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*Volume 21, Issue 4*



CSU Bakersfield

# KERN ECONOMIC JOURNAL

2019 4<sup>th</sup> Quarter

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***KERN ECONOMIC JOURNAL*** is a quarterly publication (February, May, August, November) of California State University, Bakersfield. Its purpose is to track local trends and analyze regional, national, and global issues that affect the economic well-being of Kern County. This journal provides useful information and data that can help the community make informed economic decisions. Sources of funding for this journal include university contributions and sponsorship and subscription fees.

Editorial and analytical articles on important local, regional, national, and international issues and trends are invited for consideration of publication in the journal. Articles (not exceeding 800 words in length) must be submitted to the managing editor in electronic copy. Individual authors are responsible for the views and research results.

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## **ECONOMY AT A GLANCE!** **2019 FOURTH QUARTER**

DR. RICHARD S. GEARHART III & DR. NYAKUNDI MICHIEKA

### National Economy<sup>1</sup>

The U.S. economy grew at an annual rate of 2.1 percent in the fourth quarter of 2019, compared to 2.1 percent (revised) in the third quarter of 2019. The Bureau of Economic Analysis (BEA) reported that the increase in GDP reflected positive contributions from personal consumption expenditures, exports, residential fixed investment, federal government spending, and state and local government spending. These were offset by negative contributions from private inventory investment and nonresidential fixed investment. Imports also decreased. This continues the anemic economic growth that we have seen after the 2007 to 2009 recession, averaging slightly above 2-percent during this time period. It also appears that the tax cuts did not spur the economic growth that administration officials had hoped, which suggests that both the debt and the deficit will continue to rise.

Current dollar personal income increased by 0.8-percent in the fourth quarter of 2019, a slight increase from the third quarter of 2019, which saw an increase of 0.6-percent. Real disposable personal income, which is adjusted for inflation and taxes, increased by only 0.2 percent in the fourth quarter, compared to 2.9 percent in the third quarter of 2019. This suggests that most of the increase in personal income is being eaten away by inflation, and that consumers are not significantly better off, even after seeing taxes lowered. The personal savings rate continued its decline, falling to 7.6 percent, after hitting a high of 8.5 percent in the first quarter of 2019. This is worrying, as any potential economic downturn could impact families who have not saved enough.

The Conference Board's Index of Leading Economic Indicators – a measure of future economic activity – decreased 0.3 percent in December to 111.2. The indicator decreased by 0.2 percent in October, with a minimal 0.1 percent increase in November, suggesting that fourth quarter numbers are worse than third quarter, as economists continue to expect anemic (around 2 percent) economic growth.

The University of Michigan's Consumer Sentiment Index increased from 93.8 in the third quarter of 2019 to 97.2 in the Fourth quarter of 2019. Though an increase, this is still a lower value than the past several years, indicating that even though consumers are more optimistic than in the third quarter, there is still growing pessimism about a recession in 2020.

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<sup>1</sup> U.S. economic numbers were obtained from the Bureau of Economic Analysis "U.S. Economy at a Glance". This is found at <http://www.bea.gov/newsreleases/glance.htm>.

The information for the Index of Leading Economic Indicators is found at <https://www.conference-board.org/data/bcicountry.cfm?cid=1>.

The University of Michigan Consumer Sentiment Index is found at <http://www.sca.isr.umich.edu/tables.html>.

## State Economy<sup>2</sup>

In California, the unemployment rate dropped to 3.9 percent in the fourth quarter of 2019, compared to 4.0 percent in the third quarter of 2019. Among counties in December of 2019, San Mateo (1.8 percent), San Francisco (1.9 percent), Santa Clara (2.2 percent), Orange (2.4 percent), San Luis Obispo (2.5 percent), Sonoma (2.4 percent), San Diego (2.8 percent), and Sacramento (3.2 percent) had unemployment rates below the state average. In contrast, Los Angeles (4.0 percent), San Joaquin (5.7 percent), Fresno (6.9 percent), Kings (7.7 percent), and Kern (7.2 percent) had unemployment rates above the state average.

The state's civilian labor force increased by 103,200 members, where 131,567 more employees had paying jobs (employed) and 28,300 fewer were left jobless (unemployed). While nonfarm industries hired 80,667 more workers, farming enterprises employed 7,400 more workers. The mining and logging sector hired 267 more workers while construction and manufacturing sectors hired 1,133 and 6,800 more workers, respectively, while the service sector added 72,647 workers. Other sectors adding jobs include professional and business services (11,833), and educational and health services (25,600). Retail trade saw 633 fewer workers, while the federal government lost 167 workers.

## Local Economy

The local economy saw a decrease in the labor force, from 392,167 in the third quarter of 2019 to 389,567 in the fourth quarter of 2019. This decrease was driven by 7,533 fewer farmworkers, even as nonfarm employment increased by 5,700 workers. Though this appears to be a seasonal change, this is one of the highest 4<sup>th</sup> quarter farm employment figures seen in Kern County, which suggests that the agriculture sector is ready for a strong planting and harvesting season. Importantly, the private sector employed 1,200 more workers, while the public sector (which includes education) increased employment by 4,500 workers. Salaries and wages increased by \$43,723,000 between the 1<sup>st</sup> and 2<sup>nd</sup> quarters of 2019, suggesting that a tight labor market (where there are not many available employees to be hired from the pool of unemployed) is leading to wage increases, as employers attempt to entice employees with higher wages. Compared to four quarters ago, wages and salaries are 248,886,000 higher, which is a 6.79 percent increase.

The unemployment rate varied between 2.87 percent in Ridgecrest to 16.47 percent in Delano. All cities in Kern County showed a decrease in the unemployment rate. The largest decrease in unemployment was found in Delano, falling by 2.63 percent. Kern County's unemployment rate dropped from 7.23 percent to 6.57 percent. Coupled with the increase in wages, this suggests that Kern County is at (or near) full employment.

In the fourth quarter of 2019, the median home price in Bakersfield was \$259,000 compared to \$249,000 in the third quarter. This increase in price comes even amid a massive decrease in the demand for housing, suggesting supply-side constraints exist in

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<sup>2</sup> The California economic numbers were obtained from the Bureau of Labor Statistics "Local Area Unemployment Statistics Map". This is found at <https://data.bls.gov/map/MapToolServlet?survey=la&map=county&seasonal=u>.

Kern County. In Kern County, the lowest median price was found in Taft City (\$151,333), while the highest price was found in Tehachapi (\$292,333).

The weighted price index for the five publicly traded companies doing business in Kern County (Sierra Bancorp, Tejon Ranch Company, Chevron Corporation U.S., Granite Construction, and Wells Fargo Company) increased by 1.9 percentage points from 102.7 to 104.6. The index is 4.3 percentage points higher than what it was four quarters ago. All companies gained/lost as follows: Chevron (gained 1.6-percent quarter-over-quarter), Tejon Ranch (decreased 5.8-percent quarter-over-quarter), Granite Construction (decreased 13.9-percent quarter-over-quarter), Wells Fargo (increased 6.7-percent quarter-over-quarter) and Sierra Bancorp (increased 9.6-percent quarter-over-quarter).

The average retail price of gasoline increased by \$0.15 to \$3.84. Gas prices are 9.1 percent higher than they were four quarters ago, in large part due to the tax increase voted into law. The unit price of California's Class III milk rose from the third quarter of 2019, increasing from \$17.82 to \$19.51. The Index of Farm Price Parity fell to 79 percent from 81 percent in the third quarter.

# Tracking Kern's Economy<sup>1</sup>

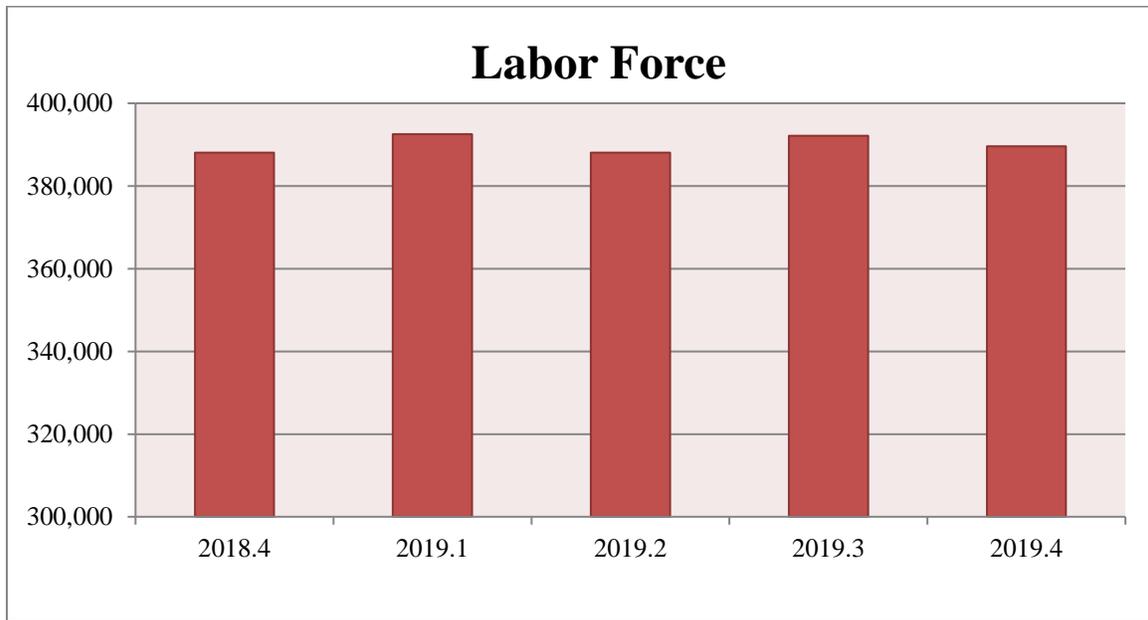
## 2019 Fourth Quarter

DR. RICHARD S. GEARHART III & DR. NYAKUNDI MICHIEKA

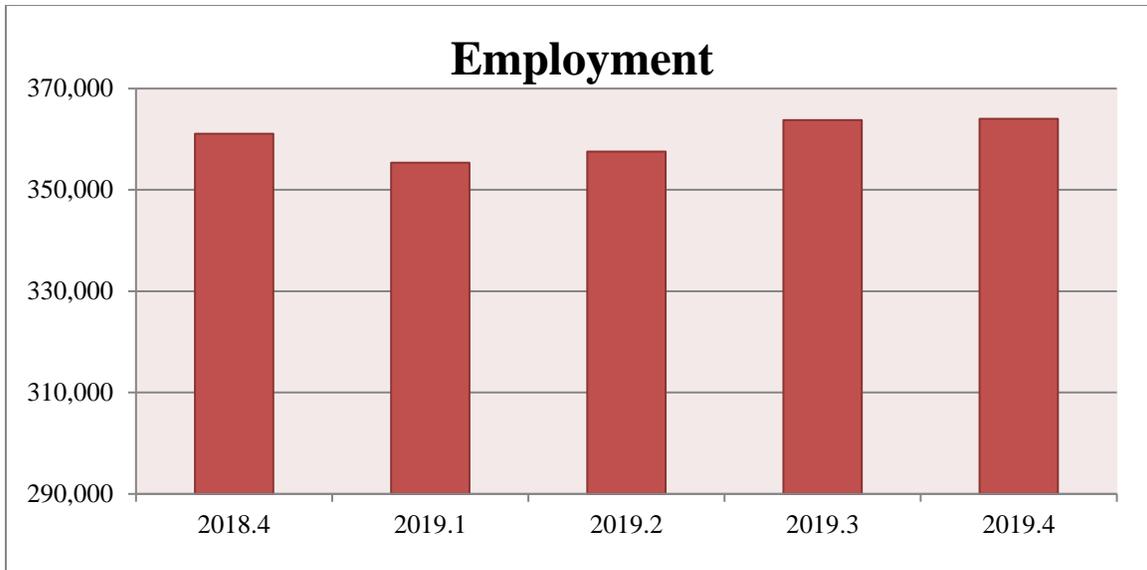
### Labor Market

We adjust published data in three ways. First, we average monthly data to calculate quarterly data. Second, we recalculate quarterly data to take into account workers employed in the “informal” market (i.e., self-employed labor and those who work outside their county of residence). Finally, we adjust quarterly data for the effects of seasonal variations.

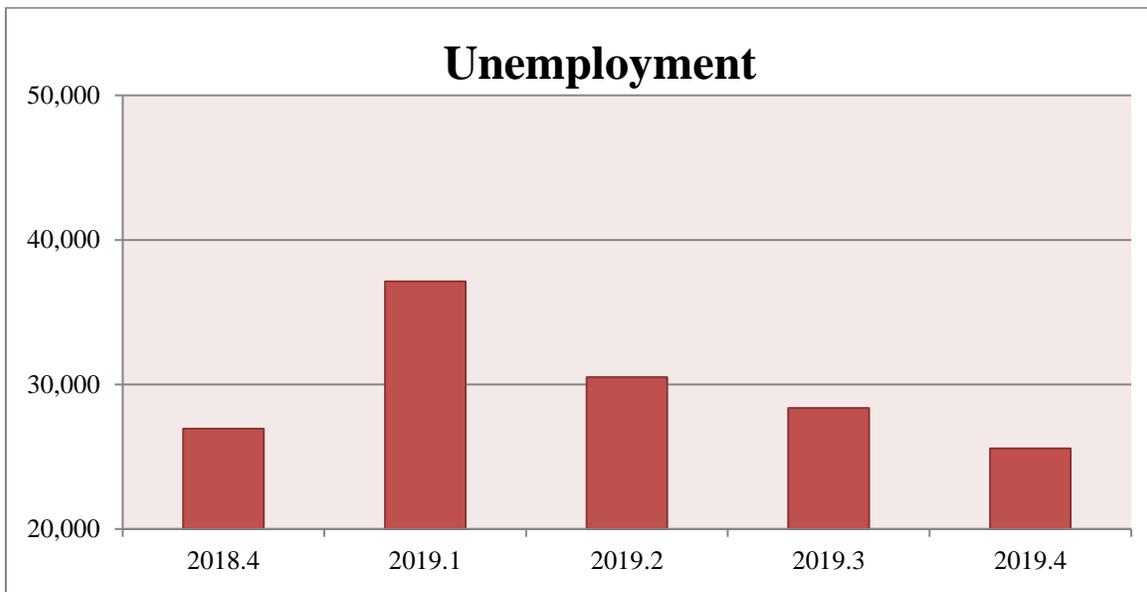
**Labor Force** – The civilian labor force decreased by 2,600 members from 392,167 in the third quarter of 2019 to 389,567 in the fourth quarter of 2019. The decrease in the labor force in the fourth quarter mirrors seasonal employment trends seen in Kern County for years, as farm employment typically decreases between the third and fourth quarters of any year. Compared to the fourth quarter of 2018, our labor force is 1,533 members higher, indicating an economy that is at (or near) full employment levels.



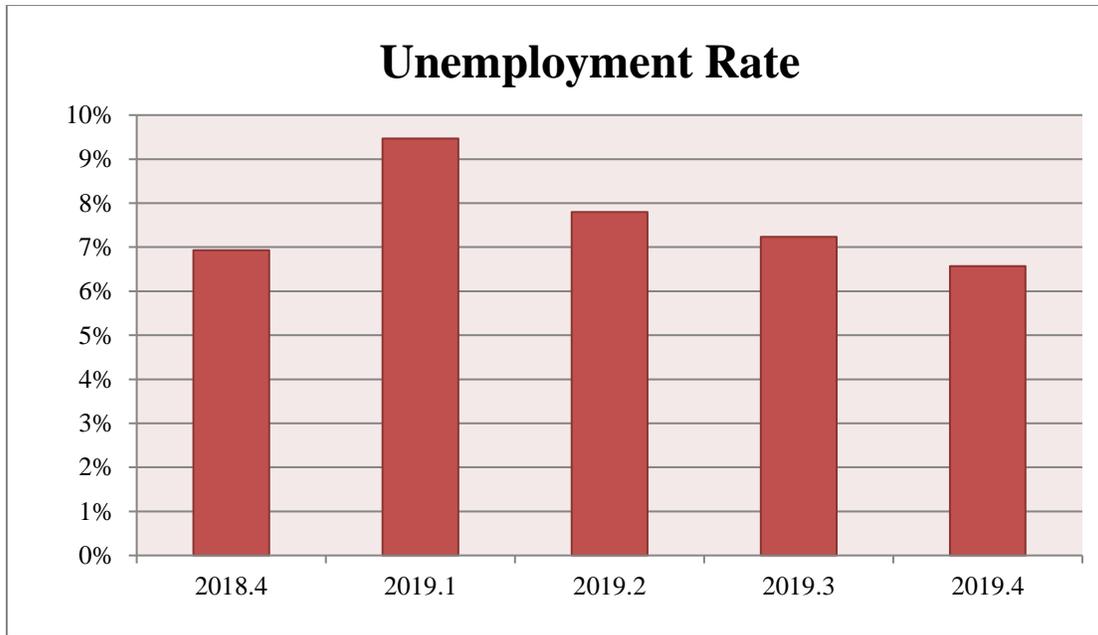
**Employment** – In the fourth quarter of 2019, Kern County hired 200 more workers as total employment increased from 363,800 in the third quarter of 2019 to 364,000 in the fourth quarter. This is a 0.80 percent increase in employment compared to the fourth quarter of 2018. This means that employment is at the highest level that it's been in Kern County ever, suggesting that the booming national economy is providing dividends around the country. It does suggest that much of the movement into the labor force is new job seekers, or unemployed workers who had stopped looking (discouraged) and have restarted their job search.



**Unemployment** – In the meantime, 2,800 fewer workers were unemployed, as the number of jobless workers decreased from 28,367 to 25,567. The number of unemployed workers is lower than that of four quarters ago. This again suggests a strong and healthy labor market, one that is at (or near) full employment, even given regulatory concerns related to oil and agriculture.



**Unemployment Rate** – Kern County’s year-to-year unemployment rate dropped by 0.36 percentage points from 6.93 percent in the fourth quarter of 2018 to 6.57 percent in the fourth quarter of 2019. The unemployment rate in the fourth quarter of 2019 was 0.67 percentage points lower than that in the third quarter of 2019 (7.23 percent in the third quarter of 2019 and 6.57 percent in the fourth quarter of 2019). The continued decline in the unemployment rate while the labor force is increasing is encouraging, suggesting that job seekers are confident about finding employment.



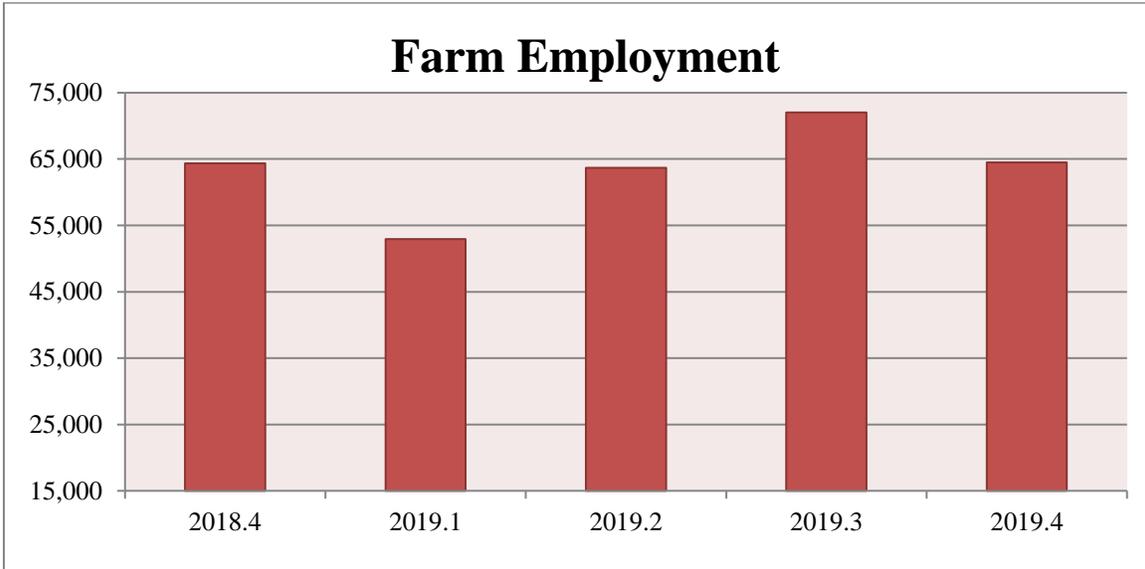
The rate of unemployment varied considerably across cities, ranging from 2.87 percent in Ridgecrest to 16.47 percent in Delano. Impressively, all cities in Kern County showed a decrease in the unemployment rate. The biggest decrease in unemployment occurred in Delano, going from 19.10 percent to 16.47 percent. In Bakersfield, the rate of unemployment was 4.77 percent in the fourth quarter of 2019 compared to 5.57 percent in the third quarter.

Unemployment Rate of Cities			
Location	Unemployment Rate (%)	Location	Unemployment Rate (%)
<b>KERN COUNTY</b>	6.57%	McFarland	8.67%
Arvin	6.37%	Mojave	12.67%
Bakersfield	4.77%	Oildale	9.67%
California City	14.53%	Ridgecrest	2.87%
Delano	16.47%	Rosamond	8.00%
Edwards	6.13%	Shafter	7.73%
Frazier Park	7.20%	Taft	2.97%
Lake Isabella	8.00%	Tehachapi	3.93%
Lamont	5.17%	Wasco	10.80%

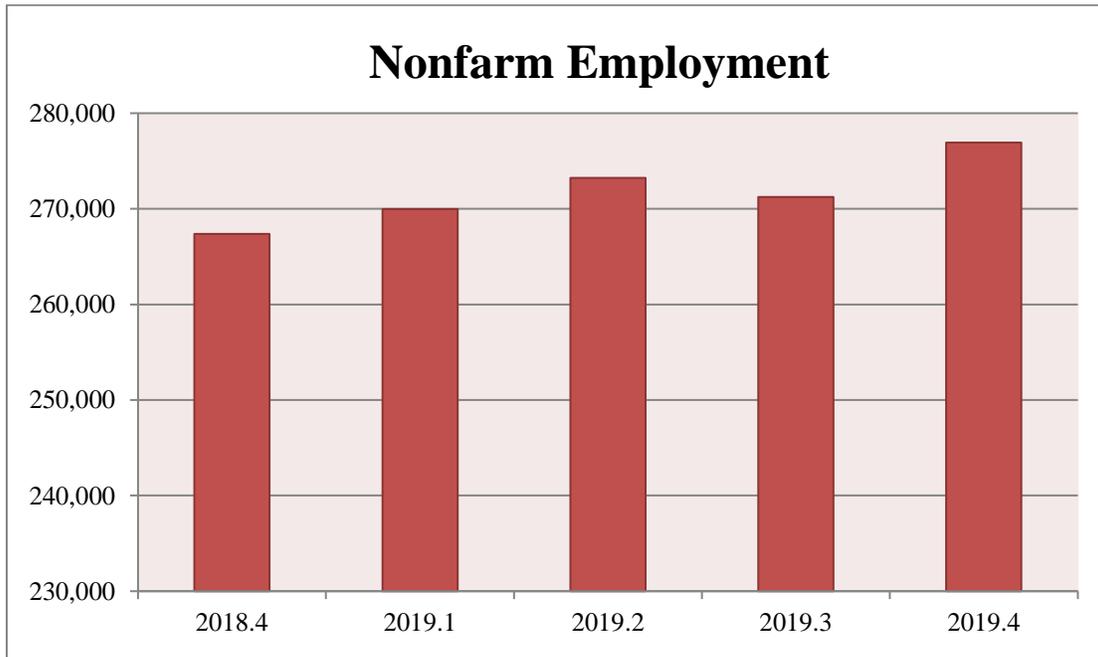
Note: City-level data are not adjusted for seasonality and “informal” market workers.

**Farm Employment** – In the fourth quarter of 2019, Kern County hired 7,533 fewer farm workers. As a result, farm employment decreased from 72,033 in the third quarter of 2019 to 64,500 in the fourth quarter of 2019. This represents a common seasonal decline, though one that is lower than in the past. The 68,300 fourth quarter farm employment figure

represents the highest fourth quarter farm employment numbers ever, suggesting that the agriculture sector is primed for a new growing and planting season in 2020.



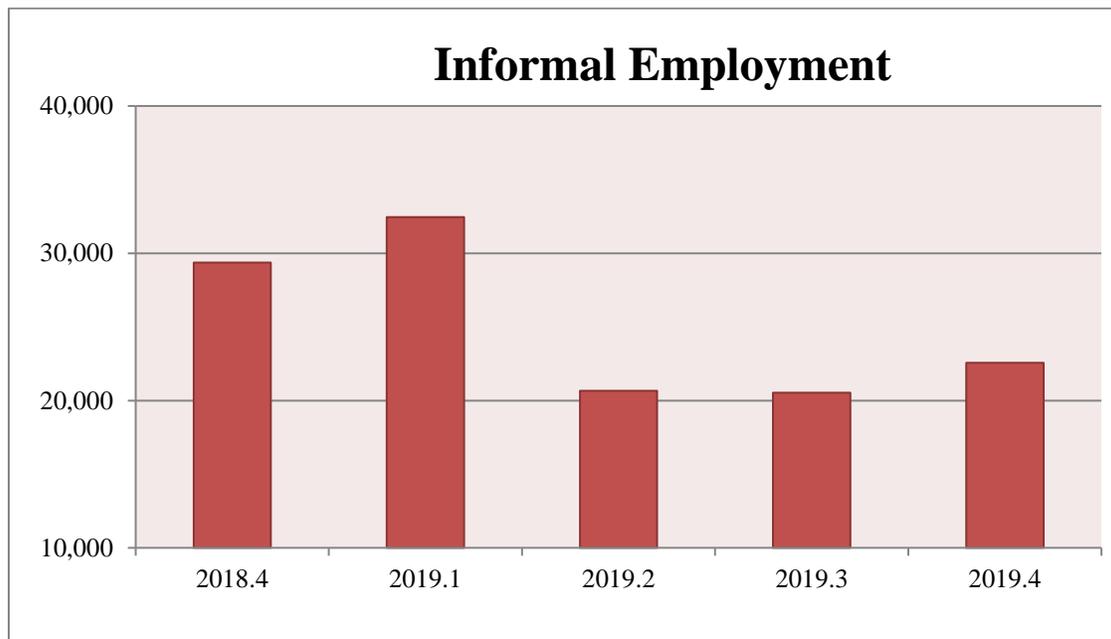
**Nonfarm Employment** – Local nonfarm industries employed 5,700 more workers in the fourth quarter of 2019. The number of nonfarm workers increased from 271,233 in the third quarter of 2019 to 276,933 more workers in the fourth quarter of 2019. Nonfarm industries hired 9,567 more workers compared to four quarters ago. Just like farm employment, nonfarm employment is at its highest levels ever in Kern County, again suggesting a labor market that is at full employment.



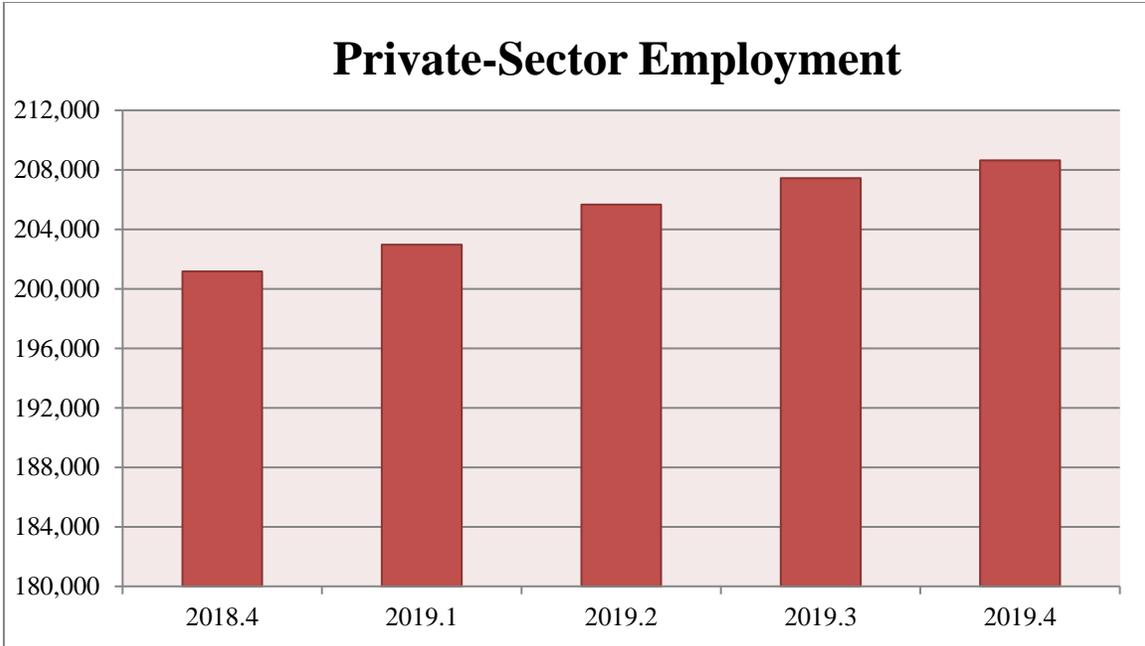
In Bakersfield, much of the increase in nonfarm employment came from a few sectors: mining and logging (111 workers gained); construction (359 workers gained);

transportation, warehousing, and utilities (670 workers gained); educational and health services (219 workers gained); restaurants (59 workers gained); and county government (400 workers gained). These were partially offset by losses in general merchandise stores (259 workers lost); finance and insurance (148 workers lost); food service and drinking places (11 workers lost); and retail trade (378 workers lost).

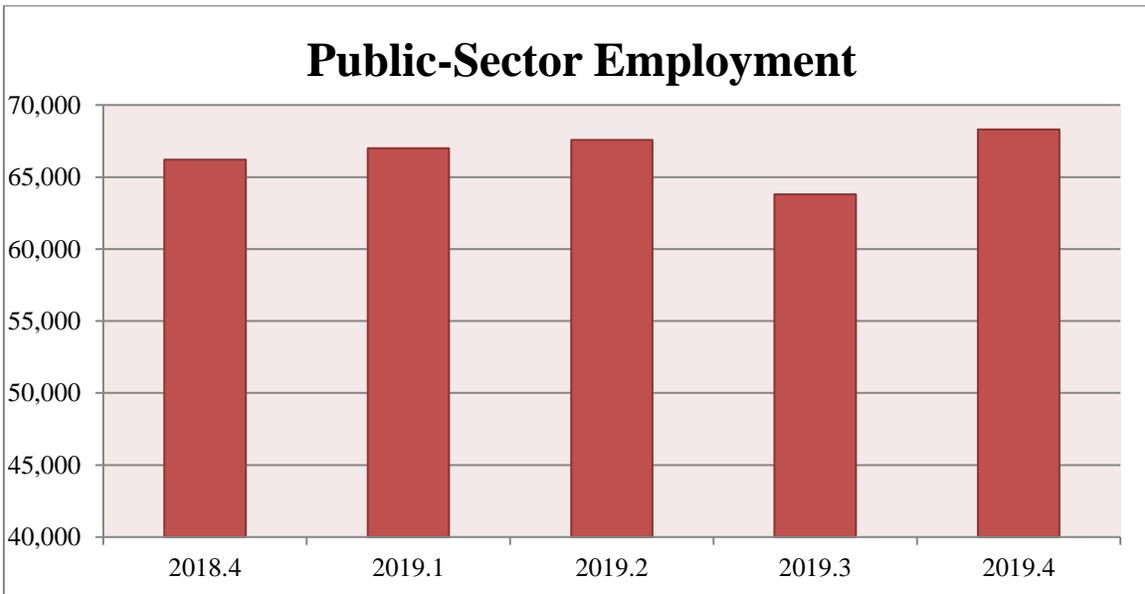
**Informal Employment** – Informal employment is the difference between total employment and industry employment. It accounts for self-employed workers and workers employed outside their county of residence. In the fourth quarter of 2019, the number of informal workers increased by 2,033 workers compared to the third quarter. Compared to the fourth quarter of 2018, there are 6,800 fewer informal workers. The number of residents who have sought to create their own jobs continues to slow down. There are currently 22,567 informal workers in Kern County, which suggests that entrepreneurs and small businesses were especially hard hit (and are still recovering) from the 2007 to 2009 recession.



**Private-Sector Employment** – Nonfarm employment is comprised of private-sector employment and public-sector employment. In the third quarter of 2019, private companies hired 207,433 workers while the fourth quarter numbers increased to 208,633 workers. The private sector hired 7,467 more workers this quarter than four quarters ago. This again suggests that the employment and labor force growth we have seen in Kern County is pervasive, again suggesting that we are at (or near) full employment.



**Public-Sector Employment** – The public sector consists of federal, state, and local government agencies. The local government labor market includes county and city agencies and public education. In the fourth quarter of 2019, government agencies hired 4,500 more workers as their employment increased from 63,800 to 68,300– a 7.05 percent increase. The year to year increase in employment was 3.17 percent, suggesting that the increase mirrors necessary growth in public sector activities that mirror a growing economy.



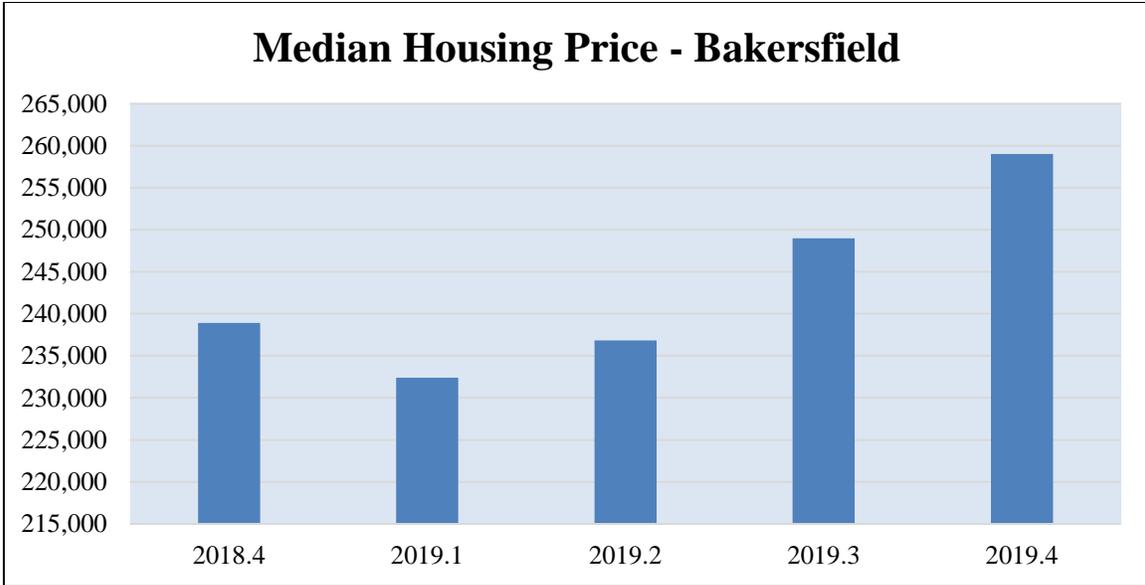
**Growth in Salaries and Wages** – Salaries and wages in Kern County increased from 3,870,664 (thousand) in the first quarter of 2019 to 3,914,387 (or 1.13 percent higher) in

the second quarter of 2019. Compared to four quarters ago, salaries were higher 248,886 (thousand) dollars, or 6.79 percent. The increase in wage and salary growth quarter-to-quarter suggests that, in a tight labor market, when looking for new employees, employers must consider enticing employees of other businesses with more robust wage packages. Given that the historical quarterly decline in wages (between the first and second quarters) are a decrease of 4.4 percent, again suggesting that the Kern County labor market is at (or near) full employment.

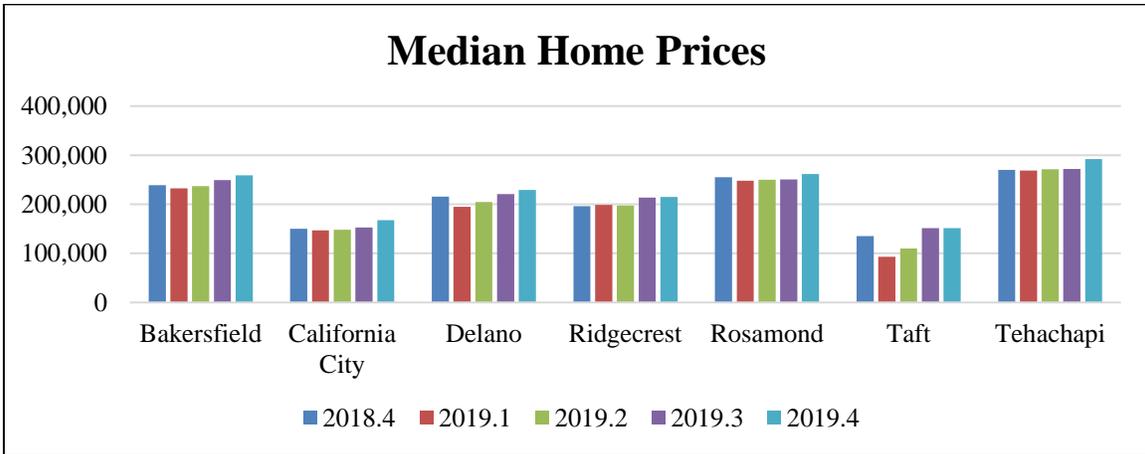


### Housing Market

**Housing Price** – In the fourth quarter of 2019, Bakersfield’s housing prices increased by \$10,000 (4.02 percent) compared to the third quarter of 2019. The median home price averaged \$459,000 in the fourth quarter compared to \$249,000 in the third quarter. This rise in home prices (3<sup>rd</sup> to 4<sup>th</sup> quarter) is one of the highest housing price increases, quarter-to-quarter, seen in Bakersfield in years.



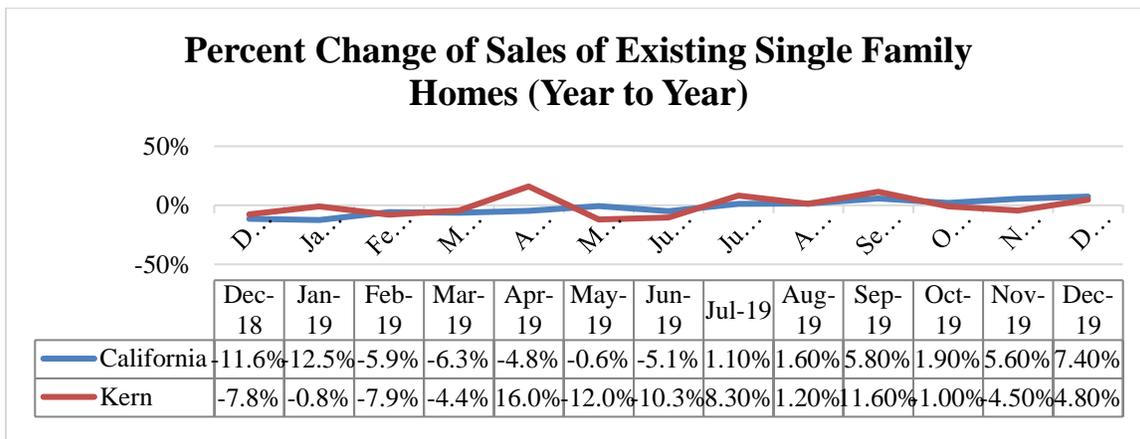
**Regional Housing Prices** – The changes in housing demand felt in Bakersfield are likely to spillover to the surrounding towns as individuals who are on the margin of buying or selling are likely not located in the Bakersfield MSA directly. The only 3<sup>rd</sup> to 4<sup>th</sup> quarter decline in home prices was found in Taft, which declined by \$333 (0.22%). Price increases were found in California City (9.59%), Delano (3.93%), Ridgecrest (0.62%), Rosamond (4.53%), and Tehachapi (7.61%).



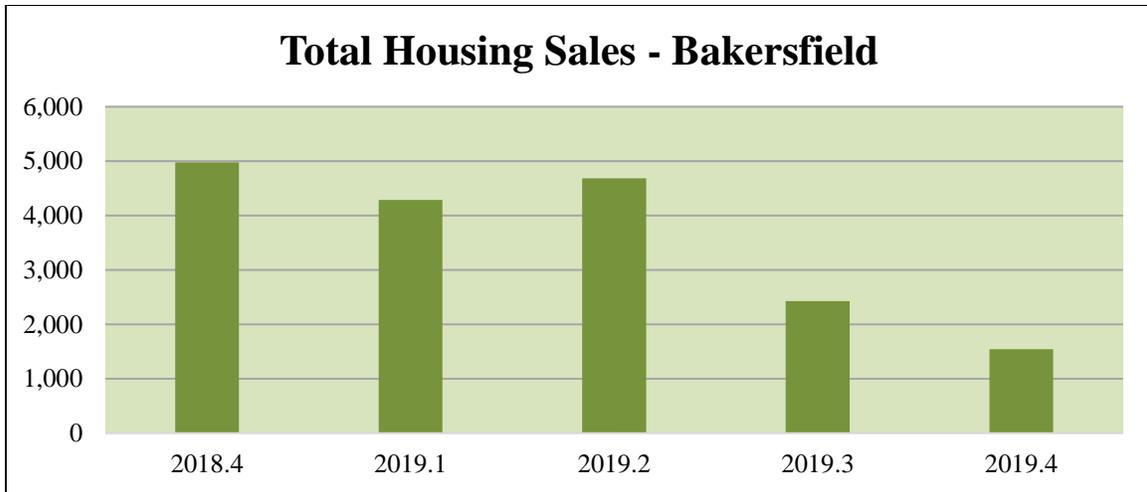
Housing prices varied across Kern County. Within the previous four quarters (2018.4 to 2019.4), the median sales price increased in all cities. Taft recorded the largest single digit increases in prices of 11.89 percent. The average change in home prices in the region year-on-year was 8.36 percent.

Location	Median Price	Median Price	Price Change (\$)	% Price Change
	2018.4	2019.4	2018.4 - 2019.4	2018.4 - 2019.4
Bakersfield	238916.67	259000	20,083	8.41%
California City	150000	167666.67	17,667	11.78%
Delano	215666.67	229333.33	13,667	6.34%
Ridgecrest	196416.67	215000	18,583	9.46%
Rosamond	255333.33	261666.67	6,333	2.48%
Taft	135250	151333.33	16,083	11.89%
Tehachapi	270333.33	292333.33	22,000	8.14%

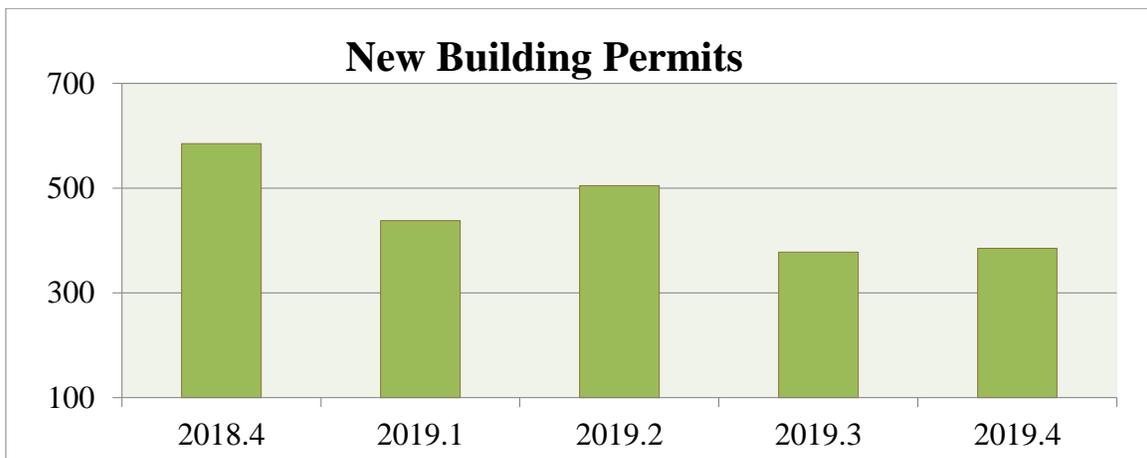
**Growth in Housing Sales** – We compare growth in sales of existing single family homes in Kern County with growth of sales in California. Positive values indicate that more homes were purchased this year compared to last year. In December 2019, sales of single family homes in Kern County were 0.5 percent lower than they were in the previous year, while sales were 1.8 percent lower in California. Overall, growth in sales in Kern County averaged 1.3 percentage points higher than California.



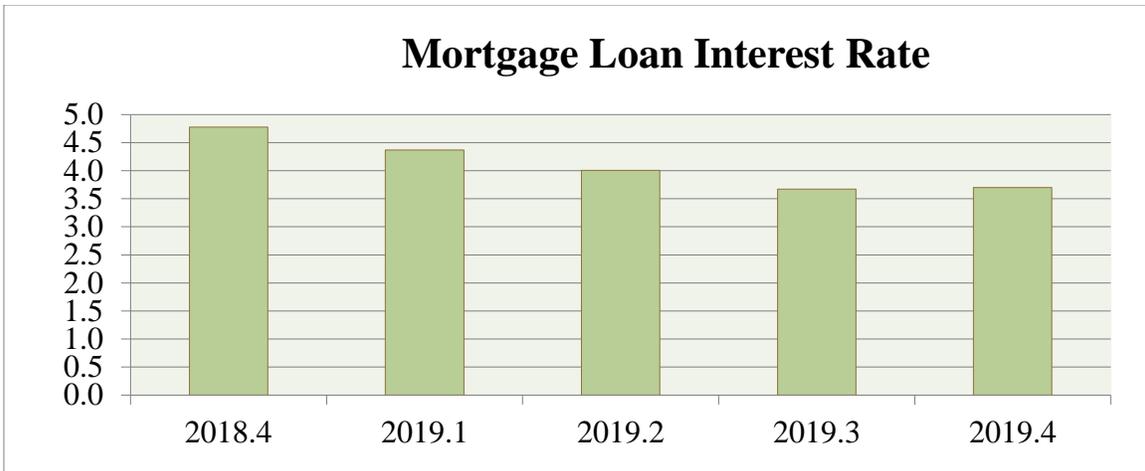
**Housing Sales** – In Bakersfield, quarter to quarter sales of residential units decreased by 885 units, from 2,430 in the third quarter of 2019 to 1,545 in the fourth quarter. An average of 3,430 fewer homes were sold in the fourth quarter of 2019 compared to the fourth quarter of 2018. This drop in housing demand mirrors national trends. To lead to a price increase, this means that there are significant shortages in the quantity supplied of houses.



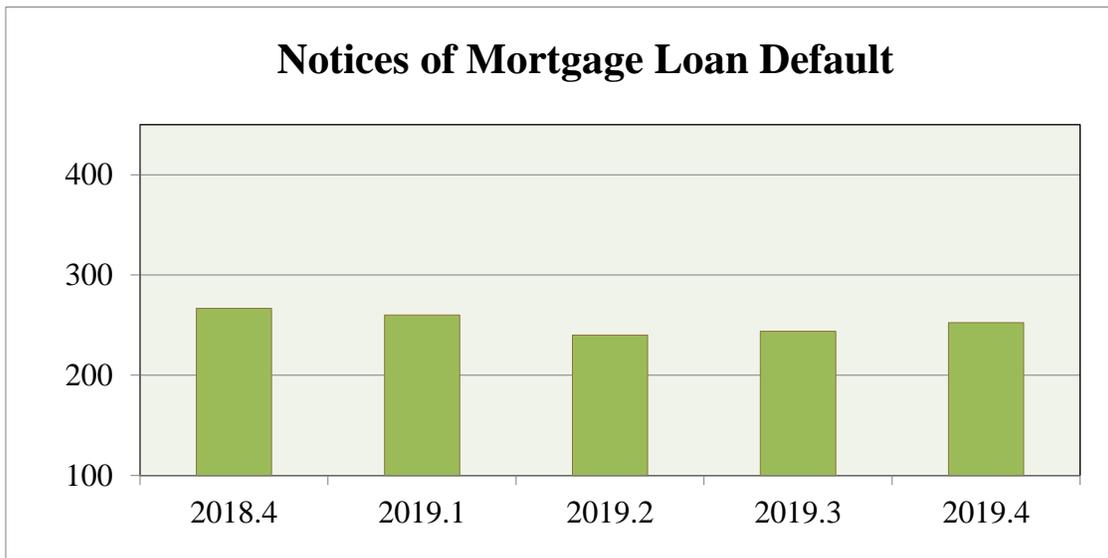
**New Building Permits** – In the fourth quarter of 2019, Kern County issued 7 more permits for construction of new privately-owned dwelling units compared to the third quarter of 2019. A total of 385 permits were issued this quarter compared to 378 in the third quarter of 2019. This slight increase in permitting indicates a continued slowdown of building activity, one that has not been seen since 2014. The 5-year average of permits issued in the fourth quarter is 508, indicating that this continued slowdown is significant.



**Mortgage Interest Rate** – In the fourth quarter of 2019, the interest rate on thirty-year conventional mortgage loans increased slightly to 3.70 percent from 3.67 percent. The five year mortgage interest rate average is 4.19 percent. This slight increase suggests that lenders may be anticipating a recession in 2020, and are so tightening lending standards by increasing the costs of obtaining a mortgage.

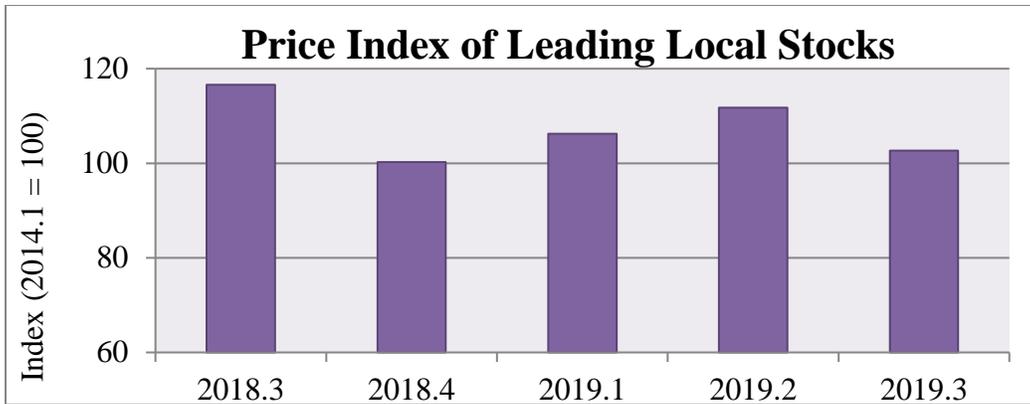


**Housing Foreclosure Activity** –There was a continued slight uptick in foreclosure activity, opposite to recent trends, as the number of new foreclosures increased by 8 foreclosures from 244 in the third quarter of 2019 to 252 in the fourth quarter of 2019. This number is also 14 units lower than four quarters ago. Though slightly higher than the lows we have seen, these are the lowest foreclosure rates in decades. This again suggests some concerns related to a potential 2020 recession.

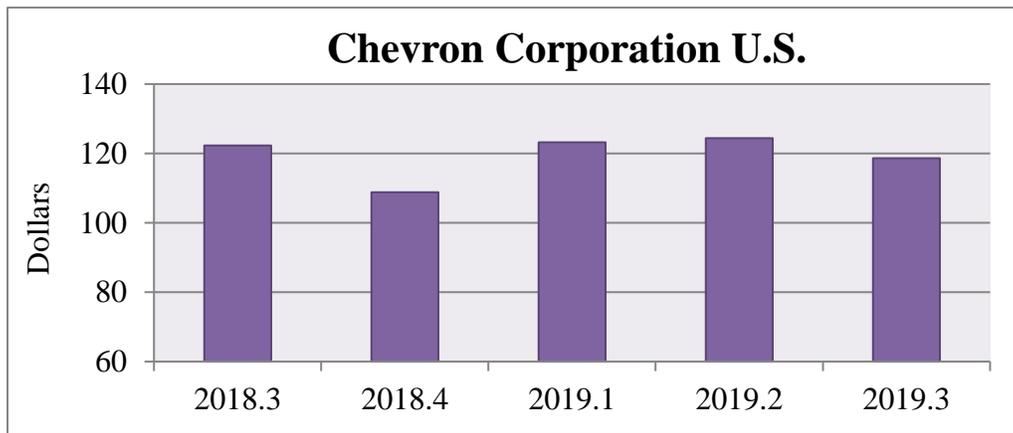


### Stock Market

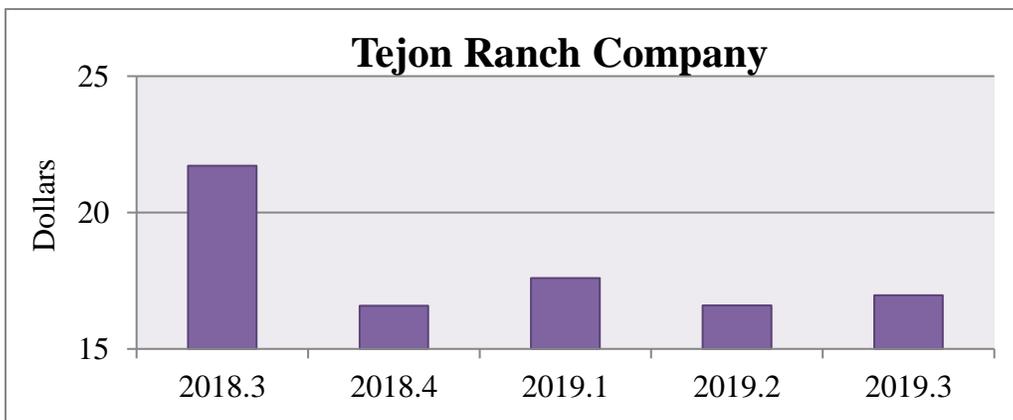
In the fourth quarter of 2019, the composite price index (2014.1=100) of the five publicly traded companies doing business in Kern County increased by 1.9 percentage points from 102.7 to 104.6. The index is 4.3 percentage points higher than what it was four quarters ago. Average “close” prices were measured for five local *market-movers*: Chevron Corporation U.S., Tejon Ranch Company, Granite Construction, Wells Fargo Company, and Sierra Bancorp.



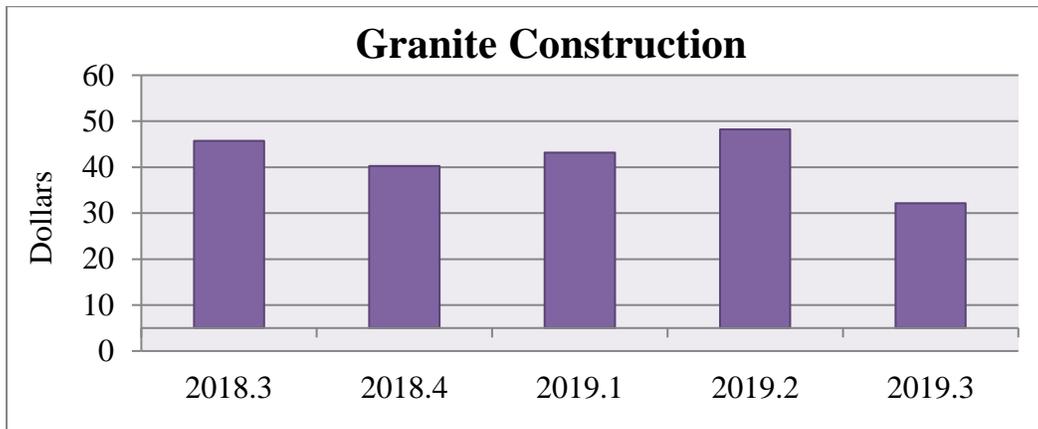
**Chevron Corporation U.S.:** Compared to the last quarter, CVX gained \$1.91 (or 1.6 percent) per share as its price increased from \$118.60 to \$120.51. Relative to the fourth quarter of 2018, CVX was up \$11.72 (or 10.8 percent).



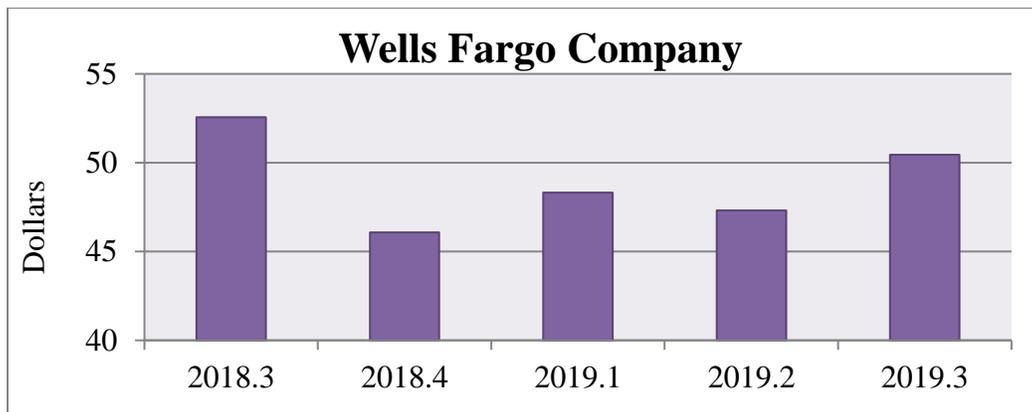
**Tejon Ranch Company:** TRC lost \$0.99 (or 5.8 percent) per share as its stock price decreased from \$16.97 to \$15.98 between the third quarter and fourth quarter of 2019. Compared to last year, the TRC stock price is down \$0.60 (or 3.6 percent).



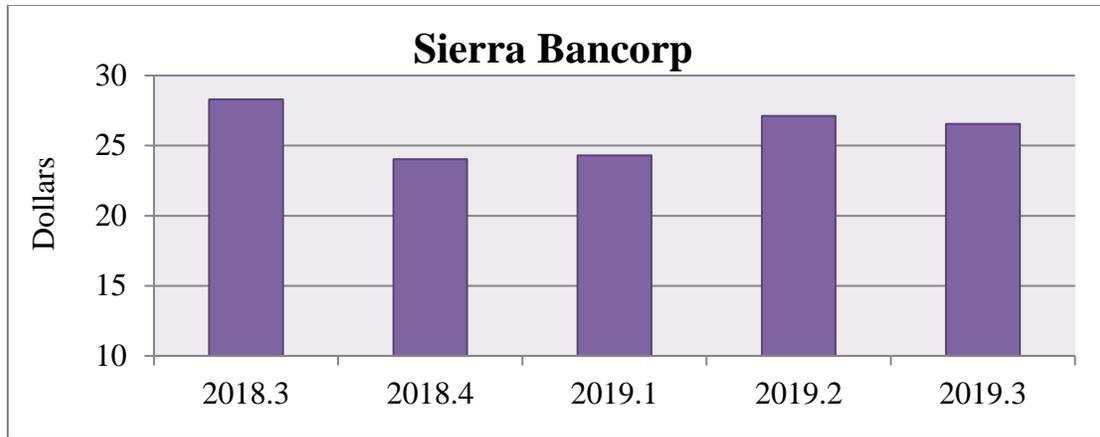
**Granite Construction:** GVA lost \$4.46 (or 13.9 percent) per share as its stock price decreased from \$32.13 to \$27.67 between the third quarter of 2019 and the fourth quarter of 2019. Conversely, GVA lost \$12.61 (or 31.3 percent) over the last four quarters.



**Wells Fargo Company:** WFC gained \$3.36 (or 6.7 percent) per share as its stock price increased from \$50.44 to \$53.80 between the third quarter of 2019 and the fourth quarter of 2019. Relative to one year ago, WFC is up \$7.72 (or 16.8 percent).

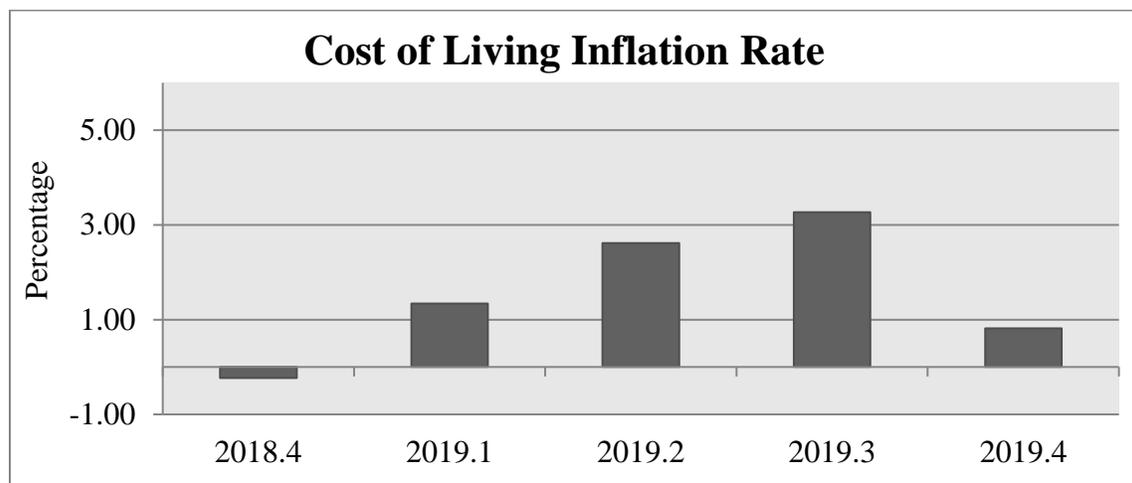


**Sierra Bancorp:** BSRR gained \$2.56 (or 9.6 percent) per share as its price increased from \$26.56 to \$29.12. Similar to the other companies, BSRR gained \$5.09 (or 21.2 percent) since the fourth quarter of 2018.

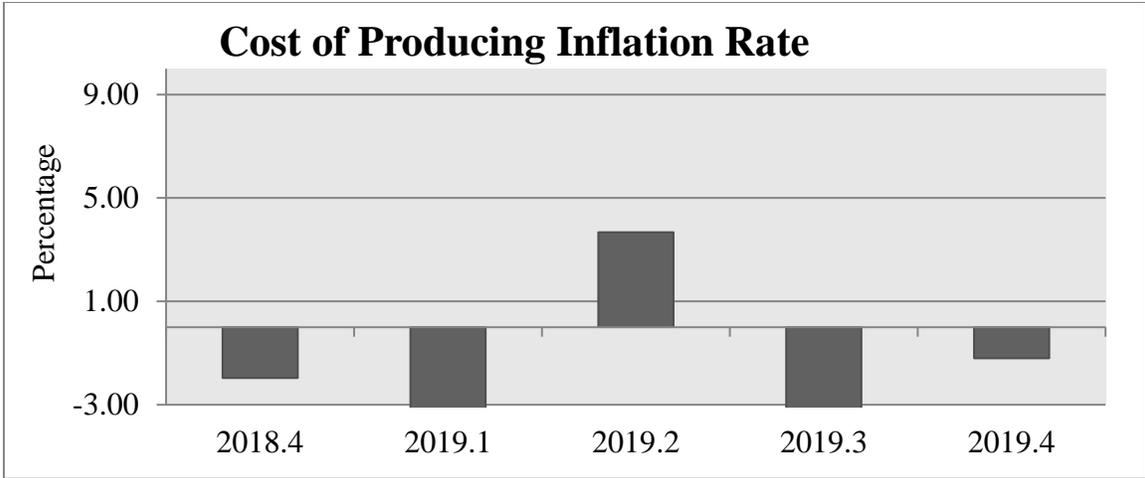


### Inflation

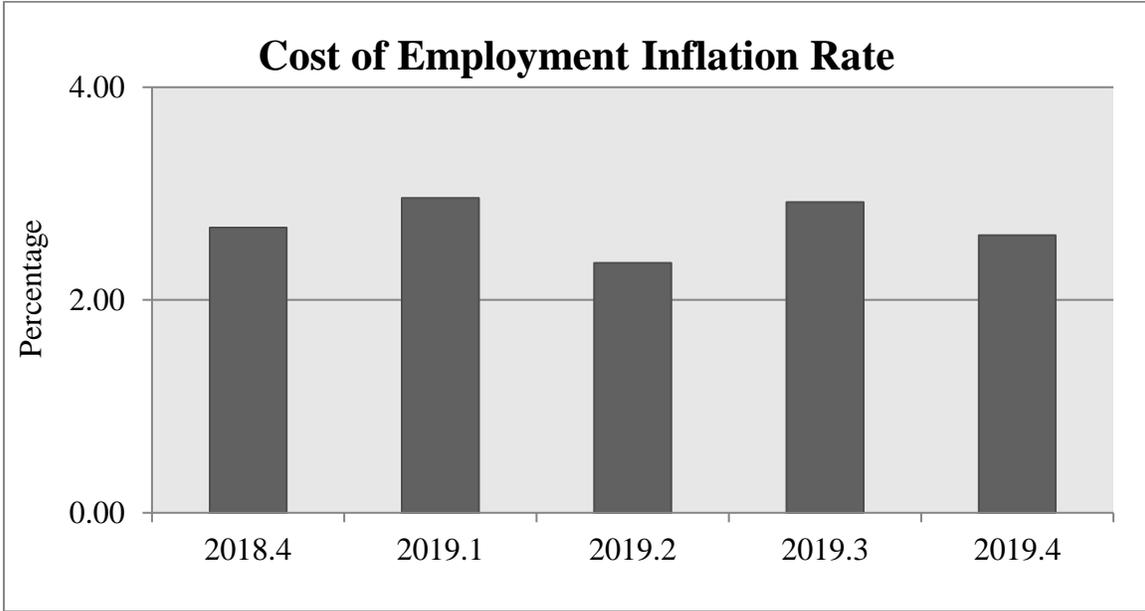
**Cost of Living** – In the fourth quarter of 2019, the Consumer Price Index for all urban areas (1982-84 = 100) increased slightly. Inflation for the cost of living increased by 0.81 percent. Given the growth in M1 and M2 money velocities, as well as quantitative easing undertaken by the Federal Reserve, this hints that liquidity is not making its way through the system in the form of inflation.



**Cost of Production** – The Producer Price Index for all commodities (1982 = 100) fell between the third and fourth quarter of 2019. The cost of production decreased at an annual rate of 1.20 percent. The cost of production inflation rate was -3.58 percent last quarter and -1.96 percent four quarters ago.

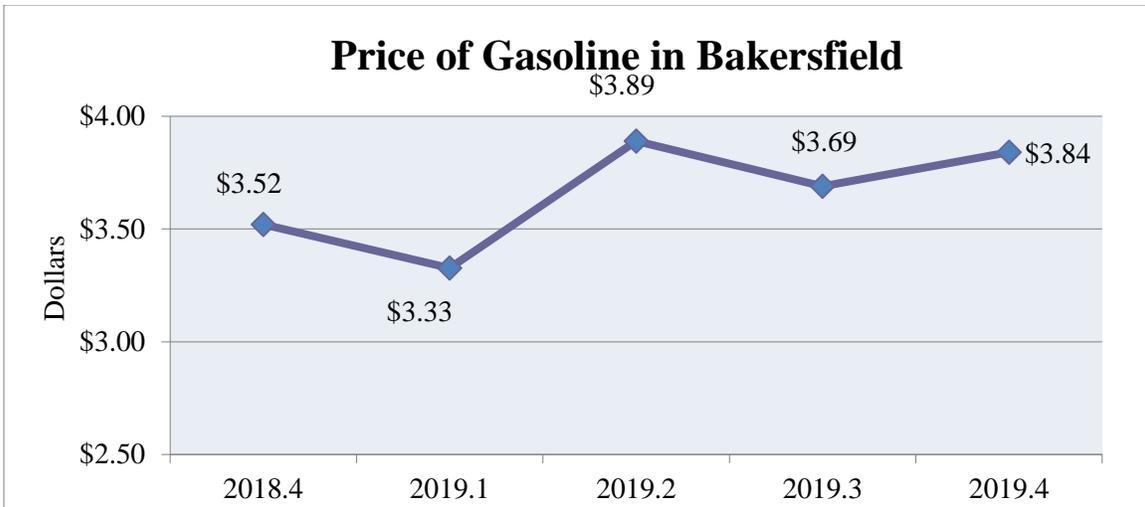


**Cost of Employment** – The Employment Cost Index (December 2005 = 100) for all civilian workers increased from 138 to 138.9. The cost of employment grew at an annual rate of 2.61 percent. The cost of employment inflation rate grew 2.92 percent last quarter and 2.68 percent four quarters ago.

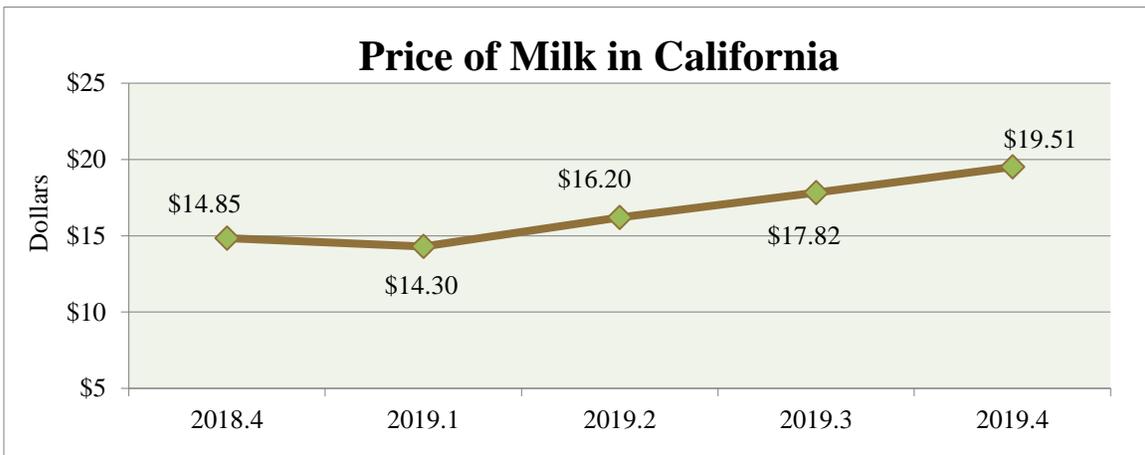


**Commodity Prices**

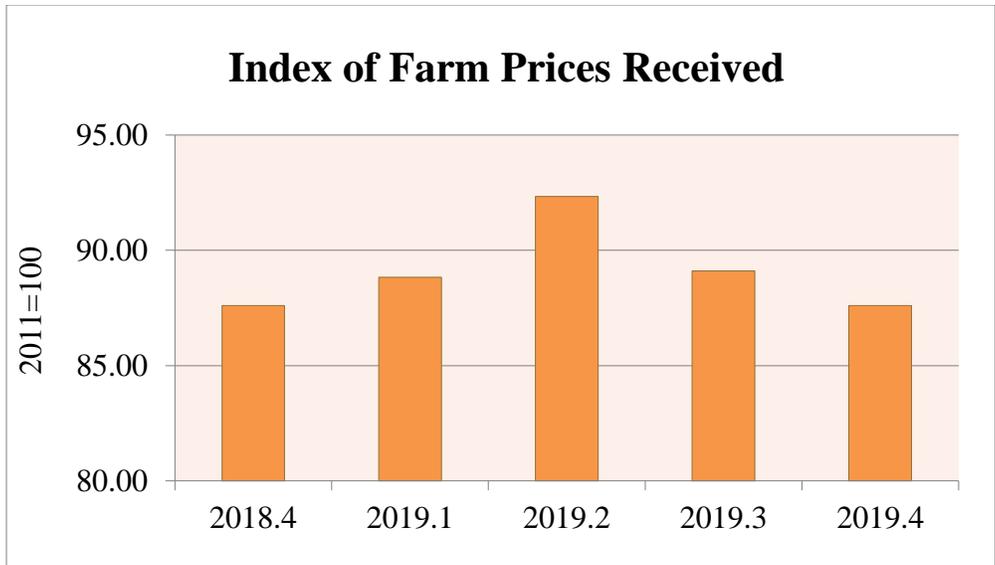
**Price of Gasoline** – In the Bakersfield Metropolitan Statistical Area, the average retail price of gasoline increased by \$0.15 to \$3.84. Gasoline price increases in the fourth quarter are unusual, perhaps suggesting the impact of the sales tax passed into law recently.



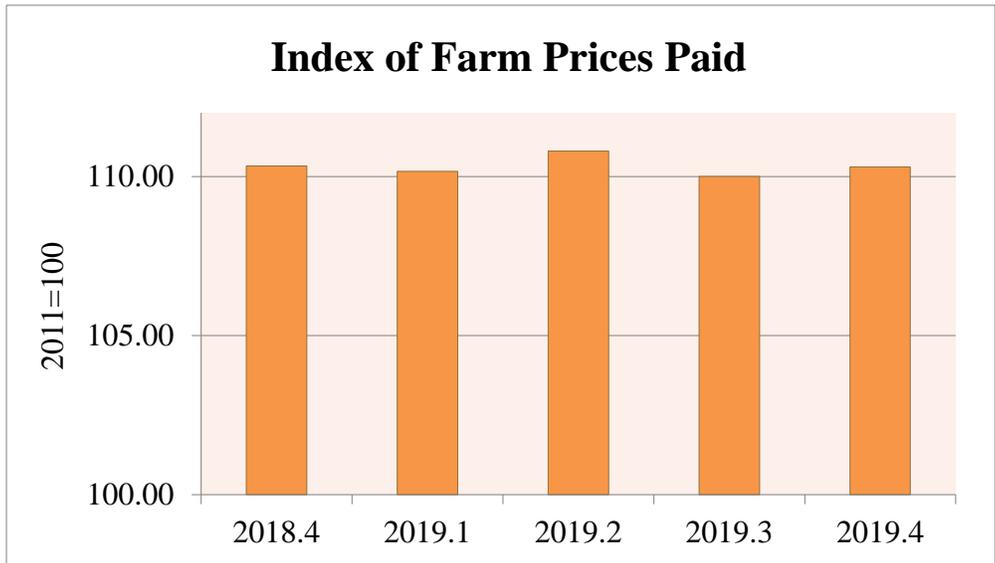
**Price of Milk** – The unit price of California’s Class III milk rose from the third quarter to the fourth quarter of 2019, from \$17.82 to \$19.51. This suggests that the depressed milk prices that were seen post-2014 may be returning to the highs found in the early part of the 2010 decade. The price is 31.4 percent or \$4.66 higher than it was four quarters ago (\$14.85).



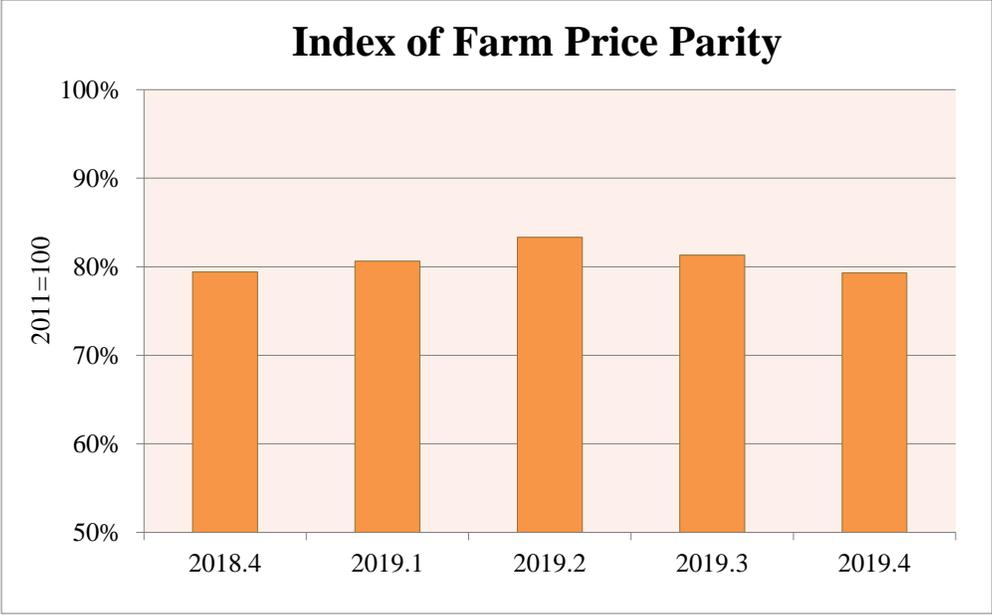
**Farm Prices** – In the fourth quarter of 2019, the National Index of Prices Received by Farmers for all farm products (2011 = 100) fell by 1.5 points, to 87.60 compared to 89.10 recorded in the third quarter of 2019. This is identical to the values from the fourth quarter of 2018.



Meanwhile, the National Index of Prices Paid by farmers for commodities, services, interest, taxes, wages, and rents increased by 0.3 percent (compared to last quarter), increasing to 110.30, meaning that farmers are slightly worse off this quarter compared to last, in terms of fiscal outlays. The index was 110.33 four quarters ago.



We measure the Index of Farm Price Parity as the ratio Index of Prices Received to the Index of Prices Paid. In the fourth quarter of 2019, the gap between prices paid and prices received did not change, as the Index of Farm Price Parity stabilized to 79 percent. These parity levels are similar to those witnessed in the fourth quarter of 2018. Four quarters ago, the price ratio was 79 percent.



<sup>1</sup> Source - Online databases: <http://www.labormarketinfo.edd.ca.gov>; [www.usda.com](http://www.usda.com); [www.bakersfieldgasprices.com](http://www.bakersfieldgasprices.com); [www.bea.gov](http://www.bea.gov); [www.car.org](http://www.car.org); [www.trulia.com](http://www.trulia.com); [www.census.gov](http://www.census.gov); [www.freddiemac.com](http://www.freddiemac.com); <https://www.cafmmo.com>; [www.bls.gov](http://www.bls.gov)

# **The Charette: An Interesting Planning Tool for Economic Development**

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## INTRODUCTION

There are times when public government and private sector partnerships make sense in providing desirable revenue generating services to the community. Each party is able to bring unique contributions to the equation. An example might be a public play-private owned municipal golf course. The community residents desire such an option and the government sector hold land rights. The private sector supports the project through their investment dollars and some contractual revenue share agreement is established that is fair and equitable to both parties.

Thoughtful planning is critical if success of such partnerships is to be achieved. There are, of course, many appropriate methods to securing community leader, resident, visitor, potential user and investor thoughts, perceptions, ideas and values. Each of these group involvement models have differing emphasis and concerns.

An interesting, enjoyable and highly informative method of obtaining public citizen and investor involvement is the charette. Like other input models, there are important attributes and values to this process but with some limitations. However, overall the charette generates rather deep and well thought out public citizen and investor reflection by providing both groups with multiple ways of communicating their thoughts and concerns, while at the same time yielding a rather high level of participation and involvement.

The economic forecaster will have available to them rather detailed and thoughtful ideas that can better shape their projection work.

## WHAT IS A CHARETTE?

A charette is a group involvement and interaction model that is time and place sensitive relying on verbal, written and graphic inputs; utilizing citizen, investor and consultant interactions; shifting through different stages of developing, improving and refining the

group reflection, thought and decision making process. Perhaps the following breakdown of the key words of the definition of a charette will prove helpful.

- **Group Involvement and Interaction:** One of the important facets of a charette is that it involves the investors, residents, citizens, visitors, leaders or users of the community system in which these individuals are structured into interactive groups, teams or units. In many charettes, the groups are organized into specific work teams with an identifiable and well-understood theme.
- **Time and Place Sensitive:** Another necessary dimension of a charette is that the group interacts during a specific identified and usually rather intense time frame in which a predetermined location(s) for the charette is organized. Usually charettes are held on Friday evenings and part of Saturday or all day Saturday. It is common for a charette to have both a base of operation location as well as the participants bused to various sites to tour and better understand the existing and proposed elements of the planning concept.
- **Verbal, Written and Graphic Inputs:** A unique feature of a charette is that it relies on three ways for the group members to organize and communicate their thoughts. Typical of most input models is the verbal component. In a charette, besides citizens and investors speaking about their ideas, they are given tools so they can write and have help in drawing or graphically displaying their thoughts. Provided at the meetings are tables with design paper and markers for graphic production as well as large tablets and easels for written work.
- **Citizen, Investor and Consultant Interactions:** A basic component of a charette is for group members to have easy, comfortable and rather immediate interactions with other investors, residents, citizen teams, professional staff and contracted consultants. An open and continuous interaction using questions and answers, clarification and dialogue, as well as acquiring new and additional information is a prominent part of this type of process.
- **Different Stages of Refinement:** The dynamic element of the charette is hallmarked by groups working in unison for long periods of time to identify questions, seek answers, develop thoughts, improve and design possibilities and then refine their reflections so the best possible decisions can be offered. Part of the reason that a charette is so time sensitive is that it is necessary for these groups to be in an environment where they have the time, understanding and disposition to engage in a process that will enhance their thoughts.

## STEPS TO THE CHARETTE

To use successfully a charette, the business or government professional should have some experience with the charette method before attempting this group participation model. Typical ways to gain this important and necessary background experience include: (1) observing a charette conducted by a different investor group, organization or government agency than your own and becoming a student of the process watching closely how that entity performed, (2) taking a workshop or short course on charettes from an individual or group with charette experience, or (3) contracting with a consultant that conducts the charette on behalf of your business or agency in which you observe, participate and receive feedback.

**Step one:** *concept:* The organizers must be clear as to the goals and purposes of the process that include [1] investor and citizen involvement [2] meaningful and sensitive participation [3] review of accurate and realistic materials [4] a well facilitated experience [5] commitment to the time and place requirements.

**Step two:** *facilitators:* Trained facilitators are required to [1] introduce and train the participants in the process [2] organize work groups [3] assign work groups specific tasks [4] oversee the information gathering process [that may include road tours] [5] manage the verbal ,written and graphic input components [6] bring proper closure to the experience.

**Step three:** *time frame:* The time commitment is usually a Friday evening and Saturday with the process divided into different phases such as [1] process training [2] work group processing [3] transportation and on-site visiting [4] verbal, writing and graphic work [4] decision making and recommendation reporting.

**Step four:** *place:* The charette will need [1] one location for large size open discussion group work [2] small table based work spaces [3] display areas for map layouts, drawings and easels [4] space for breaks and lunch [5] a second place[s] for off-site tours [6] accurate timing of the off- site tours, visit duration and return [7] appropriate restrooms, drinking fountains and parking.

**Step five:** *pre-event materials:* Several items of pre-event preparation will be necessary including [1] citizen surveys of felt community needs [2] location maps of current and proposed sites [3] conceptual drawings of proposals [4] photographs of pre-existing comparative projects [5] copies of land ordinances and applicable planning rules [6] projected budgets [7] facility support systems.

**Step six: invitations:** A key feature of the charette process is the involvement of investors and well-informed and interested citizens and community leaders. Due to the time commitment and intensity of experience careful selection of participants is necessary. Invitation letters with follow up phone calls should be considered. The community leaders [mayor, city council, bank officers and investors] should be included in the invitation process.

**Step seven: script:** The facilitator should have the entire process planned out with time elements connected to key decision-making activities organizing for possible unknowns. Work group assignments, seating arrangements, equipment needs and group processing should - to the extent possible - go through a dry run.

**Step eight: charting process:** The goal is to conclude with the best group thinking possible. Charting the verbal, written and design contributions is necessary. Flip charts, design suggestions, written summaries and decision-making processes must be recorded.

**Step nine: closure:** The experience will have been lengthy and intense with all involved needing a sense that their participation was respected and well received. Participants will be interested in knowing the results and follow up plans. Both an on-site closure and immediate follow up closure should be planned.

**Step ten: evaluation:** A formal evaluation process should be offered all participants noting what was helpful and appreciated of the process and what concerns might have been raised.

## BENEFITS OF THE CHARETTE

As can be noted from the foregoing, a charette represents a serious commitment for all parties involved. It would seem that some rather substantial values or benefits should emerge from the process to justify the effort. The following are some benefits and values that are part of using this model:

- The process will solicit from investors, citizens, professional staff and others their best thinking that is thoughtful, deep, relevant and well measured.
- After participation in the charette model, a common statement made by the involved group members is one of commitment to the results of the process. These investors and citizens serve as powerful voices to public councils, commissions, and investor centers about the results of the work.

- The investor, citizens, professional staff and consultants leave the charette with a shared vision of where the business or government effort should head, its priorities and specific nuances of the vision.
- Local knowledge and experience that can come only from long term, well informed and highly committed group members has a place and a way to be captured. An agency or business will hear and see from the differing group members their special and critical knowledge that better informs the decision makers.
- Direct, measurable and priority based results emerge from the charette. What is achieved is more than rapid-fire opinion but is deliberated and worked over knowledge-based decisions that have been placed in an order of importance context.
- One concern that consultants have is that the groups will not understand the constraints of reality. Once informed of budgets, mission statements, existing ordinances and the like investors and citizens provide a powerful reality check and help to settle rather difficult priority questions.
- The interactive process of investors, citizens, professional staff, and consultants, as they function as work teams are the verbal, written and graphic inputs that can improve the overall thinking of the individual parties and a synergy that elevates the quality output.
- The charette serves as a substantial community validation of the planning decisions that have been made. The business or government agency has a rather powerful sense of security in moving forward with the implementation components of the planning process.

## CONCLUSION

A charette is an interesting, enjoyable and informative method of investor and citizen participation that yields well founded results. This venue requires front end planning, but the quality of the group members output justifies the time and labor effort.

The host of the charette should be committed to this type of group participation process and have had some experience with this venue before engaging in this method. Involving the affected parties is at the heart of the charette and their commitment is critical.

With all of its values and cautions, a charette is certainly a vital and meaningful option for group investor and citizen participation.