



CROSSROADS

Thoughts from the Chief Executive Officer

Crossroads are an exciting place to be.

Not only do they offer the prospect of change, but they also represent the power of choice. Even if difficult, the decision is ours to make, the challenge ours to meet. This is especially energizing when the consequences are momentous, as they are for us today.

The West that we love is at a crossroads, and the choices we make will shape its future—our future—for generations to come. Challenges include:

- How communities will grow in the future: The next
 wave of growth and change is just around the corner.
 This time, we have the choice to move beyond poorly
 planned development and to build neighborhoods
 that have more housing and transportation choices,
 that are located closer to city and town centers, and
 that provide greater convenience for residents and
 financial benefits for communities.
- Protecting our natural resources: As our population grows, so does demand for water and other natural resources. Our work in the Colorado River Delta

has taught us that enormous water diversions can ruin an entire ecosystem and a way of life. We now have the choice to allocate resources in a way that accommodates growth while preserving our natural environment.

A changing climate: Drought, wildfires, and extreme
weather events are now part of everyday life. We can
choose to move beyond the polarized debate on this
issue and take steps to build community resiliency—
helping cities and towns to anticipate and to adapt to
disruptive climate events.

The challenges that we face in the West are on a massive scale, and the stakes couldn't be higher. It is exactly at these critical junctions that you will find the Sonoran Institute.

Our mission is to help communities navigate difficult decision points by providing the experience, skills, and knowledge needed to inspire informed choices. The Sonoran Institute specializes in local engagement—bringing all sides together to agree on a community's best path forward.

At a time when compromise is increasingly rare, the research-based information and consensus-building skills we bring to the table are more vital than ever. We know from experience that the best results occur when communities value and respect our natural world.

With deep appreciation for the amazing work of Luther Propst, who founded and passionately led the organization for 22 years, the Sonoran Institute has the will, the expertise, and the momentum to help steer the West toward a future that offers the highest possible quality of life for its people and communities.

As always, our ability to succeed hinges on your continued support. Thank you for your contributions in 2012. I look forward to continuing to partner with you on this exciting journey.

Sincerely,

Maria Baier
Chief Executive Officer



SIX CHALLENGES SIX SOLUTIONS

For 22 years, the Sonoran Institute has worked at the often tense intersection between the changing needs of our communities and the imperative to sustain our natural world. Here are six major challenges we are facing at those crossroads in the West—and our solutions to them.

WHEN "COMPROMISE" DOESN'T MEAN "DEFEAT"

You see it in Washington, D.C. every day, and even at the local level it seems that polarization and stalemate are replacing collaboration and compromise. But as communities in the West continue to confront rapid change, the ability to engage in civil and productive dialogue about their future has never been more important.

CONSENSUS BUILDING. MORE ART THAN SCIENCE

The Sonoran Institute is built on the belief that a community most effectively shapes its future by coming together to form a common vision based on shared priorities and values. Our unique niche is facilitating this process. In the Mojave Desert's Morongo Basin, we led a process to identify land worth protecting because of its beauty, importance to local wildlife, and proximity to Joshua Tree National Park and the 29 Palms Marine Base.

By giving them fiscal impact information, we can help communities get the most bang for their buck with their development and land-use decisions, and keep losses—fiscal, ecological, and otherwise—to a minimum.

AFTER THE BUST: COMING TO TERMS WITH POORLY PLANNED DEVELOPMENT

Over-development during the housing boom has left a legacy of half-built houses and abandoned developments scattered across formerly scenic landscapes, working farms, and sensitive wildlife areas. There are two million vacant housing lots wreaking fiscal havoc in the Intermountain West. Communities in Teton County, Idaho, watch budget shortfalls mount without hope that tax revenues will ever pay for the roads, infrastructure, and other essential services they need to provide.

WESTERN ODYSSEY. THE PURSUIT OF COMMUNITY OUALITY OF LIFE

The last wave of growth and development in the Intermountain West came fast and furious, overwhelming most communities and their capacity to influence its course. How do communities get in front of the next wave? What aspects of a community are worth protecting, and what can the community do to preserve them? How do we build successful communities—cities and towns with strong and diverse economies, quality growth, vibrant downtowns, and complete neighborhoods?





FINANCIAL RECOVERY: PUTTING COMMUNITIES BACK IN THE DRIVER'S SEAT

We can't turn back the clock, but the Sonoran Institute can help communities recover from the housing market meltdown—and develop better land-use plans for the future. Leaders in Teton County, Idaho, are using our economic studies and fiscal impact calculator to estimate the public costs associated with development projects, including those to revitalize failed subdivisions; to design more realistic fiscal impact fees to mitigate project costs; and to inform efforts to "re-plat" defunct or incomplete subdivisions.

BUILDING A SUSTAINABLE COMMUNITY—FROM WITHIN

When conservative stronghold Sheridan, Wyoming, struggled to maintain its rural character amid rapid development, we helped the community come together to craft one of the West's most forward-thinking land-use plans. Providing flexible and effective rules for subdivisions on agricultural land, the plan accommodates growth while protecting prized landscapes and working farms. In Colorado, we helped the cities of Rifle and Glenwood Springs explore "town-centered" development to achieve their vision of more vibrant, walkable downtowns.

PUSHING THE ENVIRONMENT TO THE BRINK

Always one of the West's biggest challenges, the scarcity of fresh water is approaching a crisis point. Massive diversions of water were made to support industry and rapidly expanding urban areas without due consideration for sustaining the rivers and groundwater systems that provide the water in the first place. Thriving and vital ecosystems, like the Colorado River Delta, were severely degraded as a result.



Our boots are in the water in active response to water-starved rivers and sensitive wetlands—rehabilitating sections of Arizona's Santa Cruz River, and conducting extensive on-the-ground restoration in the Colorado River Delta. Since 2006, we have brought 300 acres of devastated Delta habitat back to life, success central to a recent landmark agreement between the U.S. and Mexico to dedicate more water to the Delta. This agreement brings our ultimate goal of reconnecting the Colorado River to the sea closer to reality.

Giving citizens a voice in projects that impact their communities is a vital part of community building in the West. Local collaboration may also be the key to brokering our renewable energy future.

Increasing renewable energy use to decrease carbon emissions and the effects of climate change is a national priority, and the West has abundant wind and solar energy resources. Transporting that clean energy from its source to consumers is often where projects hit the wall. No one wants a transmission line in or near his or her backyard, or through pristine public lands or wildlife habitat. The stalemate that often results from conflicts over infrastructure can delay and even derail vital progress toward a more sustainable energy future.



BROKERING A TRULY RENEWABLE ENERGY FUTURE

When the 430-mile transmission line proposed to help deliver wind power from Montana to Idaho met with heated opposition, we took a risk to help advance renewable projects by creating a new model for minimizing transmission line impacts. We helped lead a successful collaboration between local government and stakeholder groups to examine the line's wildlife and economic impacts and analyze route options in a way that acknowledges affected communities' values and concerns.

DANCING WITH DEVELOPMENT

Mining and energy development continue to present significant economic opportunity in the West, providing local jobs, tax proceeds, and a major source of revenue for state trust land beneficiaries. The impacts of both activities, however, must be carefully considered. If not done properly and in the right places, the environmental and economic consequences of resource extraction can be catastrophic and irreversible.

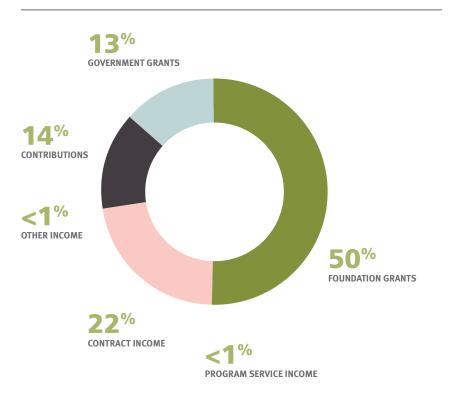


TAKING A STAND

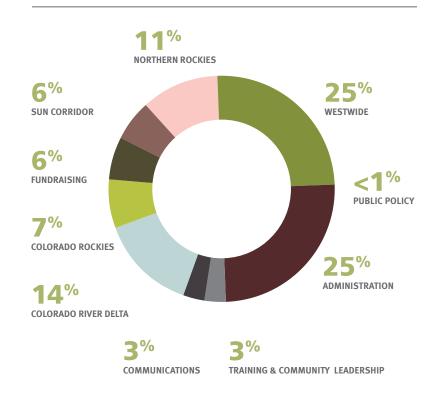
The Sonoran Institute is actively opposing a mining project near Sonoita, Arizona, where Rosemont Copper proposes digging an open-pit mine beside one of the most beautiful and ecologically important areas in the Southwest. Worse, new research reveals that the mine could devastate Cienega Creek, a vital water resource and one of the last free-flowing rivers in Arizona. We have called on the Forest Service to conduct new and independent investigations on Rosemont's potential water impacts.

FINANCIAL SUMMARY FY 2012: July 1, 2011 - June 30, 2012

Revenue



Expenses



The Sonoran Institute is audited annually by Keegan, Linscott & Kenon, PC.

LEADERSHIP

Revenue

25,551 25% ,782 6% ,662 3% 3,515 3% ,697 7% ,947 25% ,322 0%*** ,488 6%
,782 6% ,662 3% 3,515 3% ,697 7% ,947 25%
,782 6% ,662 3% 3,515 3% ,697 7%
,782 6% ,662 3% 3,515 3%
,782 6% ,662 3%
,782 6%
),551 25%
,508 11%
,190 14%
86 * 100%
,349 0%**
,652 0%**
,894 22%
,487 13%
,685 50%
,819 14%
3

^{*} In addition, resources for FY'12 include net assets of \$839,899 carried forward from previous years and restricted for use in this and future fiscal years. ** Less than 1 percent.

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DELTA WATER TRUST SUPPORTERS

The Colorado River Delta Water Trust was established by the Sonoran Institute, Pronatura Noroeste, and the Environmental Defense Fund; and is a mechanism by which water can be secured and dedicated to the Colorado River Delta in perpetuity.

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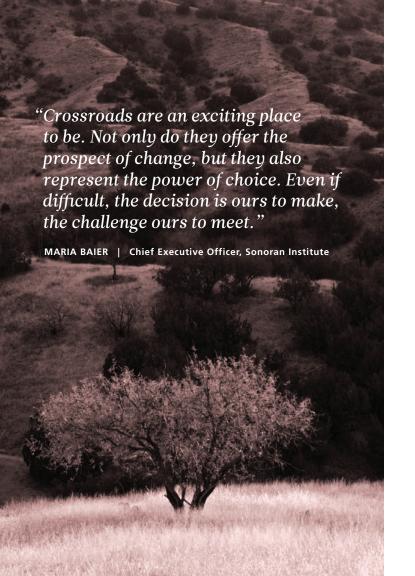
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HONORING LUTHER PROPST

After his 22 years at the helm, we recognize and honor the many contributions and accomplishments of Luther Propst, founder of the Sonoran Institute, in his visionary quest to protect and preserve all that is special about the West.

 ${\sim}$ Sonoran Institute Staff and the Board of Directors





CROSSROADS

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SONORAN INSTITUTE MISSION AND VISION

The Sonoran Institute inspires and enables community decisions and public policies that respect the land and people of western North America. Facing rapid change, communities in the West value their natural and cultural resources, which support resilient environmental and economic systems.

Founded in 1990, the Sonoran Institute helps communities conserve and restore those resources and manage growth and change through collaboration, civil dialogue, sound information, practical solutions and big-picture thinking.

CREDITS

WRITING & EDITING

Ian G. Wilson & Audrey L. Spillane

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Kent Soule (front cover: Las Cienegas National Conservation Area)

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Brian Forbes Powell (cover inset: Rosemont site; page 2: Cienega Creek; page 7: Mustang Mountains)

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