

Institute for Local Self-Reliance 2008 Activities Report



1313 5th St. SE, Suite 303 | Minneapolis, MN 55414 | 612.379.3815 | www.newrules.org

927 15th St. NW, 4th Fl. | Washington, DC 20005 | 202.898.1610 | www.ilsr.org

34 Years Building Strong Communities!

Letter from the President

The dramatic events of 2008 have made ILSR's philosophical and strategic framework all the more relevant. Localism has been discovered as the logical and equitable answer to the energy, agricultural, natural resource and environmental challenges that we face. The more energy and food we produce locally, the more raw materials we mine from discarded materials, the more green jobs and small businesses we create. Localism reduces government and private sector outlays as it expands the local tax base. Local self-reliance is moving to prime time and ILSR continues to develop cutting edge solutions to the problems facing communities around the globe.



In 2008, ILSR programs have continued to demonstrate that local self-reliance is both the means and ends to our American dream of economic security, industrial growth and reduced pressure on national and world-wide resources, creating a pathway to diminishing international tensions.

As you will read in this program activities report, we have greatly expanded our knowledge of plant-derived plastics and how to encourage market demand for sustainable products. We have increased recycling levels throughout the U.S., extended deconstruction activities as part of community development in cities, halted incineration of garbage and planned and implemented alternative models of resource management in cities and counties.

ILSR has also traveled extensively throughout the country working in cities and towns on local programs to counteract big box stores. We have developed a grassroots based broadband policy built on a community ownership model for cities. And, ILSR has provided critical analysis and commentary on energy and agricultural policies that can form the backbone of a modern New Deal for America.

On behalf of our board and staff, I wish to thank all of the individuals, organizations and foundations who have supported our work in the past year and who continue to partner with us to ensure that the principles of local self-reliance make our communities stronger and more vibrant than ever. We look forward to your comments and opinions on our work.

Sincerely,

Neil Seldman
President

P.S. We know that times are tough for everyone but **please consider supporting our work** with a tax deductible contribution. It will help us greatly to ensure that sustainable community development takes place far and wide.

Your support is essential and you can make your contribution on-line at www.ilsr.org!

"Our very grateful thanks to you for your tremendous help in crafting the Fiscal and Economic Impact Assessment policy and for helping to shape public opinion and knowledge about these critical issues. It's been over 18 months since we started this work, and your assistance and support has been invaluable."

- David Keller, former Petaluma City Council member

THE NEW RULES PROJECT

ENERGY & CLIMATE CHANGE: POWER TO THE PEOPLE

Overlooked local resources from which communities can extract value are sunlight, wind and the soil. ILSR continues its three decades of work on distributed and renewable energy production. But in 2008, unlike in 1974, we no longer need to advocate for the creation of a renewable energy industry. Instead, today ILSR advocates for an expanded renewable energy industry that maximizes the benefit and security to communities and regions.

ILSR argues that renewable energy, unlike nonrenewable energy, falls everywhere and therefore can and should be harnessed in small, widely distributed production facilities that largely satisfy local and regional needs. Part of ILSR's work is to develop the research to support this thesis. In the 1970s, one national magazine described ILSR as an organization that "puts hard numbers on soft dreams." That description fits us just as well today. During the last year, ILSR has made this argument in national, regional, and local forums, in op-ed pieces, on radio and TV, and via the publication of a half dozen policy briefs.

This past year, ILSR issued two in-depth reports on energy. One, *Driving Our Way to Energy Independence*, was published in April 2008 and presented a strategy for achieving an oil free American transportation system by making electricity the major vehicle fuel, with a backup engine powered by biofuel. The idea of flexible fueled, plug-in hybrid electric vehicles has gone from the margins to near center stage in U.S. energy policy in the last four years, a testament to the doggedness and ingenuity of grassroots activism, including that of ILSR.

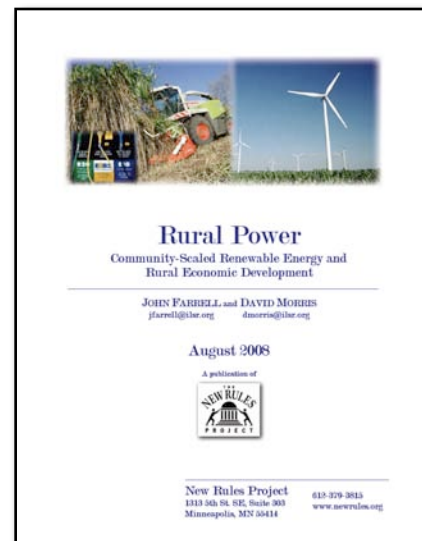
We issued the other report, *Rural Power*, funded by the Ford Foundation in August 2008. It discussed how the trillion dollars that will be invested in renewable energy production over the next decade can best maximize sustainable technologies and the benefit to rural communities. The report estimated the increased benefits to communities from locally owned wind turbines and biorefineries, and offered policy prescriptions that encourage local ownership and distributed production.

ILSR's research has identified ways in which federal policies undermine the possibility of distributed and community based energy production and we suggest how to redesign these policies to enable rather than disable local ownership. For example, even though a single wind turbine can provide the electricity needs of 600 households, the federal incentives make it impossible for those same 600 people to own the wind turbine. The reason is that federal tax credits are useful only if an individual or corporation has significant tax liability. Adding insult to injury, the wind energy tax credit can only be taken against

passive income, which means income from wages and even investments are excluded. The result is that virtually all solar and wind projects are absentee owned and remotely financed.

ILSR's research revealed that if the federal government allowed the tax credit to be taken against ordinary income like wages, over a million Minnesotans could take advantage of the incentive to invest in wind turbines. In 2008, we worked with a member of Congress from Minnesota on a bill to make the renewable energy incentive usable by millions of families.

Another mechanism ILSR has identified that can enable local ownership and distributed energy production is one that can be done at the state level. It is called a Feed-In Tariff (FIT) or renewable energy payment, and essentially is a set price utilities must pay on a long-term contract to renewable energy producers. FITs have been used successfully in several countries. One of its benefits is that policymakers can establish variable prices based on scale and ownership. A FIT bill, designed by ILSR, was introduced in the Minnesota legislature in 2008 and will be debated again in 2009. It would establish different levels of payments depending on whether the renewable energy facility is small or large, locally owned or absentee owned, rooftop solar or remote wind. ILSR expects to convene a conference early in 2009 on the FIT as a lead-up to a renewed debate in the legislature. We have also provided information to groups in other states and in 2008 were part of the establishment of a national alliance for FIT.





ILSR's John Farrell talks with WCCO-AM (Minneapolis) radio host Don Shelby about locally owned renewable energy.

In 2008, we made the case for distributed energy generation and local ownership in op-eds in more than 30 national and local newspapers, on television and radio and in speeches before state, regional, national and international audiences. One staff member also visited Denmark for a week, learning about that country's significant success with expanding locally owned wind projects.

To document and disseminate information on scale and ownership issues, we launched a series of Policy Briefs.

Among these:

- *Energy Self-Reliant States* is the first report to estimate the degree of self-sufficiency each state could achieve by relying on in-state renewables.
- *Meeting Minnesota's Renewable Energy Standard Using the Existing Transmission System* analyzed the data from pioneering utilities' studies on the capacity of existing transmission lines to absorb new renewable energy and found that Minnesota could meet its 2025 renewable energy goals without building any major new long-distance high-voltage transmission lines while at the same time inhibiting the construction of new coal fired power plants and enabling local ownership of wind turbines.
- *Broadening Wind Ownership by Changing Federal Incentives* examined the problems for local ownership created by the previously-mentioned federal incentive for wind and solar energy that can be taken only against "passive income" liability.

- *Minnesota Feed-In Tariff Could Lower Cost, Boost Renewables and Expand Local Ownership* discussed the benefits of a set premium price utilities must pay to renewable energy producers.

In 2008, we also updated our research on tools available to communities to effect carbon neutral building goals. Our 2006 report, *Lessons from the Pioneers: Tackling Global Warming at the Local Level*, was the first analysis of U.S. cities' efforts to reduce greenhouse gas emissions. In 2007, ILSR published a follow-up report, *Climate Neutral Bonding: Building Global Warming Solutions at the State and Local Level*, which focused on a specific policy that jurisdictions could easily adopt to have major impact: carbon neutral buildings. The report proposed that "Any new construction or major renovation of existing buildings must be carbon neutral within the community. Any greenhouse gases emitted from the new or renovated construction must be offset by an equal or greater reduction in greenhouse gas emissions in another part of the jurisdiction." Our expanded toolkit for communities now includes performance-based codes, energy savings banks and other regulations.

In addition, we weighed in on the debate over carbon cap and trade. In *Carbon Caps With Universal Dividends: Equitable, Ethical & Politically Effective Climate Policy*, we explored the impact of a carbon cap with all auction revenues distributed equally on a per capita basis. The report concluded that this policy would hold all but the most energy intensive households harmless. They would receive back the same amount of money they would pay in higher energy costs. Lower income people would receive back more than they paid in. Such a policy, the report suggested, could overcome popular opposition to carbon caps or taxes.

Our work this last year has strengthened the case for changing federal and state renewable energy incentives and other policies to favor local ownership rather than absentee ownership. The economic and social benefits are substantial.



Credit: Jenny Hager Photography



TELECOMMUNICATIONS AS COMMONS INITIATIVE

ILSR's New Rules Project began advocating for publicly owned community broadband networks in 2005. Recognizing these networks as the essential infrastructure of the 21st century, we have worked with communities to ensure they will be able to shape their digital future rather than be dependent upon cable and phone companies.

ILSR is a nationally recognized advocate for community broadband and our work has helped city officials, local activists, and other policymakers to understand the importance of these systems.

In January 2008, ILSR issued a policy brief entitled *Municipal Broadband: Demystifying Wireless and Fiber-Optic Options*. The brief is used across the country to educate activists and officials on the trade-offs between different broadband technologies. The Blandin Foundation's Ann Treacy called it "required reading for anyone who suddenly finds himself in a position to make broadband choices for a community."

In Minnesota, ILSR continued its work with St. Paul while also supporting the town of Monticello. When an incumbent telephone provider took Monticello to court to stop the City from building an overwhelmingly popular fiber network, ILSR brought national media attention and support to the town. By the middle of October, the judge dismissed the lawsuit. ILSR was crucial in boosting the morale of Monticello's City officials throughout the trying time.

In St. Paul, Minnesota, ILSR served on the Broadband Advisory Committee and helped shape its strong support for a publicly owned community-wide fiber network. After the City Council unanimously accepted its recommendations, the Committee was dissolved. But ILSR's work has continued. ILSR has worked with the mayor's office to identify partners and opportunities for moving forward on a community fiber network in the City.

Realizing that city officials need some outside pressure to prioritize this network, ILSR has started forming a coalition of activists, businesses, and nonprofits to ensure this project does not fall through the cracks. In the coming months, ILSR will encourage St. Paul to do a feasibility study. ILSR believes a community fiber network in St. Paul is within reach.

By owning its network, St. Paul can ensure all residents can benefit from advances in telecommunications technology. All children can have access to broadband for homework help. Businesses will be more competitive with faster services at affordable rates. And most importantly, the community will be self-reliant and the infrastructure of the next century will answer to community needs, not shareholder dividends.

In 2008, ILSR carried our message of public ownership and open networks to national conferences of activists (International Summit for Community Wireless, National Conference for Media Reform) as well as national conferences of policy officials (National Association of Telecommunication Officers and Administrators).

ILSR has worked with a number of national telecommunications activist organizations (e.g. Free Press, New America Foundation, Ethos) to coordinate efforts. One of the projects emerging from that collaboration will be a national map and database of municipal telecommunications initiatives.

In the coming year, ILSR will continue to encourage communities to invest in the information networks they will depend on for many decades into the future. Like roads and electricity, communities now depend on broadband to succeed. ILSR will highlight the best rules and policies for these communities to move forward.



ILSR's networkstpaul.com web site is for activists and policymakers working on community owned fiber networks.

THE HOMETOWN ADVANTAGE

ILSR's New Rules Project has been a leader in the growing movement to check the expansion of big-box retailers and repopulate our downtowns and neighborhoods with locally owned businesses. It's a movement that has gained significant momentum in the last year as more communities reject the Wal-Mart model and turn to hometown businesses as a key means of cutting carbon emissions, creating stable and rooted local economies, and reviving civic life.

In the last year, we expanded our Big Box Tool Kit website (www.bigboxtoolkit.com), adding new how-to resources and enlarging the site's network of grassroots groups to more than 400. We provided direct personal assistance to about one-quarter of these groups, contributing to the defeat of big-box projects or the passage of new policies in dozens of communities.

The following resources were launched this year: *Guide to Retail Impact Studies*, a 25-page guide to retail impact analysis for citizens and elected officials; *How to Launch a Community-Owned Store*, a fact sheet that was expanded and published as a cover story in the National Trust's *Forum News*; a DVD, available for free downloading, of Stacy Mitchell's presentation to the business community in Utah, filmed by Salt Lake City Television; a CD, *Catalyzing Your Own 'Buy Local' Movement*, that contains 130 slides accompanied by audio from a presentation to the National Main Streets Conference in Philadelphia in 2008; and a *Buy Local Slide Show* that offers dozens of examples of how communities are promoting locally owned businesses.

We continue to draw public attention to the hidden costs of the big-box economic model. With its release in paperback, *Big-Box Swindle* has reached a larger audience this year and led to numerous radio and newspaper interviews.

As with all of our work, our focus is on long-term policy change. Last year, we helped enact the Informed Growth Act, a landmark law in Maine that requires an economic impact review for large retail projects and prohibits those

that will have significant negative effects. This year, we developed tools to guide local officials that will be implementing the law. We are now working to introduce this model in other states.

We do more than help communities constrain the proliferation of big-box stores. We give them tools to foster local business development and chart a path to a more prosperous and sustainable future. We disseminate information about these strategies through the New Rules web site and our e-newsletter, *The Hometown Advantage Bulletin*, which now has more than 4,600 subscribers. One grassroots activist in New York state wrote, "Your e-newsletter always cheers me up. There's always news of success and new strategies and great gumption somewhere around the country, thanks for that."

We have also stepped up our efforts to build Independent Business Alliances, which have now formed in more than 60 cities. Linked together through the American Independent Business Alliance (ILSR serves on its Board of Directors), these groups represent some 10,000 independent businesses. They are emerging as alternative chambers of commerce, with an educational and policy agenda focused on promoting rooted and community-oriented enterprise.



ILSR's Stacy Mitchell giving one of her inspiring presentations.

FEEDBACK FROM THE GRASSROOTS

"We won! Home Depot withdrew their application. Thanks so much for your website, your book, and your presentation. We are going to use this as a kick off for some positive education around our mission of prosperity and sustainability in Central Vermont."

Eric Gilbertson, Citizens for Community & Local Prosperity, Montpelier, Vermont

"The New Rules Project is an enormously important undertaking— a treasure chest full of pro-local businesses by laws currently in use in towns and cities all over the country."

- Kati Winchell, Concord Independent Business Alliance, Concord, Massachusetts

"The Big Box Tool Kit web site has been incredible resource for us."

- Bill Bradburn, coalition fighting big-box project in Seattle, Washington

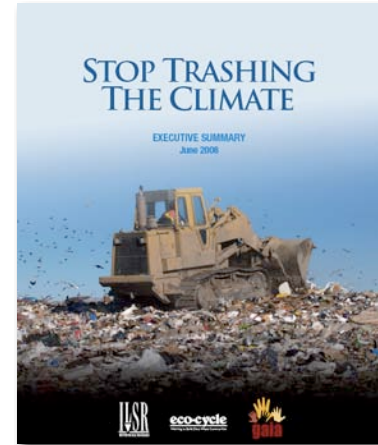
WASTE TO WEALTH

ANTI-INCINERATION & ZERO WASTE

ILSR continued its three-decade effort to stop construction of incineration capacity throughout the U.S. Our publication, *Stop Trashing the Climate*, made headlines with its findings that preventing waste and expanding reuse, recycling, and composting programs – that is, aiming for zero waste – is one of the fastest, cheapest, and most effective strategies available for combating climate change.

Released in June with Eco-Cycle and the Global Anti-Incinerator Alliance, the report concluded that significantly decreasing waste disposed in landfills and incinerators will reduce greenhouse gas emissions the equivalent to closing 21% of U.S. coal-fired power plants. In addition to calling for no new incineration capacity, the report calls for an end to landfilling biodegradable materials. It is the first report to broadly publicize the connection between composting and mitigation of methane emissions from landfills. Landfills are a top source of methane, a greenhouse gas 72 times more potent than carbon dioxide. ILSR has presented the findings on NPR, in journal articles, and at major conferences in Atlanta, Blacksburg (VA), Boston, Chicago, Philadelphia, San Diego, and San Francisco.

In 2008, ILSR increased the number of jurisdictions in which we are assisting local governments in developing alternative business models for resource management to replace wasting as usual (San Juan Metro Area, Puerto Rico; Hawaii County; St. Lucie County, FL; Nashville, TN; Bridgeport, CT). ILSR also has expanded the number of jurisdictions in which we are working with citizen and small business groups to change government policies (Salinas and Ponce, Puerto Rico, Tallahassee, Frederick County, MD; Youngstown, OH). In Detroit, ILSR's work with a coalition of environment, union and citizen groups convinced the mayor and the city council to abandon its use of an incinerator.



In Los Angeles, where the City's goal is to reach zero waste by 2025, we continue to advise the city on community scaled recycling, composting and reuse facilities. ILSR has submitted a report that outlines the strategy needed to develop a decentralized solid waste management system tailored to the specific needs of each of the six city waste sheds.

ILSR was also engaged by the International Brotherhood of Teamsters to assist Locals in Detroit, New York City and San Juan to transition from solid waste management to resource management, thus changing sanitation workers to suppliers of valuable materials for agriculture and industry.

BUILDING DECONSTRUCTION

The deconstruction and used building materials reuse industry continued to expand exponentially in 2008 and ILSR was at the center of major developments. ILSR's national network of for-profit and non-profit deconstruction companies now employs more than 350 workers, an increase of 10% from 2007. In Cleveland, ILSR began planning for the takedown of a city block in a neighborhood of abandoned houses. The site will be used for a future urban agriculture program. ILSR's preferred program for this development is Growing Power based in Milwaukee and Chicago. ILSR is proud of its collaboration with the 2008 MacArthur Foundation 'genius' award winner Will Allen, founder of Growing Power. ILSR's partners include leading deconstruction trainers and marketers in the U.S., such as The Reuse People and Dynasty Deconstruction. These companies have demonstrated that houses can be taken down at lower than the cost of traditional demolition.

ILSR is assisting the Community Foundation of Dubuque and the Mounds Foundation to plan and implement a 50 house take-down needed for urban revitalization. In Gainesville, FL, ILSR helped Bearded Brothers Decon-



ILSR's Brenda Platt (in blue) participates in the City of Philadelphia's press conference to announce weekly recycling and celebrate America Recycles Day. Deputy Mayor Rina Cutler is at the podium and Streets Commissioner Clarena Tolson is on the right. Photo credit: Bill Mauer

struction plan for its expansion and also develop a non-profit deconstruction educational organization.

The New York State Center of Excellence in Syracuse has engaged ILSR to assist in the formation of a deconstruction joint venture involving businesses, community organizations, and the city. ILSR also continued its close affiliation with Second Chance, Baltimore, which has now expanded to over 60 workers following its start-up in 2003. ILSR continues to stress that deconstruction is the highest form of recycling as materials recovered are immediately used in construction projects at high market value. Workers trained in deconstruction can move seamlessly into living wage and benefit jobs and careers.

ILSR has made its deconstruction business start-up manual free to community groups as a download from our web site.

ECONOMIC DEVELOPMENT

Too often, citizens, government and businesses believe that they must choose between policies that will reduce pollution and industries that will create jobs. Through our Waste to Wealth program, ILSR provides communities—particularly in low-income urban areas—with the tools they need to create sustainable economic and environmental futures. For more than three decades, we have helped urban neighborhoods generate real wealth from local resources by reducing waste generation and increasing recycling. We have helped them stimulate local development and create locally owned businesses through the effective reuse of their recovered materials. In the process, we have helped instill in these neighborhoods a sense of community self-reliance, autonomy and pride.

In 2008, ILSR has been recruiting companies and evaluating green technology proposals for ecological industrial parks planned for Alachua County, FL, and

What is Deconstruction?

- ▶ *Deconstruction is the systematic disassembly of a building, with the purpose of recovering valuable materials for reuse in construction, renovation or manufacturing into new products.*

Why Deconstruct?

- ▶ *Recover irreplaceable building materials*
- ▶ *Reduce the need to extract raw materials*
- ▶ *Save energy and reduce environmental impacts of construction and demolition*
- ▶ *Train workers for living wage and benefit jobs*
- ▶ *Increase small businesses and expand local tax base*
- ▶ *Keep materials local to reduce costs and transportation loops*
- ▶ *Support green building practices & earn LEED credits*



ILSR's Neil Seldman with union deconstruction workers in Hartford, CT.

Hawaii County, HI. This work is part of local efforts to increase recycling and composting and add value to the materials generated locally. In Buffalo, NY, ILSR is working with civic groups, the Mayor's office and AFSCME to develop a business model for an alternative solid waste management system.

The U.S. Environmental Protection Agency/Region III funded ILSR to provide technical support to the Mid-Atlantic Consortium of Recycling and Economic Development Officials (MACREDO) in its efforts to increase food residual recovery throughout the region. ILSR is currently conducting an outreach program to selected farm associations in each of the Mid-Atlantic states to inform them of on-site composting opportunities that can be revenue generators for local farms. In addition, Ned Foley, ILSR's technical consultant, is providing a limited number of site visits to farms that are seriously interested in initiating composting projects. Mr. Foley has effectively implemented composting systems on Two Particular Acres, his small family farm located in Montgomery County, PA (www.twoparticularacres.com). He accepts pre-consumer food waste from nearby restaurants, hospitals, and supermarkets.

In addition, ILSR contracted with the Pennsylvania Recycling Markets Center in developing a Pennsylvania Organics Recycling Planning Tool using Geographic Information Systems (GIS) Modeling. The tool is available



Farmer Ned Foley's on-site composting operation

for use on the RMC web site (www.parmc.org) and is serving as a model for a comparable GIS mapping tool for the state of Virginia.

In Nashville, ILSR facilitated a joint venture between two companies that will develop a comprehensive scrap dismantling and reuse enterprise.

And finally, this year we are celebrating success in finding a long-term composting solution for the District of Columbia's fall leaves. Fall 2008 marks the first time all of DC's vacuumed leaves will be composted. ILSR worked hard to facilitate this arrangement with Pogo Organics in Sunshine, MD.

SUSTAINABLE PLASTICS & BIOMATERIALS

The potential benefits of biomaterials are many: reducing waste, improving public health, cleaning the air and water, creating jobs, spurring rural development, protecting marine life and habitats, reducing global warming, and reducing dependence on imported fossil fuels. Yet biobased does not equal sustainable. Many bioproducts now available are derived from genetically modified organisms (GMOs) and unsustainably grown feedstocks. Some may contain engineered nanoparticles, the impacts of which are unknown, or fossil-fuel-plastic blends. While a number of products are technically compostable, few are actually being composted and no post-consumer bioproducts are being recycled. Product labeling is also confusing and inadequate. In 2008, we continued to network with many allied organizations and businesses to address these concerns and promote sustainable bioplastics. Much of our work takes place through the Sustainable Biomaterials Collaborative (SBC), which ILSR now co-chairs and coordinates.

Among our accomplishments in 2008, we:

- *Drafted purchasing specifications for sustainable biomaterials.* As part of the Biospecs Committee of the Business NGO Working Group for Safer Chemicals and Sustainable Materials, we helped craft baseline sustainability criteria for preferred biobased products. These criteria, for instance, call for maximum use of biobased materials and use of GMO-free feedstocks or use of a sustainable agricultural offset program that includes a GMO-offset program.
- *Evaluated bioproduct companies and products on the market.* This year we worked closely with the Business NGO Working Group for Safer Chemicals and Sustainable Materials to evaluate biobased food service ware products. We helped develop the survey and evaluate survey data received. Twenty-two companies representing 42 products participated. We are now using this data to refine the sustainable purchasing specifications for biomaterials. ILSR is rewriting the end-of-life specifications.

- *Documented early adopters using and composting biobased products.* We have developed case studies of Cedar Grove Composting in Washington, the Zero Waste Farmers' Market in Colorado, San Francisco's Organics Diversion and Jespon Prairie composting facility, the U.S. Capitol Cafeteria Program, among other venues. Two key challenges to composting bioplastics are (1) adequate labeling, and (2) expanding the composting infrastructure to increase the number of facilities that can handle food scraps and compostable bioproducts. We have been pushing for adequate product identification oriented toward product buyers as well as toward composters and recyclers. In April, we testified before the Federal Trade Commission and 170 stakeholders on bioplastic labeling issues, calling for guidance at the federal level.
- *Disseminated findings.* We have documented our findings in articles, Web pages, blogs, numerous presentations, and by collaborating extensively with other organizations. This year, we redesigned our www.sustainableplastics.org web page. ILSR was quoted on National Public Radio in an April feature story on biodegradable plastic bags. We also co-wrote the "Plastics" chapter in the second edition of the popular book, *50 Simple Things You Can Do to Save the Planet*, released in April, and we are named as a partner on this subject with our sustainable plastics web site as a featured resource. Most recently, ILSR's Brenda Platt was the keynote speaker at the 1st Annual "No Plastic Left Behind" Campaign Against the Plastic Plague conference in Costa Mesa, CA, October 2008.



Stan Eller (left), Sustainable Biomaterials Collaborative Coordinator, with members of the SBC Steering Committee: Brenda Platt (ILSR), Mark Rossi (Clean Production Action), Cathy Crumbley (Lowell Center for Sustainable Production), David Levine (Environmental Health Fund), and Jim Kleinschmit (Institute for Agriculture & Trade Policy).