



2012 Building Resilient Local Economies

Institute for Local Self-Reliance Year End Report

Message from the Co-Directors

Two years ago we observed in our end of the year letter, “a tsunami of anti-government sentiment has dramatically altered the American political landscape. As one consequence, policy making at the federal level may be in gridlock for the next two years. Which makes work at the state and local level vital.”



This year’s election evidenced the tsunami’s diminished force. But that doesn’t necessarily mean the tide is going out. Gridlock in Washington is still likely. And the work at the state and local level still remains vital.

Hurricane Sandy, which many believe had a significant influence on the election results, taught us two important lessons. One is that government matters. The government weather service provided a remarkably accurate forecast. Hundreds of thousands called government operators at 311 and 911 for help and information. FEMA rose to the occasion. First responders waded through thigh deep water to rescue stranded tenants. The New York transit authority earned universal admiration for almost miraculously getting the subways up and running within days.

Government is the only agency with sufficient resources and capacity and reach to address a widespread disaster. But Sandy taught us another lesson as well. Civil society matters. FEMA can provide the funds. First responders can rescue those in need. But in the aftermath of a disaster, and even during it, civil society or what we might call neighborliness matters. People in New York and New Jersey reacted to Sandy as if we were truly in this together. The Red Cross played a key role, as did hundreds of local churches. Occupy Wall Street, which protested the tyranny of the 1 percent, became Occupy Sandy, earning an admiring tip of the hat from *The New York Times* for quickly and efficiently setting up construction and medical teams and motor vehicle pools and for dispensing thousands of meals from local churches. Unaffiliated volunteers from inside and outside the affected zones went block by block, high-rise by high-rise, sometimes walking up 20 floors to bring food and water and comfort to the elderly and disabled. In a report from devastated Belle Harbor a young man told us that even the gangs had declared a truce and were offering a helping hand.

On the national and local scale the reaction to Hurricane Sandy was an almost perfect demonstration of the importance and effectiveness of mutual aid. We hope this spirit, this sense that we can work together for the common good endures even after the ravaged neighborhoods get back on their feet.

Sincerely,


David Morris
Co-Director


Brenda Platt
Co-Director

P.S. Please consider supporting our work to build local resilient communities with a tax-deductible contribution. Your support is essential and you can make your contribution to ILSR online at www.ilsr.org!



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Democratic Energy: Energy Self-Reliant States

In the last half of the 20th century, the electricity system was characterized by ever larger and more distant central power plants and an increasing consolidation of electricity utilities.

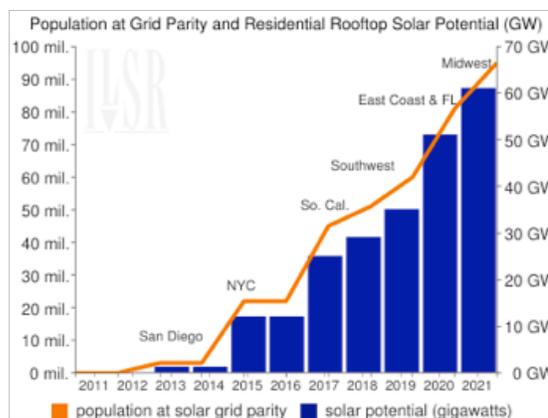
But in the 21st century the technological dynamic reversed, toward smaller, more dispersed power plants that rely on local renewable fuels. Instead of a grid dominated by large, centralized utilities, the 21st century grid could be composed of millions of independently renewable energy powered electricity plants. In many places, it already is.

Germany has installed over 23,000 MW of distributed solar – mostly on rooftops – and three quarters of this capacity is locally owned. In the U.S. over 500,000 residential buildings currently host solar and the number may double by 2014. Tens of thousands of commercial and institutional buildings also boast on-site solar.

There's an impending collision of visions, as Americans pursue local, clean energy from the bottom up while from the top-down, federal and state regulatory and incentive policies still encourage big, remote power generation. ILSR focuses on this disconnect, using its research and outreach to change the rules of the energy system to fit the new paradigm of clean, lower power generation.

We currently focus on policy — zoning laws, building codes, tax incentives, utility regulations, trade laws — that need to be redesigned to accommodate economically competitive decentralized energy generation.

In early 2012, ILSR published [*Rooftop Revolution: Changing Everything With Cost Effective Local Solar*](#). Authored by John Farrell, the director of our Energy Self-Reliant States Initiative, the report highlighted the near-term potential for unsubsidized residential solar to beat grid electricity prices in the nations largest metropolitan areas. Even though solar has captured only a tiny share in the electricity market, each home that boasts a solar rooftop also boasts two likely voters. Thus the self-interested political power of solar will be felt far before its aggregate electricity production shows up in national energy charts.



Along with the report, we also published an interactive map of solar parity. The map attracted over 10,000 visitors in the first few weeks; traffic that was boosted after Andrew Sullivan and *Boing Boing* informed their readers of its value.

Rooftop Revolution identified Hawaii as a state where solar is already competitive with retail electricity prices, and a separate report released in June 2012 explains how, even when solar reaches parity, there are still roadblocks to widespread usage. [*Hawaiian Sunblock: Solar Facing Unexpected Barriers Despite Low Cost*](#) recommended policies that could remove those roadblocks.

We've also completed reports on one of the more effective policy options. In late 2011, at the request of several energy groups and the Rockefeller Brothers Fund, we produced a comparative analysis of solar renewable energy credits (SRECs) and CLEAN Contracts. John Farrell's empirical analysis, [Clean vs. SRECs: Finding the More Cost Effective Solar Policy](#), provided the basis for evaluating the two options. Another report [U.S. CLEAN Programs: Where Are We Now? What Have We Learned?](#) examined existing CLEAN Contract programs in 14 states and drew lessons for solar advocates.

We distill our research into easily accessible tools through our [Energy Self-Reliant States blog](#), using infographics, charts, and online presentations to earn a reputation for presenting complex data in a visually compelling and accessible form.

One of these presentations, "Solar Grid Parity 101," has been viewed more than 18,000 times online.

John's technical grasp of the subject and his ability to convey information in an accessible form have made him a sought after speaker to a variety of audiences. In the past year these have included:

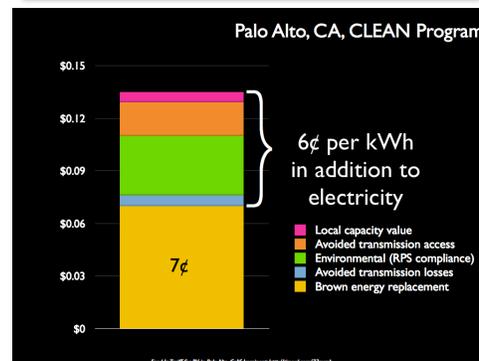
A roundtable of energy stakeholders and public utility commissioners in Vermont regarding how to strengthen the state's CLEAN Program (feed-in tariff).

A joint meeting of the Federal Energy Regulatory Commission and National Association of Regulatory Utility Commissioners (state public utility commissioners) to discuss the utility-side benefits of distributed generation.

The 12th annual meeting of Biocycle attended by over 150 largely industry participants to discuss how biogas and biomass cogeneration could play a unique role in supporting renewable electricity from wind and solar power.

The Board of Directors of the Pedernales Electric Cooperative in central Texas on the benefits of clean, local energy generation. One of the Directors later informed John that the Board is considering how distributed generation can explicitly be a part of its future policy.

A National CCA (Community Choice Aggregation) Strategy Retreat comprised of over 100 energy service companies, elected officials, regulators and activists where we addressed the question of how to integrate local economic development concerns into CCA's bids.



An invitation to Ontario Power Perspectives to reflect on Ontario's program (the result of our early 2011 report on the provincial energy program). John was unable to attend, but the host of the conference wrote in an email that the video presentation he sent "was a big hit and people referred to it continually during the discussion."

In our home state of Minnesota, ILSR has played a key role in strategy and policy development for the Solar Works for Minnesota campaign, currently consisting of over 100 organizations working for a state solar standard.

ILSR has also helped establish a new campaign, Minneapolis Energy Options, catalyzed by the expiration of the city's franchise agreements with its electric and gas utilities. The campaign seeks to persuade the city to convince Xcel to add clean, local energy provisions to its utility franchise agreements by pushing for a ballot measure authorizing the formation of municipal electric and gas utilities. The campaign has already received promising coverage in local media and has steadily gathered endorsements from local neighborhoods and environmental organizations.

The presentation "Barriers to Distributed Renewable Energy" is being talked about on LinkedIn more than anything else on SlideShare right now.

November 2, 2012

I really appreciate everything you guys are doing. The Institute for Local Self-Reliance has been an inspiration to me for years. Thank you. I think you guys are on to something and understand better than anyone else about what I was talking about, about closing the leaks of equity out of our communities. I thank you for all of the diverse work that you've done.

Bill Moyer, executive director of the Backbone Campaign

I could follow you on tour, swear to god. That was just perfect.

Megan Matson, host of National CCA Strategy Retreat, regarding John Farrell's keynote

That's @JohnFarrell doing the Lord's work

David Roberts, Grist, on Twitter

Independent Business & Community Banking

Over the last twenty years, the U.S. economy has undergone dramatic consolidation as a few giant banks, big retailers, and other corporations have come to dominate nearly every sector, pushing tens of thousands of independent businesses out of the market. This shift has both economic and political consequences, eroding the middle class, driving income inequality, and concentrating economic decision-making in the hands of a few. It's also undermining democracy, as big corporations hijack government and rewrite policy to enhance their profits and further their dominance.

ILSR's Independent Business Initiative was launched in 2000 to challenge the wisdom and inevitability of corporate consolidation. Through research and analysis, we have built a compelling case that constraining corporate power and moving toward a diverse and decentralized economy with a strong degree of local ownership would create more prosperous, sustainable, resilient, and democratic communities. ILSR works with business groups, community organizations, and elected officials to bring about the policy changes that would realize this vision.

ONE MAJOR FOCUS of ILSR's program in the last year has been working in coalition with labor and community groups to challenge Walmart's expansion. Walmart now captures more than one out of every ten dollars Americans spend at stores, including more than 25 percent of our grocery spending, and it's growing rapidly. Two years ago, Walmart launched an aggressive campaign to open hundreds of stores in major cities, such as New York and Los Angeles. Labor unions and their allies have responded nationally with an innovative new worker organizing strategy and, in the targeted cities, with broad coalition campaigns.

ILSR has three primary roles within these coalitions. One has been connecting organizers with small business owners and ensuring that small business perspectives are heard publicly and reflected in the coalition's strategy and policy proposals. Stacy Mitchell, who directs ILSR's Independent Business and Community Banking Initiatives has, for example, given presentations and led discussions at meetings for small businesses in Chicago, New York, and Washington; helped small business owners share their views on Walmart's Boston expansion plans in op-eds and letters published in *The Boston Globe* and other local media outlets; and produced fact sheets and materials geared to small businesses for use by coalition organizers.

Our second role has been advising the coalitions and allied elected officials on developing local policies to control the proliferation of large retailers and hold them to higher labor and community standards. In New York City, Stacy was invited to be among the lead testifiers at well-publicized City Council hearings on Walmart. In

Chicago, we helped coalition leaders draft a legislative proposal. In San Francisco, we have helped to shape a package of policy proposals now being introduced that would revise portions of the city's zoning code that govern retail stores, set tough standards for large retailers, and create incentives to help local retailers fill the gap in neighborhoods that lack stores selling fresh food.

Our third role has been expanding public awareness of Walmart's impact through writing and media work. In early 2012, ILSR produced an investigative series on Walmart's much-publicized sustainability initiative, which the company launched in 2005 to improve its image among urban liberals, detract attention from its labor issues, and further its growth plans in big cities. Our investigation, published as a 9-part series on *Grist*, a popular environmental media outlet, included extensive original reporting as well as in-depth analysis of Walmart's environmental footprint and the sustainability problems inherent to its business model. The series generated huge traffic on the *Grist* website, along with tens of thousands of Facebook shares and tweets. Our perspective has since been included in stories in *Treehugger*, *GreenBiz*, *The Nation*, the *American Prospect*, and *The New York Times*.

In March, we published and distributed the series as a stand-alone report, [*Walmart's Greenwash: How the Company's Much-Publicized Sustainability Campaign Falls Short While Its Relentless Growth Devastates the Environment*](#). In April, we co-published with Food & Water Watch a second report, [*Ten Ways Walmart Fails on Sustainability*](#), which also received much attention.

ILSR also raised public awareness of the company's contribution to growing income inequality and the decline of the middle class. Our op-ed timed to Walmart's 50th anniversary, "[50 Years of Gutting America's Middle Class](#)," was published in several newspapers and online media. We have also been guests on several radio call-in shows about the retailer.



A SECOND MAJOR FOCUS of this initiative has been building an independent business movement that can counter corporate power by shifting public opinion, creating networks of mutual support among business owners, and advocating for policy change.

In the last year, ILSR has focused on several policy issues critical to the future of independent business. One is the lack of adequate financing. Recent surveys show that nearly half of small businesses have been unable to secure the loans they need to operate and grow their businesses. This has been a major drag on

job creation and economic recovery. ILSR's analysis has presented a compelling case that this is a structural problem — giant banks are unwilling and unable to do much small business lending and they control an ever larger share of the industry — and the solution lies in breaking up and decentralizing the banking system. Stacy presented this analysis in a [cover story for Sojourners](#) in April, an article on state partnership banks that appeared first in *Yes Magazine* and then in *Utne* in January, several popular articles for *The Huffington Post*, a report co-published with other organizations in the New Economy Working Group, and through charts and articles on our website.

All of these pieces have been distributed to local business alliances and their members. ILSR has helped several of these groups launch campaigns to get cities and states to withdraw public funds from big banks and set up deposit pools at local banks earmarked for small business lending. ILSR has also lent research support to grassroots campaigns for state partnership banks modeled on the Bank of North Dakota.

Another critical independent business issue we have focused on this year is the growing market power of Amazon. Consumer spending is rapidly shifting to the web and Amazon now captures more than one-third of online shopping. It has a near monopoly in some categories, including about 70 percent of books purchased online (both print and electronic). Amazon has achieved its dominance in part because of government: special tax exemptions have given it a major competitive advantage and recent antitrust actions have done more to augment its market power than to limit it.

At the request of the American Specialty Toy Association, ILSR produced [a groundbreaking report](#) that illuminated these shifting dynamics and proscribed both business strategies and policy initiatives to level the playing field. ILSR also analyzed



the book industry and wrote an article looking at how policies in many European countries have maintained a much more diverse publishing and book-selling industry even as shopping moves online.

In June, ILSR published an infographic on Amazon's market power and impact. The graphic was widely distributed and featured on the websites of many organizations and media outlets, including *The Nation*, *ThinkProgress*, and *CommonDreams*. The graphic has also helped inform upcoming campaigns seeking to raise public awareness of the poor working conditions in Amazon warehouses.

More recently, ILSR has begun making a case that public education and cooperative business strategies alone are not enough to stop the decline of independent businesses. Given how public policy favors their big competitors, what's needed to fundamentally change the landscape is a political movement of small business owners. This was the core message of keynote talks Stacy gave at the American Independent Business Alliance's leadership gathering and at the fall conference of the New England Local Business Forum. It was also the focus of a very well-received TEDx talk she gave in October and which is [now available online](#).

Thank you so much Stacy! You have been a great role model & inspiration as we are working in our independent local communities!!!

Marie Poland, Sustainable South Sound in Washington state

Stacy Mitchell's book "Big Box Swindle" confirms the importance of these efforts. As a senior researcher at the Institute for Local Self-Reliance, Mitchell provides a concrete case for why it is imperative that we support independent businesses.

Meghan Mast, Live Local in a review of "Big Box Swindle"

Just a quick note of thanks for all of your research and writing on independent businesses, and the wonderful resources you offer the public. My students and I use them liberally.

Stacey Sutton, Columbia University

Telecommunications as Commons

ILSR has continued to be a national leader in defending the right of communities to build their own broadband networks. Fast, affordable, and reliable access to the Internet is a necessity for any modern economy, but massive corporations like AT&T and Comcast have refused to sufficiently upgrade their networks to meet community needs.

For years, we have watched local authority stripped away by changes in state and federal law. Local governments have slowly lost the power to regulate telecommunications in the public interest. And nineteen states either restrict or bar local government investments in their own telecommunications networks.

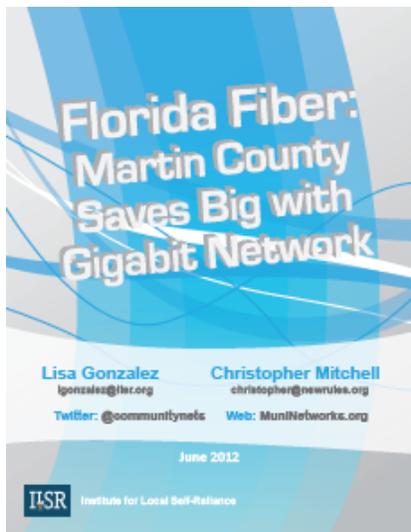
This number would have been higher except for one of our first efforts in 2012 – stopping a bill in Georgia pushed by both AT&T and the American Legislative Exchange Council. ALEC is a nonprofit organization used by large corporations to push their agenda in state legislatures and has been responsible for many of the bills limiting local authority to build networks. But we were able to work with activists around the nation and groups in Georgia to stop this bill, in large part by publicizing the conflict between what AT&T’s CEO was telling Wall Street and what AT&T lobbyists were telling legislators. While the CEO noted that AT&T had rural investments planned, the lobbyists promised investment if local government authority were revoked. We exposed their lies and that victory helped to set the tone for a successful year.

In the last year our work has received increasing recognition. Program Director Christopher Mitchell was named one of the top 25 “Doers, Dreamers, and Drivers” of public sector technology for 2012 by *Government Technology Magazine*. The magazine described Chris this way: “In 2011, the battle for the right of local governments to build their own broadband networks raged on, and at the heart of the firestorm was Christopher Mitchell.” In 2012, Chris presented at the Community Fiber Conference; the National Association of Telecommunications Officers and Advisors (NATOA) and their Texas Affiliates (TATOA) Annual Conference; the Urbana Champaign Independent Media Center; the Iowa Association of Municipal Utilities; the Minnesota State Bar Association; the National Alliance for Media Arts and Culture; National Association of Rural Utility Commissioners; the Progressive States Network; and a variety of local groups.



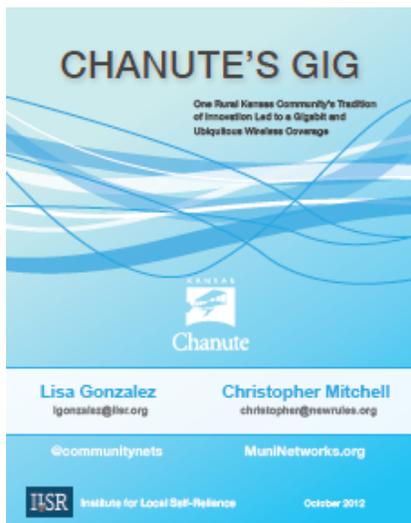
Our website, Community Broadband Networks, was named among the top 50 “must read” blogs by *Stateside* magazine. *Broadband Communities Magazine* included us among the top 100 Fiber Optic Broadband organizations of the year (nearly all the others were businesses deploying networks). And the National Association of Telecommunications Officers and Advisors named us their 2012 Broadband Organization of the year.

We have continued to expand our multimedia tools. For instance, we started the [Community Broadband Bits podcast](#), a weekly interview with innovators in broadband policy and practice. We have interviewed over twenty people and received many compliments about the show.



We released several case studies this year, documenting how a number of communities have successfully built their own networks, often despite overwhelming odds. These networks have gone on to create jobs, lower pressure on the tax base, and create new opportunities in education and health fields. In addition to releasing our reports on the Internet, we also release our major reports formatted for e-readers, like the [Kindle](#), [Nook](#), and iPad.

Our most in-depth case studies focused on three of the most impressive broadband networks in the nation. [“Broadband At the Speed of Light: How Three Communities Built Next-Generation Networks”](#) tells the stories of Chattanooga, Tennessee; Lafayette, Louisiana; and Bristol, Virginia, three communities that can deliver a gigabit (100x the capacity of most networks) to anyone in the community.



[“Florida Fiber: How Martin County Saves Big with Gigabit Network,”](#) describes how a local government faced a fiscal crisis when Comcast attempted to increase its prices by over 800% over five years. Building their own network will allow them to save \$30 million over 20 years, all with a network that is far more reliable than what Comcast offered.

We also released [“Chanute’s Gig: One Rural Kansas Community’s Tradition of Innovation Led to a Gigabit and Ubiquitous Wireless Coverage.”](#) Over the course of two decades, this small rural community built a network that allowed local businesses to thrive (and attract new employers) while greatly expanding access to local schools.

And before the year is out, we will release two additional case studies – on Wilson, North Carolina, and Santa Monica, California. Both have built impressive networks using radically different approaches.

We have released the first of two [fact sheets](#) designed to provide quick and powerful information for lawmakers, community leaders, economic development officers, and community network advocates. The first fact sheet documents examples where publicly owned networks played a crucial role in significant local economic development. The next fact sheet, scheduled for release before the end of the year, will highlight striking examples of cost savings to local government, schools, and taxpayers.

Our Telecommunications as Commons staff has grown, adding Lisa Gonzalez as a researcher. Lisa has a JD from William Mitchell Law School in Minnesota and came to us from the Minnesota Legislature where she was a committee legislative assistant. Lisa has

been instrumental in publishing daily reporting pieces on community broadband on our MuniNetworks.org site and increasing our exposure in the media.

For instance, when Google was unveiling its gigabit network in Kansas City, the Wall Street Journal's tech blog, *All Things D*, noted that other communities already had the service, and pointed their readers to our case studies of three such communities. When we explained the economics behind Google's gigabit and policy implications, James Fallows highlighted it on his blog and *Forbes* republished it on their site. Reporters like David Cay Johnston and Sid Mahanta from *The New Republic* come to us for leads and help covering these issues.

In the coming year, we will build on our successes to expand local authority, especially in the states that have previously weakened it. We will highlight more successful community approaches for expanding great Internet connections and explore how these networks have benefited schools, libraries, and other community anchor institutions.

We cannot overstate how important ILSR's community broadband efforts have been in educating the broader community about existing projects, successes and failures, and the challenges presented by community broadband opponents. He [Christopher Mitchell] has filled a knowledge gap that was never adequately addressed before his reporting began. That shared knowledge gives communities confidence that they are not alone in their concerns and plans—a huge public service.

We were proud last year to recognize Chris at our conference and, this year, to award ILSR recognition as NATOA's 2012 Community Broadband Organization of the Year.

Joanne Hovis, president of the National Association of Telecommunications Officers and Advisors

Having you work behind the scenes to shed light on the issues not only keeps us informed, it provides a critical knowledge base for our efforts. You have become our broadband lighthouse so to speak, illuminating what works and what doesn't work. More importantly you shine light on why the growth of next generation broadband is so critical to the future of our communities, counties, state and country.

Mark Erickson, city administrator of Winthrop, MN

Waste to Wealth

Our Waste to Wealth Program seeks to convert wastes from environmental and economic liabilities to valuable resources that create living-wage jobs and provide community development opportunities. This year we continued working with activists, policymakers and businesses to reduce waste and maximize the reuse, recovery and remanufacturing of materials and their associated products. Major accomplishments include recycling-based economic development in Reading, PA; composting infrastructure expansion in Maryland; zero waste project implementation for the Atlanta International Airport; documentation of model policies for community-scale composting and extended producer responsibility; and passage of another ban on polystyrene for foodservice ware.

Zero Waste and Economic Development

In the late 1960s and early 1970s, the U.S. recycling movement benefited from the decentralized nature of local government. With 10,000 local governments each in charge of its own solid waste, it was possible to experiment and to share successful approaches across the country. Today in the midst of the Great Recession, decentralized recycling is proving its worth once again.

ILSR's technical assistance program expanded its outreach in 2012 by adding projects in five new locales, bringing the total to 24 communities. Highlights include Reading, PA, where ILSR, the City and local organizations are planning three new enterprises – an automobile repair enterprise, a mattress refurbishing plant, and a recycled paper mill. ILSR's Neil Seldman, who leads this work, is also assisting in the restructuring of garbage and recycling collection systems that will enable the city to funnel more materials to reuse enterprises. In Austin, TX, and Alachua County, FL, ILSR is attracting recycling, reuse, and composting companies to these cities' respective industrial parks.



A worker at the newly opened mattress plant.

Photo: Autumn Driscoll/Connecticut Post

In June 2012, Park City Green opened its doors in Bridgeport, CT. ILSR partnered with Saint Vincent de Paul of Lane County, Eugene, OR, and the Office of the Mayor to assist in getting this plant off the ground. The mattress recycling and refurbishing facility will employ 20 workers and process 100,000 mattresses and box springs annually when the plant is fully operational. This is the culmination of 18 months of work that began when ILSR used a small grant from EPA Region 1 to convene a meeting of Bridgeport community development groups, investors, the Chamber of Commerce Green Team, and economic development officials. That led to

follow-up meetings with Park City Green and funders as well as business plan development.

In 2011 ILSR was asked by U.S. and Canadian groups to review the track record of new extended producer responsibility (EPR) efforts. EPR initiatives, which include take-back laws, hold producers responsible for managing their products at the end of their intended use. By 2012 the research revealed that EPR was being implemented in ways that inhibited the

growth and sustainability of small recycling and reuse enterprises and drove up the costs for local governments. For example, the Pennsylvania law disallows county governments to charge fees to take back electronics and requires companies to register with the state, which is difficult for small-scale enterprises. ILSR entered the dialogue by contributing a position paper on EPR in British Columbia as part of the EPR Trilogy, published by Urban Ore, Berkeley, CA. ILSR was asked to serve as an advisor to the Sierra Club National Zero Waste Committee on this and other issues. Results include an important policy position from the Sierra Club Committee that supports an EPR system that integrates the existing recycling infrastructure. ILSR is championing properly scaled EPR regulations to counter existing inappropriate EPR regulations. Simultaneously, the City of Berkeley passed a complementary EPR resolution, which ensures that new rules will not defer to outside non-profit or corporate interests. Rather, city staff and citizens will develop properly balanced programs.

Stopping Wasteful Disposal Facilities

ILSR's technical assistance to citizen, environment and small business groups continued apace in response to the proliferation of garbage incineration proposals around the U.S. Despite the ability to generate steam or electricity, trash burners are financial burdens, highly polluting, and an obstacle to reducing waste and maximizing materials recovery.

In 2012 our work centered in Cleveland, OH; Orange County, NY; Arecibo and San Juan, Puerto Rico; Washington, DC; and Baltimore, Frederick County, Carroll County and Prince George's County, MD. ILSR provides financial analysis and identifies non-burn alternatives. ILSR was a founding member of the newly formed Waste Not! Maryland coalition, which is advancing a statewide zero waste agenda. So far only one plant is close to starting construction in the U.S., while plans for incinerators in Green Bay, WI; Cleveland; and Carroll County, MD, have been cancelled. ILSR also assisted in Nashville, TN, in efforts to curb improper landfill facilities.



Neil Seldman (middle) and Brenda Platt testify before DC Councilwoman Mary Cheh's public roundtable on recycling. (September 2012)

Organics Recovery: Composting Makes \$en\$e

Compost adds needed organic matter to soil, sequesters carbon in soil, improves plant growth, reduces water use by 10%, avoids landfill methane and waste incinerator emissions, reduces reliance on chemical pesticides and fertilizers, and helps prevent nutrient-run-off and soil erosion. It represents a win-win solution to urban food waste problems as well as rural animal manure problems. Furthermore, unlike recycling, composting is inherently local. Banana peels cannot be shipped abroad to be made into compost; this happens locally with myriad benefits to the local economy and environment. This year we launched our ***Composting Makes \$en\$e*** project to document the watershed and other community benefits of composting organic discards, and to identify specific policies to expand composting and the use of compost as a watershed protection method. While our efforts

have concentrated in the Mid-Atlantic region, we are also engaged in New York State, Vermont, and nationally.

PROMOTING THE PRACTICE

SUPPORTIVE RULES FOR SMALL-SCALE COMPOSTING

Eleven states are surveyed for their noteworthy efforts and differing approaches to encourage more farms and other small-scale operators to compost, especially food scraps.

Brenda Platt, Rachel Ross, and Mélyou Polard



Farmers have a vital role to play in producing and utilizing compost to grow crops and restore depleted soils.

COMPOSTING is inherently local; it supports local green jobs, farmers and other businesses. Indeed, farmers have a vital role to play in producing and utilizing compost to restore depleted soils. They also have land, a necessary factor for developing the capacity to compost. State permitting rules can facilitate on-farm and other small-scale operators, thus helping to expand and diversify the composting infrastructure. Eleven states — Iowa, Maine, Massachusetts, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Washington, West Virginia and Wisconsin — are surveyed here for their noteworthy efforts and differing approaches in get-

ting more farms and other small-scale operators to compost, especially food scraps. (See Table 1 for a list of the state laws and date of passage.) It is still unclear which state policies are the most effective in boosting composting of food residuals. In addition, this is not a comprehensive analysis but focuses on the most salient composting regulations. Local policies such as those dealing with zoning can also facilitate or hamper on-farm composting. Several states have permit exemptions for farms composting certain types of materials under a specified amount. Most states have high volume limits, or none at all when it comes to on-site generated feedstocks. New York has a 3,000 cubic yard/over (cy)/yr limit for yard debris. Pennsylvania allows farmers the option of a general permit, as an alternative to a full permit, provided they adhere to certain standards. To qualify for a general permit, the composting facility is not allowed to exceed 5 acres in size, accept more than 500 tons or 1,000 cy/yr of source separated food waste and or accept more than 3,000 cy/yr of total material (further provisions are included). Wisconsin, among others, has no vol-

ume constraint for farm crop residue and manure when it comes to on-site farm composting. However, as the quantities of materials rise, so do the standards that facilities have to meet. Currently, Wisconsin allows up to 20,000 cy of on-site yard material and chipped wood at any one time before the requirements become more stringent. A wide range of laws exist on acceptance of off-site (externally) generated food discards at permit-exempt composting facilities in terms of what exactly can be taken in and how much. Iowa allows no more than 2 tons/week of food residuals. For registered facilities, Rhode Island allows 1 ton/day of presorted food material but 10 tons/day of presorted vegetative material. In Ohio, operators of registered facilities are responsible for determining their own capacities and abiding by them. Table 2 includes more state examples involving food scrap thresholds.

THRESHOLD DETERMINATION: SCIENCE OR POLITICS?

Thresholds are a crucial component to state policies that involve exemptions for small-scale composters. High

Documenting model policies for replication has been an integral facet of our Composting Makes \$en\$e project. We have added 23 new examples of model rules to promote composting to our searchable [Composting Rules webpage](#). These include performance-based permitting regulations, regulations with exemptions for on-farm and other small-scale composters, state bans on landfilling yard trimmings, compost-amended soil requirements, and compost procurement stipulations. We produced two briefing papers on the importance of developing a decentralized community-based composting infrastructure. “Growing a Healthy Composting Infrastructure: Benefits & New Rules to Drive Expansion” was prepared for the Environmental Finance Center at Syracuse University, and “Organics Recovery: Opportunities, Drivers, Obstacles, Strategies, and Key Players” was commissioned by the Global Anti-Incinerator Alliance (GAIA). We also authored an article for BioCycle journal, [“Supportive Rules for Small-Scale Composting.”](#)

BioCycle covers our work on policies to promote small-scale composting facilities.



ILSR staff and interns visit ECO City Farms with the Executive Director of the County Redevelopment Authority. Following the visit ECO City Farms secured a \$50,000 capital community grant from the Authority.

In 2012 ILSR’s Brenda Platt became the chair of the U.S. Composting Council’s Legislative & Environmental Affairs Committee and is using this position to advance a pro-active composting legislative agenda. We have participated in a national stakeholders group to establish model state permitting regulations for compost facilities, helped develop a model state bill to ban the disposal of organics materials in landfills and incinerators, successfully fought the overturn of the Michigan yard trimmings landfill ban, pushed EPA to address the fate of persistent herbicides in compost, and identified numerous successful state and local policies that could be replicated to expand composting.

At the regional level, ILSR has partnered with the University of the District of Columbia (UDC) to promote the watershed and community benefit of composting. We have hosted two interns this year who are researching and documenting the



Top: ILSR site visit by Brenda Platt to Veteran Compost, helped this composter prepare for its inspection from MD Dept. of Environment. Bottom: Brenda's site visit helped reinvigorate composting at the Derwood Community Garden.

jobs and types of businesses sustained by composting as well as preparing fact sheets on the connection of compost to healthy soils and waters. We are playing a leadership role in the National Capital Region Organics Task Force and on a MD Department of the Environment Compost Work Group, which is rewriting the state's permitting regulations for compost sites and making recommendations to the state legislature on how to advance composting. The statewide Compost Work Group is a direct result of MD House Bill 817 on Composting that we initiated with MD Del. Mizeur.

We are also fostering a regional Master Composter Training program in conjunction with UDC. This program will be vital to creating a robust decentralized community-based composting infrastructure. In addition, we are spearheading an effort to encourage use of compost for stormwater and erosion control. Compost can hold up to 20 times its weight in water and is critical for increasing soil infiltration. Compost amended soil requirements are a timely strategy for addressing Potomac and Chesapeake watershed stormwater run-off issues. And we continued to provide direct assistance to local composters such as Derwood Community Garden (Derwood, MD), Veteran Compost (Aberdeen, MD), Chesapeake Compost (Baltimore), and ECO City Farms (Edmonston, MD).

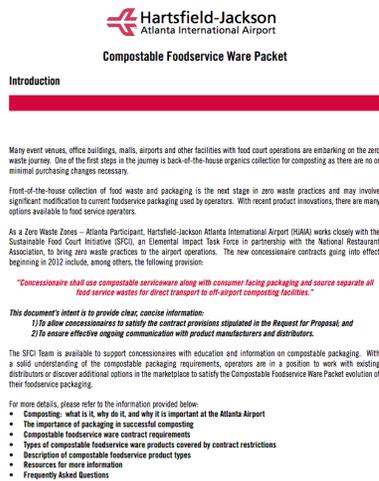
In addition to composting, ILSR promotes food rescue. ILSR joined forces, for instance, with EPA, the Virginia Federation of Food Banks, the Virginia Department of Environmental Quality, and Feeding America in presenting the "Surplus Food Recovery Workshop" in May at the Virginia Farm Bureau in Richmond. About 50 attendees representing food banks, supermarkets, and local governments participated in the event to strengthen partnerships between food banks and food merchants so that more edible food can be made available for donation. The session was based on a similar event that ILSR sponsored in November 2011 near Harrisburg, PA.

Sustainable Plastics & the Sustainable Biomaterials Collaborative

ILSR's Sustainable Plastics Project is exploring the potential of bioplastics to substitute for harmful petroleum-based products and packaging. As part of this work, we coordinate the Sustainable Biomaterials Collaborative (SBC).

Under a partnership with the SBC and the Green Purchasing Institute, this year the BioSpecs for Food Service Ware (environmentally preferable specifications) were introduced to the purchasing world through publications, webinars, and direct technical assistance. Practice

Greenhealth has incorporated the BioSpecs into a purchasing tool, "[Suggested Environmental Considerations for Disposal Food Ware](#)," to guide food service contract development and decision-making among hospitals, health systems and Group Purchasing Organizations (GPOs). These GPOs include Amerinet, HealthTrust Purchasing Group, MedAssets, Novation, and Premier Healthcare Alliance. The BioSpecs are also being incorporated into bid specifications that will be used to develop a statewide contract for food service supplies by the State of Connecticut.



Last year we developed a fact sheet to help purchasers integrate their compostable product procurement with a successful composting system. This fact sheet was instrumental in convincing decision-makers at the Hartsfield-Jackson Atlanta International Airport (HJIA) to require food court vendors to use compostable food service ware. Once implemented, HJIA will become the world's largest user of compostable food service ware. ILSR has partnered with the Sustainable Food Court Initiative to develop outreach materials to help concessionaires meet this 10-year contract provision. ILSR wrote [The HJIA Compostable Food Service Ware Packet](#), which explains why the contract provision is important, what constitutes compostable food service ware, and how to meet the provision.

We held a series of webinars and participated in numerous meetings and conferences to raise awareness among brand owners, biobased product producers, public interest groups, and government agencies about specific criteria for environmentally preferable biobased materials and products. One webinar featured progress on polylactic acid (PLA) recycling; another on the USDA's BioPreferred Purchasing Program. As a chair of the International Biopolymers Symposium, we made sure sustainable feedstock and material recovery issues remained on the agenda as important topics. We also helped organize and facilitate the second Compostable Plastics Symposium at the U.S. Composting Council's international conference January 2012 and an April 2012 meeting of its Compostable Plastics Task Force. These meetings were instrumental to improve labeling of compostable plastics, and formulate legislation regulating compostable plastics. Other notable meetings included a White House briefing on biobased manufacturing as well as presenting on the criteria, benefits, challenges and market-based tools for sustainable biomaterials at the Green Chemistry & Commerce Conference, the University of Guelph Bioeconomy Lecture Series, and a National Restaurant Association closed-door stakeholders meeting.

Young Activist Club and No Polystyrene Campaign

Much of our anti-polystyrene initiatives center around working with students at Piney Branch Elementary School in Takoma Park, MD, to replace polystyrene used in their school cafeteria and their community. ILSR's Brenda Platt co-leads the club, provides research and technical expertise, and facilitates production of outreach materials. In June, for instance, ILSR organized a webinar for the Montgomery County Board of Education featuring Jennifer Nelson (Seven Generations Ahead), who shared experiences from Holmes Elementary, a school outside of Chicago that replaced styrofoam trays with a dishwasher and saved money as a result. This year the Club stepped up its efforts to convince the wider community to go polystyrene-free by distributing hundreds of informational bookmarks, increasing the number of businesses pledging to go polystyrene free to 26, and by asking the Montgomery County Council to ban polystyrene at County-operated cafeterias. In June the Council unanimously passed the [resolution](#), making the County the second jurisdiction in the Mid-Atlantic to restrict the use of polystyrene.



SouperGirl window displays Young Activist Club's "Polystyrene Free" decal.

ILSR has been a leader in turning Maryland's attention towards recognizing the value composting provides in all waste diversion policies.

Maryland Delegate Heather Mizeur

Thank you, Neil. Your time spent here has sparked some renewed energy for many in the right direction. Thank you.

Brian T. Alferman, director of ReStores, Habitat for Humanity Kansas City

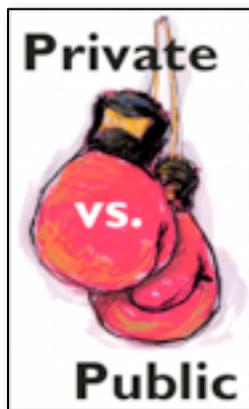
Great (informative) content related to compost on your website. Keep up the great work! Y'all are making a difference.

Justin Senkbeil, co-founder & CEO, CompostNow.org

Defending the Public Good

Launched in 2011, the Defending the Public Good Initiative is ILSR's newest. Its mission is to challenge the current narrative about the comparative value of the public and the private.

At the dawn of the American Republic the word "public" was often associated with the word "good" while the word "private" was often associated with suspect activities (e.g. privateer). "There must be a positive passion for the public good, the public interest... and this public passion must be superior to all private passions," John Adams wrote in 1776.



In the first 150 years of the new Republic the United States expanded the public realm even as Americans vigorously defended our right to individual autonomy. We created the post office. The road system became public. We established a nationwide, localized system of free public education and public libraries. Municipal water and transit systems, at first private, became public.

In the 1930s the almost complete collapse of the economy convinced policymakers that individual greed and concentrated economic power must be curbed. We declared the airwaves a public trust. We created a quasi-public trust in one section of the banking sector, savings & loan associations. We established giant public power utilities like the TVA and the BPA and facilitated the creation of hundreds of customer-owned rural electric companies. We encouraged the formation of organized labor unions to offset the power of organized capital.

We expanded the concept of a public asset with introduction of social insurance programs like unemployment insurance and social security and later, Medicare. We tackled the issue of inequality and fairness by instituting a steeply progressive income tax.

In the early 1960s polls found that four out of five Americans trusted government to do the right thing.

And then the historical trajectory abruptly changed direction. The rise to the presidency of Ronald Reagan brought to power a man who in the early 1960s had denounced Medicare and Medicaid as Marxist and in his inaugural address famously declared, "government is the problem." Thus began a 30-year period in which the narrative and the culture changed.

“Privatize”, the verb form of the word private gained wide currency. Today the word “private” is glorified while the word “public” is demeaned. Everything public is under attack – public schools, public employees, the post office. In March 2009, for the first time in American history, private contractors outnumbered U.S. troops in a war (Afghanistan). The privatization of social security and Medicare is seriously debated.



The “public” and the “commons” are clearly on the defensive. But despite the array of forces in favor of the private a substantial reservoir of goodwill for the public remains. ILSR's Public Good Initiative aims to build on this reservoir. We are using several strategies to accomplish this goal.

Where possible, we engage the issue in public forums. For example, David Morris participated in a Ralph Nader-sponsored conference, Controlling the Corporation, at the Carnegie Institution in Washington, DC, in April. His address, Protecting the Commons, focused on the urgency of defending the most ubiquitous and endangered of all public institutions, the post office.

During our first 18 months we've focused primarily on converting data and research into several dozen essays of varying length that challenge the existing anti-public, anti-commons narrative and offers a new one. These essays explore the role of the commons and of government and address key myths about the comparative value of the public and the private. For example, one essay challenges the conventional wisdom that the private sector delivers services cheaper than the public sector. Another challenges the widespread belief that inequality spurs innovation and increases wealth for all. Still another offers abundant empirical evidence that publicly regulated or administered health care is far less expensive and invasive of personal freedom than a system dependent on private insurance companies.

A few of the titles may help reveal a sense of the range of topics: [“For Quality Customer Service Go to Government, Not Business”](#); [“Charter Schools and Kudzu”](#); [“The Health Care Debate: From the Sublime to the Ridiculous”](#); [“Texas Judge Rules The Sky Belongs To Us All”](#); [Business Can't Win the Privatization Game Without a Handicap](#); [“How Phantom Accounting Is Destroying The Post Office”](#); [“In Montana the Streams Belong to the People.”](#)

The essays are published by On the Commons and republished on *The Huffington Post*, *Alternet*, *Common Dreams*, and *Guernica*, affording them wide visibility. Some have gone viral. The essay on [American Exceptionalism](#), for example, was

reposted on over 1,000 blogs and online journals, including those of *The Wall Street Journal* and *MoveOn.org*.

In the summer of 2012 we added a more blog-like feature to the Initiative called [Public Good News](#). It offers us the opportunity to use our perspective to comment on more current news and refer readers to the research of others.

In November 2012 the issue of same sex marriage was on the ballot in four states (Maine, Maryland, Minnesota and Washington). To inform the debate, ILSR produced a 56-page booklet [The Thoughtful Voters Guide to Same Sex Marriage: A Tool for the Decided, the Undecided and the Genuinely Perplexed](#). The heavily referenced Guide provided a brief history of the evolution of the institution of marriage and presented both sides of the issue in their own words. The Guide was distributed in all four states.

In the coming year we expect to add a variety of new media strategies—infographics, podcasts, etc. to our communication toolbox.

Injecting a much-needed jolt of common sense to public debate, David Morris is a true champion of the common good.

Jay Walljasper, author of *All That We Share: A Field Guide to the Commons*

I'm blown away by this. What a thorough job...The 164 footnotes are the clincher.

John Cavanaugh, co-director of the Institute for Policy Studies, commenting on *The Thoughtful Voters Guide to Same Sex Marriage*.

ILSR Program Staff



John Farrell — Senior Researcher, Energy

John is a senior researcher with the Institute for Local Self-Reliance and directs its work on democratic energy. John is best known for his vivid illustrations of the economic and environmental benefits of local ownership of decentralized renewable energy.



Christopher Mitchell — Director, Telecommunications

Christopher's work focuses on telecommunications — helping communities ensure the networks upon which they depend, are accountable to the community. He has published several reports, articles, and interviews while also offering technical assistance to communities around the country.



Stacy Mitchell — Senior Researcher, Banking and Independent Business

Stacy directs ILSR's initiatives on banking and independent business. Stacy has served as an adviser to numerous community and small business organizations, and has helped cities and states implement new land use and economic development policies to strengthen locally owned businesses.



Dr. David Morris — Vice President and Director, Defending the Public Good

David is co-founder, co-director, and vice president of ILSR. He directs its initiative on The Public Good. He has served as an adviser or consultant to local, state and national governments and to private businesses large and small.



Brenda Platt — Program Director, Waste to Wealth, Sustainable Plastics, and Composting Makes \$en\$e

Brenda is a recycling expert and composting advocate, and ILSR's co-director. She directs ILSR's Sustainable Plastics and Composting Makes \$en\$e projects and co-chairs the Sustainable Biomaterials Collaborative.



Dr. Neil Seldman — President

Neil co-founded ILSR and continues to serve as its President. An economic development planner and former manufacturer, Neil specializes in solid waste management strategies that create economic development opportunities for small businesses, community organizations, and other targeted populations.



Lisa Gonzalez — Research Associate, Telecommunications

Lisa researches and reports on telecommunications and how those networks impact life at the local level. Her background includes experience in state politics, law, writing, and freelance journalism.



Linda Knapp — Director, MACREDO Project

Linda oversees the Mid-Atlantic Consortium of Recycling and Economic Development Officials (MACREDO), a recycling market development group. Her current work focuses on increasing on-farm composting.

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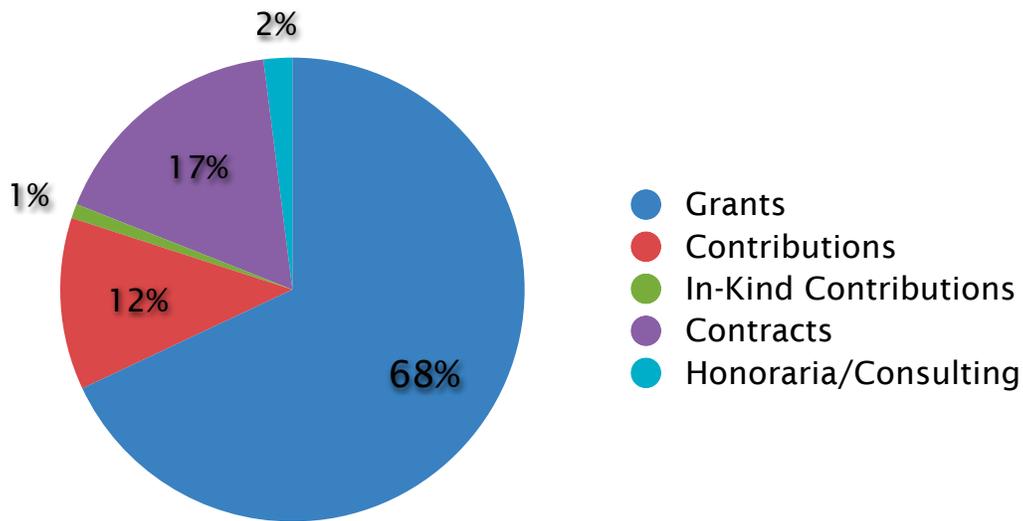
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Financials

Income FY 2012
July 1, 2011 to June 30, 2012



Expenses FY 2012
July 1, 2011 to June 30, 2012

