenges and opportunities concerning sustainable rural community development in McCloud. Challenges include:

- McCloud's current demographics in which one-third of the housing is absentee owned detracts from the community's underlying contextual influences, governance and economy.
- Lack of political accountability and participation; efforts to rejuvenate McCloud's economy neglected input from residents. This increased weaknesses in McCloud's overall community capacity compromises the community's ability to solve their common problems.
- McCloud's fiscal health is poor. There is not a local revenue stream to pay for the large infrastructural repairs the community requires.
- Weak community identity and cohesion; the friction and animosity persistent between residents restricts the community's potential to communicate and move forward constructively.

Opportunities include:

- Incredible natural amenities within and surrounding McCloud.
- Residents of McCloud value equally the integrity of the surrounding natural environment and a small cohesive community that is characterized as diverse in age and class.
- Many lifetimes of experience and creativity exist within the residents of McCloud.

- Decision makers are realizing the importance of inclusion in the decision making process.
- Overall, residents share values, norms and vision for their community. Many are interested in preserving the history, culture, and integrity of the community through the diversification of their local economy in a manner that is beneficial to the surrounding natural environment.

These discoveries are significant considering the fact that communities throughout the United States are searching for ways to survive in the context of economic and ecological crises. The pursuit of sustainable community development is increasing regionally and globally. Transition towns, eco-villages, and BALLE networks are emerging and spreading in Europe and the United States. Currently, communities near McCloud are working to implement mechanisms to increase their community capacity and develop sustainably. Bellingham Washington has embraced the BALLE network principles²¹ and is held up as an exemplar for sustainable communities. Ashland, Oregon, just two hours north of McCloud, is a Transition Town²² and citizens in Mt.

²¹ BALLE's mission is to "catalyze, strengthen and connect networks of locally owned independent businesses dedicated to building strong Local Living Economies." Their vision is a global system of human-scale, interconnected Local Living Economies that functions in harmony with local ecosystems, meet the basic needs of all people, support just and democratic societies and fosters joyful community life. Principles are to: think local first, increase self reliance, share prosperity, build community work with nature, celebrate diversity and measure what matters to reach the "Triple bottom line" (Flora & Flora, 2008) – healthy ecosystem, vital economy and social inclusion. BALLE was founded in 2001 and since that time has grown to include 60 business networks in the US and Canada.

²² Transition Towns, a recent movement founded using the principles of permaculture and with the goal of preparing communities to adapt to climate change and peak oil began in 2005 in Ireland and has expanded to over 300 communities in the UK, Ireland, Canada, Australia, New Zealand, US, Italy and Chile. The goal of the Transition Town movement is to raise awareness of sustainable living and build local ecological resilience in the near future. Like the BALLE network, Transition Towns seek methods for reducing energy and work to localize their food supply. Their principles include: positive visioning, help people access information and trust them to make good decisions, inclusion and openness, sharing and networking, building resilience, and include permaculture principles which focuses on creating self-contained, circular, sustainable ecosystems.

Shasta, McCloud's neighbor, recently gathered more than enough signatures to place a Community Water Rights and Self Governance Ordinance on their 2010 November ballot. All of these developments demonstrate the emergence of a community-driven shift from an emphasis on economic growth for community well being to increased attention to holistic community capacity.

The identification of and attention to the opportunities and challenges identified in McCloud offers an occasion to re-focus development efforts away from a sole pursuit of economic development toward increasing McCloud's overall community capacity. Community capacity relies upon human and social capital as well as organizational resources to solve collective problems and improve or maintain the well being of that community (Chaskin, 2001). A community such as McCloud where the community capacity has been negatively impacted by an over-reliance on a singular extractive industry can recover through a re-examination and rebuilding of its community capacity. The networks recently established in McCloud (MWC, MLF, McCloud Grassroots) accentuate the potential in the community to create foundations of trust and support and allow access to resources (information, connections, money) that benefit residents.

Attention to community capacity in decision-making does not necessarily lead directly to decisions that are sustainable. As Agrawal and Gibson (1999) point out, it is the institutional arrangements that structure resident's interactions and are based in the

Ecovillages emerged out of the communal movement of the 1960s and 70s. The Global Ecovillage Network (GEN) is a global association of communities dedicated to living sustainably, adding more to the environment than is taken. It serves as "an umbrella network for ecovillages, transition town networks, intentional communities and ecologically minded individuals". It has existed since 1995 and has members all across the globe.

principles of sustainability that are more likely to bring about sustainable development.

A community with strong capacity is better equipped to establish such institutions, doing so in a manner that is participatory and acceptable to residents.

An application of the principles of community capacity and institutional structure explored in this thesis is found in the Humboldt Bay Municipal Water District's (HBMWD) recent process to engage the greater community in making decisions about water rates and water rights²³. Instead of making a decision themselves, the HBMWD chose to involve the public through the creation of an advisory committee made up of multiple and varied stakeholders, a citizens' study group composed of randomly selected members of the public, and three series of public meetings. The public meetings asked residents to first develop evaluation criteria through discussion of values related to local water use; the second series of meetings focused on generating water-use options and the third series of meetings evaluated the options created through intensive public dialogue. This was a year-long process and was lauded as innovative and successful by many, especially the funders, Common Sense California and the Humboldt Area Foundation. The process not only engaged much of the public in identifying priorities and developing water use options, it also exposed concerns and unique solutions that may have otherwise been dormant and left to fester. The process also deflected conflict and hostility through its participatory format. Those who expected conflict were asked to engage and provide

²³ The HBMWD meetings took place from August, 2009 – August, 2010. I worked as recorder in the meetings and so this information is from my first-hand experience. There is also a report available, *Humboldt Bay Municipal Water District Water Resource Planning: Advisory Committee Recommendations for Water Use Options Supported by a Community-Based Planning Process* August, 2010 http://www.hbmwd.com/final_water_resources_planning_report.

input rather than rest in a position of opposition. Overall the process communicated the issue and problem regarding water use and asked the public to engage in decision-making. The process did expose and underscore the public's value for maintenance of a healthy riparian ecosystem, a value that was previously ignored in a top-down decision-making process²⁴. This led to the creation of a diverse suite of options as solutions with sustainability in mind.

The extractive use of natural resources is not a rural community's only recourse for economic and community development. As this thesis has shown, economic development is often the primary concern for rural communities in the United States. Sustainable community development requires an holistic approach that takes into account the life-giving services of the environment to human communities. The realization of a broader view of life, along with the knowledge and appreciation of the elements and variables that give life quality, would change development priorities.

We are bound to the well being of the biotic community. An awareness and appreciation of this idea will shift the emphasis from a pursuit of economic growth and financial wealth creation towards recognition of the abundant wealth found in a resilient and diverse biosphere. Resilient, diverse systems have the ability to maintain their function in the face of change and shocks from the outside. Celebration of this idea is a direct investment in understanding and creating the circumstances that manifest natural wealth in a way that creates and maintains the ability of all to thrive and not simply to

²⁴ Prior to the participatory process implemented in 2009, the HBMWD had decided to sell water to outside entities, a decision that was hotly contested.

survive. Communities that recognize these ideas and pursue development that honors the interconnectedness between residents and their environment as well as the interconnectedness between each other can create a future that is resilient. It is therefore important to understand current social obstacles and opportunities for rural sustainable community development.

McCloud is a community with great potential to thrive economically as well as culturally and environmentally. McCloud's community capacity has increased since the signing of the 2003 contract through the work of local residents to engage their neighbors in public process. The formation of the MLF has been especially invigorating for the community through their work to activate and energize local entrepreneurs in small businesses as well as engage residents in developing local recreational resources and opportunities. Their collaboration with the McCloud Chamber of Commerce and Mt. Shasta's JEDI has also bolstered McCloud's regional visibility by highlighting the economic and cultural facets of McCloud. The recent shifts in the MCSD to positively engage the public in their local governance is also beginning to reap benefits. Residents acknowledge the shift toward increased participation and this has potential to improve relations between the Board and the public. Although friction and hard feelings still exist and the future of the economy is uncertain, the recent actions mentioned above point to strides towards increased possibility and prosperity. Rural community development encompasses much more than the economy. Participation and communication among residents and between residents and decision-makers is more important. Creating resilience in a community requires an acknowledgement of the interrelation of the

environment as a source of life-giving resources and the people who utilize them as well as the interrelation between residents. Sustainable rural community development requires a persistent dialogue between all members of the shared space to identify common values, develop trust and establish a path forward that all understand and embrace.

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APPENDIX A

INFORMED CONSENT FORM

INFORMED CONSENT FORM

For

McCloud, California: Development of a Sustainable Community?
A Master's Thesis by Kerry Topel

Contact Information:

Principal Investigator: Kerry Topel – 707-337-7424, kerry.topel@gmail.comFaculty Advisor: Dr. Mark Baker, PhD. – 707-826-3907, jb141@humboldt.edu

Following is the informed consent form for a research project conducted by Kerry Topel, a graduate student from the Environment and Community Master's program at Humboldt State University, as part of the completion of Kerry Topel's Master's thesis.

The intent of this research is an analysis of how the ecological endowments of an area and the social dynamics of a community influence the decision-making processes that shape a community's economy and surrounding environment. Interviews will be used to build a collection of qualitative research that may serve as a resource regarding the assessment of a community's path toward economic, social and environmental self-reliance with the hope that such research will be of benefit to future community development decisions. Interview questions will ask about your personal and professional experiences in McCloud as well as your perceptions of McCloud's community, economy and environment..

Please read the information below, and ask any questions you may have before deciding to participate.

- This interview is **voluntary**. You have the right to not answer any question and to stop the interview at any time. The interview should take about **one hour**.
- Risks and benefits: There are **no foreseeable risks** other than possible fatigue, frustration, anger, boredom to you through your participation in this study. Benefits: There is **no compensation** other than the potential satisfaction associated with being part of a process to help create a better informed world while reflecting upon your own life experiences and opinions.
- Unless you give consent, your **identity** will be **concealed through the use of pseudonyms** in all references to any responses you make in this interview.
- I will conduct all interviews. The location of the interview is flexible. I would like to record this interview digitally on my computer to aid in creating accurate and comprehensive transcripts. This interview will not be recorded without your permission. You have the right to revoke recording permission at any time.
- Once the interview has been completed, the audio recordings will be transcribed and formatted. All recordings or other materials will be kept confidential and in private storage for a period of three years before being destroyed. **You have final**

approval over any part of this interview and participation **poses minimal risk** to you.

Please read the following and check the box to verify your agreement:

☐ I, the undersigned, have been given a copy of this form. I understand the information provided above.

I am over the age of 18 and capable of giving my informed consent to participate in this interview. My questions have been answered to my satisfaction and I freely agree to participate in this interview.

Name of Participant: _____

Signature of Participant: _____ Date: _____

Signature of Interviewer: _____ Date: _____

APPENDIX B
INTERVIEW SCHEDULE

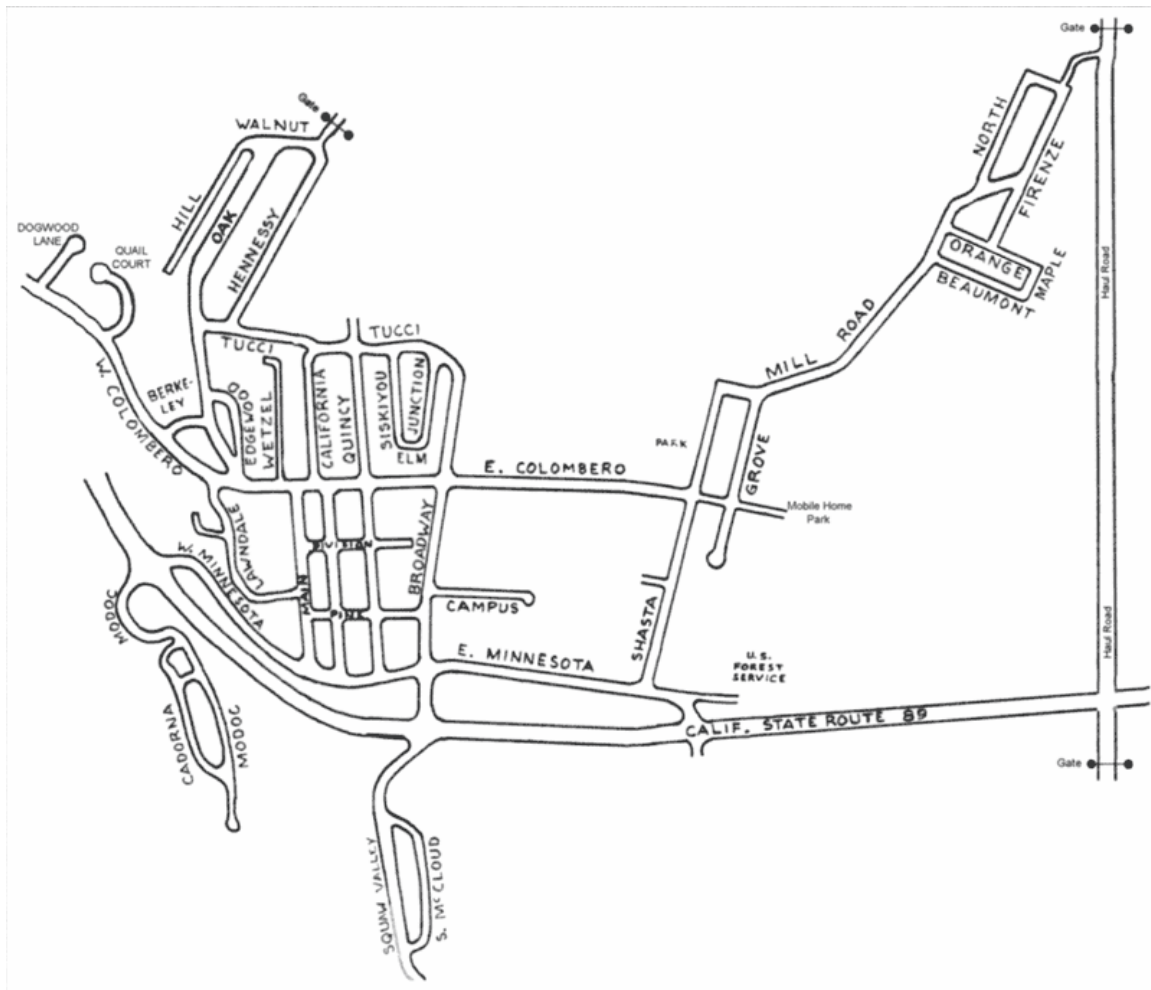
Interview questions

1. How long have you lived in McCloud?
2. What was your main reason for moving to McCloud?
3. What do you value about McCloud?
- 3a. How important is the surrounding natural environment in your value of McCloud?
4. How often do you make purchases here? Approximately what percentage of your overall expenditures are made here?
5. Do you see McCloud changing?
6. How would you characterize changes that have occurred in McCloud and the surrounding areas?
7. What factors are making the largest impact on McCloud to bring about the changes you see? (Political (local, state or federal), social, natural)
8. What do you think are potential positive aspects if the Nestle contract went through?
9. What are your primary concerns?
10. What's your perception of how the community has responded to this?
11. What is your vision for McCloud?
12. What barriers exist that may prevent the realization of your vision? What opportunities?
13. What is the background of your organization? Who formed it? For what purpose?
14. How would you describe the extent to which your organization is able to interact and engage with the residents of McCloud?
15. How well would you say your organization responds to feedback from the public?
16. What is your involvement in the organization?

17. How do you think McCloud residents would describe your organization? Why?
18. What challenges does your organization face?
19. What impact has your organization had on McCloud?
20. Are there other questions you think I should be asking?
21. Who do you think I should talk with?

APPENDIX C

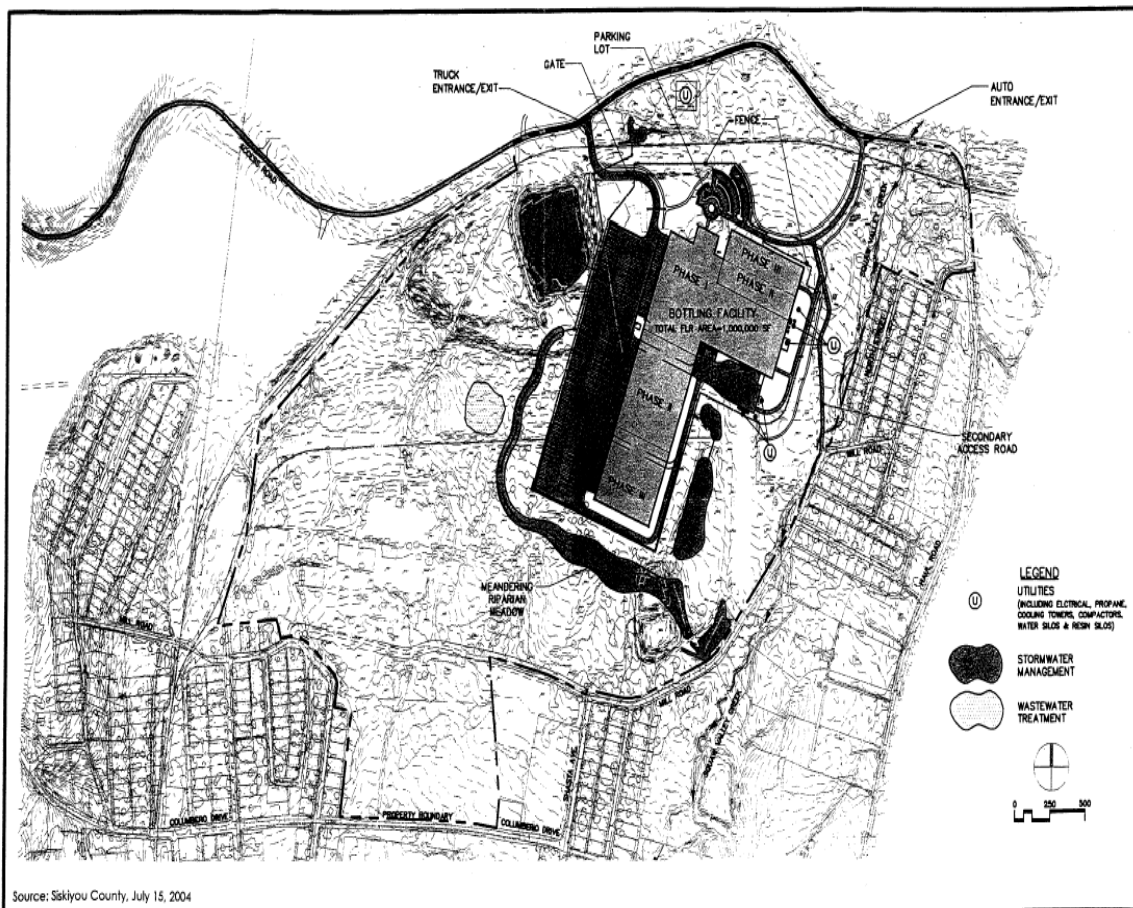
MCCLOUD STREET MAP



Source: Mountain Homes Real Estate, <http://www.mthomes.com/maps.html>, accessed August 25, 2010.

APPENDIX D:

ILLUSTRATION OF MCCLOUD WITH NWNA WATER BOTTLING PLANT AT FULL BUILD OUT



PMC

Source: Siskiyou

FIGURE 2
Site Plan