

NORTHERN CALIFORNIA PROSPERITY

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Biofuels: A Potential Growth Tool in Rural Areas

by Jude Bayham

One of the major problems facing the North State is job retention. This issue is particularly apparent in the ages ranging from 20 to 35; the age when most people look for careers. It has been speculated that this age range is likely to leave the rural areas of the North State for metropolitan areas like the Bay Area or Los Angeles because of the availability of jobs. This raises an important question: How does the North State

retain these individuals after they are done with school? Because of the abundance of fertile land in the North State the answer may lie in a seemingly niche market of the agriculture sector.

Biofuels have been a viable alternative to power vehicles and other machinery for decades. Even some of the early Ford automobile models were capable of running on ethanol. Recent developments in the refining process of biofuel have begun to stimulate interest in the economic feasibility of biofuel as an alternative to fossil fuel.

Biofuel is created from biomass, a broad term used to describe animal or plant material. Currently produced from almost entirely grains and oilseeds, biofuels can potentially be made from almost any organic matter such as algae and animal fats. As mentioned earlier, the North State has an abundance of agricultural land that can serve as a great resource for biomass (Figure 1).

This situation provides a unique opportunity for rural communities. The opportunity lies in the developing refining industry.

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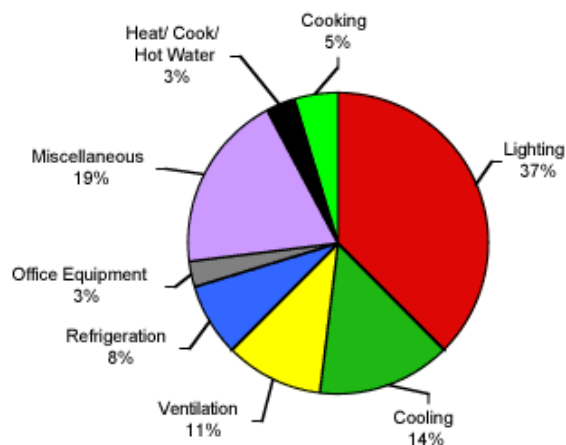
Save on Energy Costs

by Edward Roualdes

Today's business practices are becoming more and more geared toward being environmentally friendly and energy efficient. Catchy phrases such as "Go Green" or "Flex Your Power" (Efficiency Partnership, 2007) are working their way into the minds and actions of today's business person. No matter the size of the business, companies are getting educated and learning the best ways to be more energy efficient. Many businesses today are realizing

the need for increased energy efficiency. With competition always increasing, the need to cut back on costs has high priority in order to stay afloat. Easy ways to do this are by learning and implementing energy efficient techniques.

A detailed energy breakdown, using year 2000 data, from the web site www.flexyourpower.com, gives the below pie-chart to show where most energy use is going.



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The Focal Point

by Richard Wagner

This month's Focal Point interviews the small northwestern California town of Honeydew. The Census of 2000 reports a population of 124 and according to Dunn and Bradstreet has three businesses: a country store, the local post office, and a sports stadium. In an attempt to uncover this town in the "Lost Coast," I called the local general store to dig up some hometown stories and facts.

I was fortunate enough to speak to the owner who belongs to the Hadley family. Being the first family in the area, establishing the territory in 1848, I knew that I had contacted the right person. He was not much for words, but ensured me of the beauty and natural simplicity of the area, providing for a wonderland of recreational activities to visiting tourists.

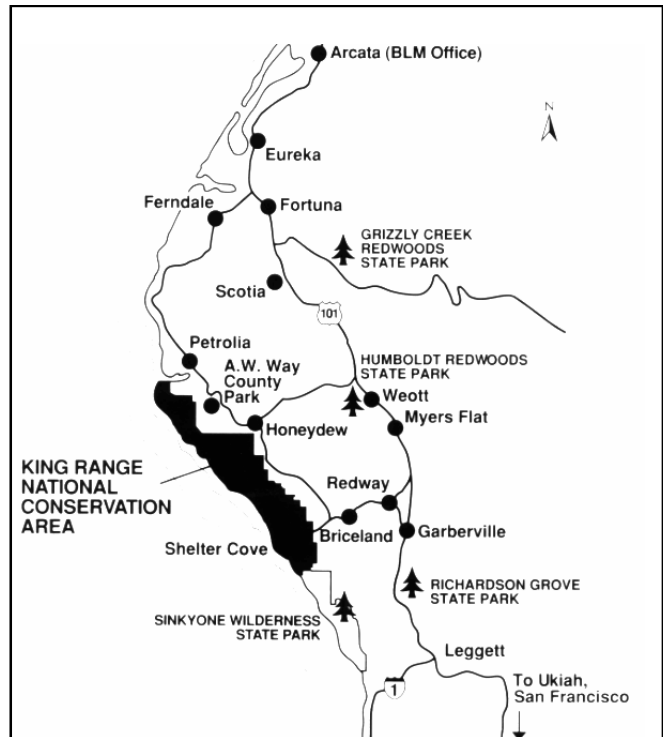
The locals of this quiet little town also enjoy their beautiful surroundings and luck would have it that this

probably will not change. The Bureau of Land Management (BLM) has classified the entire Lost Coast as the King Range National Conservation Area. The BLM reports, "The King Range covers 64,000 acres and extends along 35 miles of coastline between the mouth of the Mattole River and Sinkyone Wilderness State Park. Here the landscape was too rugged for highway building, forcing State



Highway 1 and U.S. 101 inland. The remote region is...only accessed by a few back roads. The recreation opportunities here are as diverse as the landscape. The Douglas-fir clad peaks attract hikers, hunters, campers and mushroom collectors, while the coast beckons to surfers, anglers, beachcombers, and abalone divers to name a few."

Development has been slow in this area and



will probably not increase in rate. With limited access and a culture of contentment, there is little to no need for change. Honeydew is an example of rural life in its finest degree, including happy people who enjoy the simple things. Nonetheless, with a wide variety of activities and scenery, Honeydew is an exemplary example of Northern California's rich landscape.

For more information, contact Richard Wagner by calling (530) 898-3855.



Project of the Month

by Warren Jensen

Mendocino Industry Clusters

Over the past few years, the U.S. Economic Development Agency (EDA) has encouraged local universities to work with their communities to study a new concept in economic development involving "industry clusters." In Northern California, The Northeastern Small Business Development Center (NECSBDC) has been working on this exact area of focus by helping several of our organizations identify and collect information about potential industry clusters.

According to Harvard University Professor Michael Porter, an industry cluster is a group of related industries with one or more of the following properties: 1) ability to buy and sell goods and services from each other, 2) are innovative due to competition with one another, and 3) share infrastructure such as transportation, communications, and electricity. According to EDA, examples of successful industry clusters include North Carolina's Research Triangle, Hartford's insurance and finance markets,

and Hollywood's film industry. These are groups of related, interconnected, and competitive businesses that are responsible for the rapid economic development of their respective communities.

EDA is encouraging economic development organizations to study the potential of industry clusters in their service areas. The research and analytical experience at the Northeastern California SBDC, its experience in helping the California Economic Strategy Panel study industry clusters in rural California, and its association with California State University, Chico, make organizations that partner with our office when seeking EDA funding very competitive.

For two years, Mendocino County has sought the help of the NECSBDC to evaluate the potential to develop several industry groups for which Mendocino County believes it has a competitive advantage into industry clusters. In June 2006, the center evaluated the potential of a retirement services cluster and in December, the potential for a manufacturing cluster.

The retirement services cluster is a revolutionary idea. While retirement services has long been a

successful economic development strategy in many communities, developing the group of industries into a cluster is a new idea. Without a case study to guide us, the NECSBDC used migration data and industry transaction data from IMPLAN to evaluate the potential growth of the industry and the potential to develop a set of interconnected industries. It turns out that many retirement service businesses need many of the services required by retirees, themselves, such as financial planning, so the potential is there if the county can find motivated entrepreneurs to fill gaps in needed services.

The manufacturing cluster has been studied extensively in communities around the nation. Unfortunately, that study involved the development of large mass production facilities, something for which Mendocino County would not have much of a competitive advantage because of a lack of rail transportation and large tracts of inexpensive land. In response, the NECSBDC focused its study on the potential for small independent manufacturers, perhaps those focusing on environmentally friendly products or production processes. Unfortunately, existing data is not constructed in such a way as to separate "green" manu-

facturers from others in their respective industries, but the NECSBDC was able to rely on information about the county's existing green manufacturers to develop potential supply chains that the county can develop.

Mendocino County will be using the data provided by the NECSBDC to develop detailed economic development strategies over the next few years.

Biofuels

(continued from page 1)

This situation provides a unique opportunity for rural communities. The opportunity lies in the developing refining industry. The technology and equipment required to refine biodiesel is increasing in efficiency and decreasing in cost. In an article titled, "Biofueling Rural Development," Jim Kleinschmit argues that the key for rural communities is to promote local ownership of refineries. In one instance he cites a community gaining forty jobs and \$56 million in direct spending from a developing refining industry. He emphasizes that if local governments

do not become active in the development process they may lose the opportunity as large companies seize the market.

The federal government must look at alternative energy sources as the current sources are rapidly depleting. As biofuels become more viable, participants can expect economic incentives from the government in the form of subsidies or tax breaks. If North State communities plan accordingly there is potential for a refining industry to grow. The natural resources are here, the strong agricultural foundation exists, and it is up to our local communities to seize the opportunity.

Save on energy costs

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Here are some general tips to cost reduction most businesses can implement:

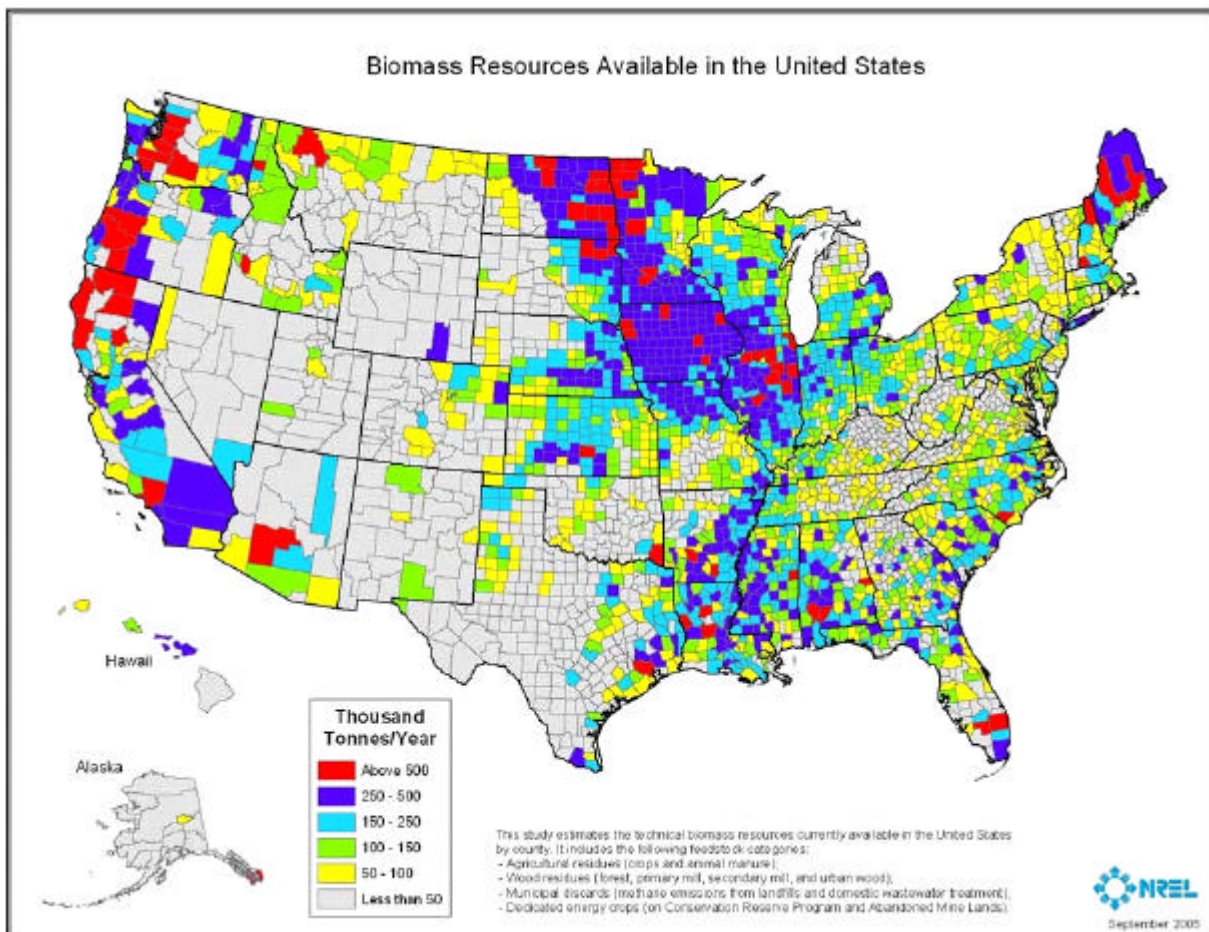
- Use fluorescent light bulbs instead of incandescent bulbs - not only are they more energy efficient but they last longer.
- Install automatic timers, motion detectors, or task lighting (lighting just for the area you are working in) to reduce unnecessary lighting.
- Install timers for your heating and air-conditioning controls.
- Set your thermostat for 68 degrees Fahrenheit while you are working and lower the temperature for non-business hours.
- Turn off any and all equip-

ment not in use and especially after closing time - everything will make a difference here.

- Have energy-efficient HVAC (Heating, Ventilation, and Air Conditioning) units installed and maintained, or be sure to keep your current system in tip-top shape.

The state of California and PG&E are behind you on this project so check to see what rebates, tax incentives, and other economic incentives are offered. You can find these incentives at www.commerce.ca.gov; look for "California's Energy Challenge," or at www.pge.com. Rebates are described under "Energy Management Solutions for Small Businesses."

www.commerce.ca.gov
www.pge.com
www.flexyourpower.com





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