case studies

Cities find creative solutions in the leanest of times.
Globalization is one of the reasons for a slowdown in the Boise Valley’s growth. Pictured: Simpot corporate headquarters (left) faces the Wells Fargo Building across Boise’s 9th Street at Main. Next: Fire escapes recall the era of brick construction in a Spokane warehouse alley.
In Reno, a once-booming economy, city hall struggles to meet its payroll. In Pueblo, once suffering from the crash of the steel market, the city lures new employers. In Boise, at the base of golden foothills, a tax levy preserves open space for wildlife and recreation. In Spokane, public and private interests spar over tax-free bonds. These case studies and others show cities with different solutions to similar problems in challenging times. Each city competes using its unique characteristics. Most struggle with budget shortfalls and vacant storefronts, with strip-mall blight and sprawling suburbanization, with overlapping jurisdictions and restraints on municipal power.
Over the past 20 years, Reno and growth have been synonymous. The city and the state of Nevada have been among the fastest growing in the nation, largely driven by gaming, tourism, real estate, and construction. City officials were concerned about how to manage growth and make growth pay its proportionate share of infrastructure costs in the 1990s. They commissioned a nationally-known expert to help them develop a growth impact fee system.

Major improvements have been made in this northwestern Nevada city in Washoe County, not far from Sacramento. Embracing the concept that “if you build it they will come,” the city attracted Triple A baseball in 2010. Developer financing, a county rental car tax, and tax increment revenues built a $50 million stadium designed to give life to a declining downtown adjacent to the ballpark.¹

The Reno Transportation Rail Access Corridor (ReTRAC) is hailed as the city’s biggest public works project. The railroad tracks running through the
city were lowered below street level as a way to mitigate the negative impact of having loud freight trains chugging through the middle of the downtown, creating aesthetic and public safety issues. The $265 million ReTRAC project along with a two-block plaza were funded by “a hotel room tax, special downtown assessment districts, sales tax increase, city bond, $17 million and a land exchange from Union Pacific Railroad, and federal grants.” The city also boasted that no general fund revenues would be needed to support the project. The development of a waterfront park enhanced the Truckee River running through the city. City officials say that this is “the first and most sophisticated whitewater venue to be built right in the heart of a downtown.”

Yet as far back as the 1980s, there had been telltale signs of pending economic challenges. Indian gaming was legalized in the late 1980s by the federal government. Reno’s preeminence as a gaming center was steadily challenged by the proliferation of casinos in the nearby states of California, Oregon, and Washington. Up to 80 Indian casinos have opened, resulting in significant competition for the gaming dollar. Increasingly, questions were being raised about Reno’s “brand.” The once dynamic city was becoming a tired gambling town with a declining downtown.
business environment and without a clear strategy to broaden its economic base. A national television comedy ("Reno 911") seemed to promote a negative view of the city. Further, *U.S. News and World Report* ranked Reno as one of America’s six “forgotten” vacation spots.

With the coming of the Great Recession, combating economic decline has been the ongoing preoccupation of city officials. An overheated economy was quickly replaced with huge unemployment numbers. Nevada has led the nation with 14 percent unemployment. When the housing bubble burst and foreclosures skyrocketed, the city, highly reliant on consumer spending as its economic base, had little cushion with its heavy dependence on gaming and construction. The Reno economy dropped like a rock. Property values and property taxes, along with sales tax revenues, sharply declined. Rosy assumptions about repaying bonds have forced city officials to do what they promised they would not do. Bonds for major improvements based on sales tax and property taxes are now being subsidized by the city’s general fund—tough to do when the city promised that certain capital projects like ReTRAC and the Reno Events Center would never require general fund dollars. Though controversial, the pledge seemed to be realistic at mid-decade but not during the Great Recession. The declining local economy and a narrow tax structure barely support basic services such as public safety. The current drop in casino revenues has “essentially put the Redevelopment Agency out of business,” dropping from 16 staffers in 2009 to none in 2011.”
There are limits to what city officials can do to mitigate such service declines. Reno’s budget is heavily dependent on state revenues, which are by far the largest source of revenue to the city. Local financing initiatives generally have to be approved by the state. ReTRAC funding was secured by the 1999 Nevada Legislature’s enactment of a 1/8th of one-cent sales tax for Washoe County.

There is also significant state oversight of financial decisions. Currently, a state body is reviewing city intra-fund transfers; city staff largely without council approval made $22 million in illegal transfers. The Nevada State Tax Commission will supervise repayment after a recommendation from the Nevada Local Government Finance Committee. It appears that since the Redevelopment Agency is not able to cover its interim borrowing from the sewer fund, the sewer fund now owns the old Reno bus station.5

State elected officials are of little help. In 2009, state legislators exacerbated the local revenue challenges when they took $283 million from local governments, mostly from Clark and Washoe counties. It is now feared that state elected officials, having run on “no tax increase” pledges despite facing huge state government shortfalls, may start draining city coffers, proving that local control is more of a myth in Nevada than in most other states. City officials were so desperate to protect themselves from state legislative raids on their treasury that they proposed an advisory ballot to their voters that says the state should have to ask permission before it drains any more funds out of local government coffers. Emblematic of the dire situation, Reno voters approved the advisory ballot by a substantial margin. But given the attitude of state officials, such advisory ballots are dull weapons in the fight to save local dollars. Even before he took office, Governor-elect Brian Sandoval assigned his staff to research local government revenue sources. His top aide said, “[W]e’re trying to end the process of here’s a bunch of money and we’ll just take it. We’re trying to look at the system as a whole, where $20 billion in revenue is spent. We have a tendency to look only at the state general fund and see a shortfall. The governor-elect is looking at really the whole picture (of state and local governments). We have that much money to spend and, as a people, where should we spend it.”6

This attitude is consistent with many state lawmakers who feel the distinctions between state and local governments are meaningless to the public. Taking money from local government revenues is not “theft” or a “raid,” but merely “revenue diversion.” [In May of 2011, the Nevada Supreme Court
barred the legislature from taking additional local government revenues. A major local government fear of losing their own revenues has been alleviated.] Local officials still seek greater discretion through an infusion of home rule authority. In 2009, a legislator pushed his home rule bill but got no better than legislative action to authorize an interim study on local government authority. As one wag noted, “for 120 days every two years, Carson City is the center of the Nevada political universe.” Like the result of so many other interim studies, no new discretionary authority has been granted.

Public sector collective bargaining has been a huge issue during the Great Recession. Even public safety unions like police and fire have been under scrutiny. Nevada’s mandatory collective bargaining legislation also reduces the city’s flexibility. Essentially, arbitrators can significantly influence the city’s budget, particularly in Reno where 80 percent of the city’s budget is comprised of personnel costs. One controversial aspect of the Reno collective
bargaining contract is the so-called “call-back” provision for firefighters that all but ensures overtime pay is required to cover open shifts. As a result, in 2009, 10 firefighters made more than the $150,000 the city pays the fire chief; four battalion chiefs made more than $200,000; and one made more than $50,000 just in overtime. During the budget cutting of the last three years, the firefighters’ union has been criticized for defending the call-back policy while firefighter positions have been cut. Even while the city has gone through severe budget cutting “none of the unions ... accepted a pay cut.” It is no surprise then that labor issues dominate the city manager’s goals for 2011: (1) Try to get more labor union concessions to avoid layoffs; (2) Get legislative support to end mandatory collective bargaining.

With all of the layoffs, one councilman worried that “we are losing those elements that make Reno a city.” Another council member said that “public safety is not being met here” as the city struggled to determine the absolute minimum needed to keep essential services going. City staff has been cut by 24 percent. Before the recession, Reno had 1,644 employees and now in 2011 it is down to 1,250; police have been cut from 383 to 326; firefighters from 252 to 217. Fire stations have been closed or have been under a brown out.

Finding solutions to Reno’s personnel issues is extremely difficult, especially when the average total personnel cost, including salaries and benefits, is $100,000. The issues are compounded by collective bargaining agreements that mandate minimum staffing levels for fire engines. Is it necessary, as the collective bargaining contract requires, that each fire engine must have four, not three, fire fighters, a requirement questioned by several city officials?

Reno city residents and officials are struggling with these and other questions: How do we achieve a sound financial footing with such limited discretionary authority? Will state officials help us or at least get out of the way and quit looking at us as a savings account for state government? How do we reinvent ourselves? How do we compete?

Today, Reno is working on a strategy to persevere despite all of these limitations imposed by the economy and the intergovernmental system. Some of their problems are self-inflicted, but others are exacerbated by an unresponsive legislature that is content to keep local governments’ hands tied. Community leaders seem committed to a unified economic development vision and to ending the area’s fragmented economic development picture. To be more competitive, leaders are talking about the need for access to venture capital, which is very scarce in Nevada. Reno’s heavy reliance on state aid and
property tax is not sustainable. The need for tax base diversification is obvious in a state with heavy reliance on sales tax (typically more than 50 percent of revenues), gaming tax, and modified business tax. Hard times have essentially turned Reno on its head; community leaders are working hard to stand upright again.

- A Tale of Two Mayors

Surprising to many on-lookers, Salt Lake City is one of the more progressive cities in America, a “blue” island in a very “red” sea. In Salt Lake City, unlike the rest of very conservative Utah, Mormons and Republicans are in the minority. The last Republican to be elected mayor was in 1971. The last two Salt Lake City mayors provide a fascinating case study of the various roles mayors play, from advocate to policy wonk in a mayor-council form of government. Their contrasting leadership styles are especially notable considering they are both progressive politicians. These two city leaders illustrate an inter-
esting comparison in providing a vision, working with the city council, building partnerships, and making connections with the public.

**Providing a vision.** Mayor Rocky Anderson's vision (1999-2007) extended far beyond Salt Lake City. His passion was for a largely national agenda—ending the war in Iraq, impeaching President George W. Bush, opposing genocide in Darfur, fighting global warming, and supporting gay rights—issues more appropriate for "a mayor to the world than a fix-the-potholes, sweep-the-sidewalks business-booster for this city of 180,000 people."\(^{10}\)

Called a "headline-grabber" and one of "Utah's great political characters," Anderson was accused by one veteran council member of being more interested "in making a point than making a difference."\(^{11}\)

Anderson's decision not to run again and Ralph Becker's 2007 victory was welcomed on the front page of the Deseret Morning News: "'07 a Rocky year in politics, but '08 will be Becker." The paper called Becker "a competent manager with a track record for crafting plans that actually work ... a good wonk ... who prefers competence to being combustible."\(^{12}\)
Early in his administration, Becker earned good reviews for successfully fighting for his policy proposals—the passage of a multi-million dollar public safety building bond issue, doubling city bike lanes, modernizing city liquor laws, and securing passage of one of his major campaign promises, two sweeping anti-discrimination ordinances protecting gays and transgender residents in housing and employment. The anti-discrimination measures were also a top priority of Mayor Anderson throughout his eight-year administration. Anderson’s advocacy may have laid the foundation for this achievement, but it was Becker’s ability to gain LDS church support that was critical for success.

**Working with the city council.** “City councils usually have limited staff resources to undertake independent policy research.”13 The Salt Lake City Council is unique; its staff capacity is equal to the mayor’s staff. City council members speak proudly of this distinction and their work on their own legislative agenda. This separation of the executive and legislative branches is visually apparent on the third floor of City Hall: the north wing is the city council’s and the south wing is the mayor’s. When Rocky Anderson was mayor, council members talked about how far apart they were on city priorities. Under Becker, the distance has diminished. Becker has spent a considerable amount of time collaborating with the council. That does not always mean that they agree, especially on some budgeting and land-use issues.

Some of their differences may stem from variations in their electoral bases. Council members are elected from districts and typically have been more conservative. (By Salt Lake City standards that means they are likely to be classified as a conservative Democrat to moderate Republican.) The citywide elected mayors have been more progressive. Other differences are built-in, part of the institutional arrangement in a mayor-council form where conflict is, to a degree, inevitable.

**Building partnerships.** During his tenure, Anderson was far more an advocate than an administrator. Advocacy often divides people. Anderson took it much further than most. He often took shots at the conservative Republican legislature, and by doing so, virtually ensured that the city became a legislative target.

Being one of the most high-profile Democrats in one of the most conservative and Republican states in the country is a special challenge. One of Mayor Becker’s first acts was to offer the “olive branch” to Anderson’s foes. As a former Democratic leader of the Utah House, Becker had established a reputation for being collegial, working with the Republican leadership in one
of the most conservative legislatures in the country. The relationships he developed and his collaborative work in consulting "across the aisle" helped pave the way for the 2009 anti-discrimination measures that Mayor Becker championed. Interestingly, the 2010 legislature did not challenge or try to pre-empt these sweeping anti-discrimination measures. In fact, Republican legislative leadership made it clear that if they had a problem with the new ordinances they would consult with Becker first before taking action.

Building partnerships with other Utah communities was not a high priority for Mayor Anderson. He attacked a major road improvement project in neighboring Davis County, asserting that generating more commuters into Salt Lake City would make the city's deteriorating air quality even worse. One entry in the Tooele City Council minutes tells the story: "Received a letter from the Salt Lake City Council trying to clean up the mess made by Mayor Rocky Anderson."

When Becker became mayor, he worked hard to repair relationships with Davis County and other local governments. Regardless of his collaborative spirit, Becker is not afraid to take on other local officials. He has taken strong stands against double taxation, which has rankled Salt Lake County officials, many of whom are Democrats.

**Connecting with the public.** Anderson’s passion generated enough interest in his anti-Iraq war campaign to attract 4,000 to his rally in downtown Salt Lake City. He could work up his non-Mormon base by using the "LDS card" to pummel candidates who Anderson said would cave in to the wishes of the LDS church if elected. He could rally Salt Lake City residents to
become one of the most environmentally conscious cities in the country. He railed against suburban development that created more sprawl. This agenda, even with all of the criticism and his apparent shortcomings, helped Anderson remain popular to the end and he could very well have been elected to a third term. Late in his final year, according to locally prominent pollster Dan Jones, he had 59 percent support from city residents.

Becker won election with basically a grassroots campaign, literally walking the neighborhoods and activating about 100 volunteers who went door-to-door. As mayor, he reached out to neighborhood representatives from the 21 community councils, particularly on land use issues. He helped persuade the Greater Avenues Community Council to not cast a no-confidence vote against the city’s planning services department. He has worked with the Salt Lake Chamber’s “Downtown Rising” project, even though it has engendered opposition from the arts community. He has also worked with the LDS church on the aforementioned anti-discrimination measures and supported their developer’s plan for a sky bridge as part of the City Creek project, a major downtown mixed-use development. Becker’s decision to support the sky bridge was (true to form) blasted by Anderson as a sellout to the LDS church.

From advocate to policy wonk, every mayor is challenged with the same variety of roles required in city leadership. Style in acting out each role is what distinguishes one administration from another. Anderson achieved national prominence as the outspoken liberal mayor of red, conservative Utah’s largest city. He added much to the image of the city as a vibrant, diverse western city. He succeeded in communicating to Salt Lake City residents the impact of national issues on their day-to-day lives. His work on environmental protection is still widely praised. His advocacy of gay rights may very well have paved the way for the successful Becker proposals.

Mayor Becker appears to have benefited from not being Rocky. Becker’s style has helped open doors to which he has taken full advantage. Even in the
current climate of fiscal austerity and after launching his administration under very tough budgetary circumstances, Becker appears to be off to a solid start.

**Annexation and the Incorporation of New Cities**

Cities are a living form of a voluntary organization. Citizens come together to incorporate into new cities; existing cities grow and expand through annexation and in some rare cases, disincorporate or decrease their boundaries. State constitutions and statutes establish the rules governing incorporation and annexation. In some states, among them Idaho, cities can annex new territory into their boundaries without a vote of the citizens in the area to be annexed. In most cities and states, however, cities cannot annex territory without a vote of those directly affected by the proposed annexation. Annexation powers may also vary by the classification of cities. This is true in Washington, which also addresses whether or not the provisions of the state Growth Management Act cover a city. With few exceptions, Washington law requires an approval of 60 percent of the residents in the area to be annexed. This can make annexations difficult for many cities, as suburban residents will frequently oppose being brought into the city through annexation.

Perhaps the best defense against being annexed into an existing larger city, however, is to create one of your own. Creating your own city gives you control over zoning, police, and taxation, and separates the suburban community from the “problems” of the older city. In several Urban West cities, the shape and size of the city over the past 20 years has been limited by the incorporation of new cities just outside their boundaries.

In 1990, for example, the cities of Spokane and Tacoma each dominated their respective county (Spokane and Pierce counties). In 2003, the landscape of Spokane County changed when the City of Spokane Valley was incorporated in an urbanized area of the county, immediately creating a city of 80,000 alongside the city of Spokane. The creation of Spokane Valley effectively limited the eastern growth and expansion opportunities for the City of Spokane. Prior to the incorporation of Spokane Valley, Spokane County and its existing cities discussed a variety of governmental service structures, including consolidation of city and county governments and/or services and expansion of Spokane’s boundaries. Spokane Valley voters turned down opportunities to incorporate in four separate referenda elections prior to the successful incorporation in 2003.
Similarly, the cities of University Place and Lakewood were incorporated in the urbanized areas of Pierce County east of Tacoma in the 1990s. Lakewood was incorporated in 1996 and had a population of 58,211 in the 2000 Census. Lakewood has two major military bases, McChord Air Base and Fort Lewis, on its eastern boundary. University Place was incorporated in 1995. Its population was 29,933 in the 2000 census. The city derives its name from the University of Puget Sound, which had purchased a large parcel of land in that area but later sold the land back to the City of Tacoma. The creation of these two cities has effectively landlocked Tacoma from expansion to the east and south (the city is bordered by Puget Sound to the west).

While these new cities in Washington have limited the growth horizon of Tacoma and Spokane, several of our other focus cities are bordered by separate cities created decades ago. Among them is Garden City, Idaho, named for the gardens of the Chinese immigrants who were concentrated there; it is nearly surrounded by Boise. Sparks, Nevada; Springfield, Oregon; Mesa, Arizona; and West Valley City, Utah, are also examples of previously incorporated cities that limit or direct the growth in our focus cities.

Few issues can mobilize citizens like annexation and sewer lines. Many subdivisions were built in unincorporated county areas without sewer systems, relying instead upon septic tanks. As cities grow and their boundaries reach these subdivisions, many cities attempt to annex these properties and/or require that they hook up to the city sewer systems. The cost of hooking up to the sewer system and the prospect of becoming part of the city can lead many citizens to protest. This has certainly been the case in Boise, where disgruntled newly annexed citizens called for legislative changes to the state's annexation law. Although
the legislature considered legislation that would have limited Idaho cities’ ability to annex without a vote of the residents impacted, the legislation ultimately did not pass.

Eugene has faced the challenge of bringing unincorporated subdivisions onto the city sewer lines and into the city boundaries in its Santa Clara subdivision area. The large number of homes on septic systems became an environmental danger to the area’s aquifer and water systems. Rather than force an overall annexation, however, the city negotiated an agreement with the county that any properties that made substantial improvements in the future and any new developments would be automatically annexed into the city. The result has been a checkerboard pattern of annexation in which one house may be in the city limits and the house across the street or next door may be outside the city limits.  

**Landmark Levy Preserves Open Space**

Few features dominate a city’s landscape in the same way as do the Boise foothills. Similar to the striking backdrop to Salt Lake City, made familiar to the world through the 2002 Olympics, Boise’s smaller foothills also frame the city. The foothills bordering Boise have been the focus of both development and open-space preservation efforts for many decades. A beautiful area known as Hulls Gulch was the target of a heated battle over how much and what kind of development to allow in the foothills. Several controlled-growth candidates were elected to the Boise City Council, running on a platform focused around protecting Hulls Gulch and other foothills open spaces. The North End Neighborhood Association played a key role in these elections. In fact, several of the controlled-growth candidates were former officials in that neighborhood group. The North End neighborhood has long been a powerful force in Boise City politics. It has a large historic district and is among the oldest residential areas in Boise. For many years, most of the Boise City Council members
resided in this neighborhood area. Perhaps coincidentally, the North End has long been virtually the state’s only “safe” Democratic district. In a state in which Republicans have veto-proof majorities, Legislative District 19 (comprised chiefly of the North End) is consistently represented by Democrats, one who is the state’s first openly gay elected official.

By the 1990s, development pressures were growing in the foothills. The Boise City Foothills Plan was designed to allow up to 10,000 homes in the foothills over a 20-year period. Then-Mayor Brent Coles proposed a two-year $10 million property tax levy to preserve open space along the Boise Front, thus enhancing recreational opportunities, wildlife habitat, and scenery through the purchase of private land and easements. But preserving the foothills would not be an easy task. According to a public opinion survey, only one-third of the residents supported a foothills levy. Respondents questioned the value of the foothills and many outside Boise’s North End did not see improvements in the foothills as a citywide amenity.15

Also in the 1990s, a $20 million park bond had been defeated that would have funded new neighborhood parks, built a swimming pool and a covered ice rink, and made improvements to several existing parks. As a general obligation bond, it required a two-thirds supermajority approval. Accordingly, Mayor Coles proposed for the foothills a serial two-year levy that would only require a simple majority vote.

He appointed a steering committee headed by former Idaho Supreme Court Chief Justice Charles McDevitt “to raise money and promote the foothills preservation vote.”16 The biggest question: how would the proponents frame the issues? Supporters worked hard to emphasize the citywide benefit of the levy and counter anti-tax activist Laird Maxwell’s charge that the foothills proposal was to fund the “North-Ender’s playground.”17 He fought the proposal along with the Boise Metro Chamber of Commerce and other businesses.

Preservation backers included “city leaders, recreationists, environmentalists, and some business owners and developers.” According to Suki Molina of the Idaho Conservation League, who played a major role in the campaign, it was ... “a beautiful convergence of the right vision, people, and timing. That and a lot of old-fashioned hard work.”18

The levy measure passed with 59 percent of the vote. Thirty-five percent of the registered voters turned out for the special election, which was a fairly good turnout for a non-partisan election.
With the $10 million generated by the property tax levy, 10,341 acres of foothills land were purchased, traded or donated for open space preservation. One of the first properties purchased in the foothills was the acreage in Hulls Gulch.

A trail system called the Ridge to Rivers now connects 130 miles of hiking and biking trails throughout the Boise foothills. Much of this system is on federally-owned BLM and USFS lands, but the connecting trails nearer the city rely on land purchased in the foothills levy effort.

Preservation of the foothills open space required an extraordinary level of cooperation among various units and levels of government that owned almost 47 percent of the foothills: Boise City, Ada County, State of Idaho Lands, Bureau of Reclamation, Bureau of Land Management, and the U.S. Forest Service. It also represented an extraordinary commitment on the part of the citizens of Boise to extend their property tax obligations to achieve this open space preservation. It was an impressive grass roots effort aided by 500 volunteers who went door-to-door canvassing neighbor-
hoods. To a degree, the successful effort found its inspiration in the citizen-led effort to build the Boise River Greenbelt that also added immensely to the city’s landscape.

City leaders and community activists hope to model other public improvement efforts after the successful foothills levy campaign. City Council member David Eberle is interested in preserving open space through a countywide levy; some have proposed a special levy for school improvements. Yet another idea is funding capital improvements for city parks. Only time will tell whether the success of the foothills levy was an aberration or a model for further public improvements. According to the Idaho Statesman: “There’s a lot of goodwill surrounding the foothills levy, the hard-earned result of good work. How then should City Hall leverage it?”19
Public-Private Partnerships and Redevelopment

This is a story about a successful downtown redevelopment project that saved a vital shopping and services district teetering from the loss of its major tenants and facing a future with no retail anchors. Or maybe this is a story about a failed public-private partnership that cost the city $26 million and profited a single wealthy family at the expense of the public and other community projects. It all depends on whom you ask.

Spokane's downtown core was facing a major turning point. One of its major retail anchor stores had already left and Nordstrom, a key part of the downtown shopping area, was also threatening to leave when their lease expired unless the city could entice them to stay. A key part of their demands was the construction of a new parking garage. The Cowles family, owners of a local television affiliate and the city's newspaper, the Spokesman Review, owned a significant piece of property in downtown Spokane. The property is located directly across from Riverfront Park, the major park and visitor attraction built upon the site of the 1974 World's Fair. The Cowles family property was proposed as the location of a major new retail shopping center connected to the needed new parking garage.

To raise the money necessary to build the garage, the city created a parking authority to sell tax-exempt bonds. The parking authority then sold the garage to a nonprofit created by the developer, the Spokane Downtown Foundation. The foundation sold $26 million of revenue bonds in 1998 and the garage was built in 1999. The appropriate cost of building the parking garage and its subsequent value became the subject of much controversy. Original city plans from 1995 were based on a $14 million cost, although later an appraiser hired by the city estimated the value of the garage at $30.8 million. The developer's appraiser estimated the value of the garage at $44 million. Meanwhile, other builders noted that the cost of the garage should have been as low as $7 million. The bonds were to be paid off with revenues generated by the parking garage from fees paid by shoppers and visitors who parked in the facility.

City estimates of how much money would be generated by the facility were inaccurate and it soon became clear that the parking garage would not be able to pay operating costs and the debt service on the bonds. The city, the parking authority, and the foundation all refused to pay the debt service and the revenue bonds for the garage went into default. Bondholders sued the city and eventually the city was held responsible for the payment of the bonds. The city elected to pay off the bonds in one payment and dedicated its parking meter revenues to pay back the amount. This redirection of park-
ing meter funds left a significant shortfall in Spokane’s street maintenance funds. One estimate of the total cost to the city for the parking garage was $43.4 million. In an effort to prevent another public-private partnership failure that would leave taxpayers holding the bag for costs, the city proposed an ordinance that would require that future public-private partnerships be backed by developer bonds or letters of credit.

The legal suits revealed several complicating factors: (1) disagreements over the actual cost of the garage construction (opponents of the project alleged cost estimates were inflated so that the developer could shift revenue generated by the tax-exempt revenue bonds to the retail shopping part of the project); (2) disagreements over whether or not the city had appropriately utilized Housing and Urban Development (HUD) funding that was part of their portion of the site improvements; (3) disagreements over who was ultimately responsible for the revenue bonds used to build the garage; and (4) disagreements over how much money would be generated by the parking fees once the garage was built. The numbers ultimately used proved to be inaccurate, and lawsuits and the media alleged that the developer’s parking garage consultant intentionally overestimated the revenues to get the project off the ground.

In spite of its rocky start, the River Park Square development is now a featured part of Spokane. Since its creation, more than $3.5 billion of investment has been made in Spokane’s downtown core. A national retail chain has located in the development and lends vitality to Spokane’s downtown that many cities would envy.

So was this a story about a project that saved and revitalized a downtown core or is it a story about a public-private partnership gone wrong? How can one development project be both of these things? Easily, it turns out, because the River Park Square development, and the River Park Square parking garage in particular, have all the elements that make public-private partnerships challenging:

- They are complicated because of the number of entities involved. This arrangement featured a city, a government parking authority, a nonprofit foundation established by the developer just to own the garage, a powerful wealthy family, the city council, the bondholders, and, of course, the public.
- Public-private partnerships are complicated because of the state, federal, and local rules about how money can be raised and spent. In this case, federal court rulings about public tax-exempt bonds for
private developers, Washington state laws about bonds for redevelopment, federal HUD “strings” on money granted to the city, and local ordinances about the use of parking money all came into play in how revenue is raised and spent.

- Partnerships are complicated because they require a balancing of public and private interests. In this case, the various actors were trying to anticipate and accommodate the economically based decisions of Nordstrom, the Cowles family, and, of course, the individual shoppers who may or may not pay to use the parking garage.

- Partnerships are complicated when they involve personalities and politics. In this case, managing the relationships and trust among all the actors became critical to the partnership’s success or downfall (depending on your point of view).

- Public-private partnerships are complicated because when things go wrong it is difficult to determine who is responsible
for the project through its various governmental, quasi-governmental, and nonprofit entities.

Public-private partnerships in Spokane may be shaped by this project for many years to come as the public, the city, and the developers try to avoid the conflicts of River Park Square.

**Economic Development and City Self-image**

"What kind of city do we want to be?" is a question faced by every community. Some communities improve their self-image and confidence in dealing with the outside world through their economic development strategies. Cities market their unique characteristics in their attempts to attract new businesses and residents. Chambers of commerce produce marketing material that trumpets what kind of city they can offer new residents and visitors. City comprehensive plans and zoning decisions are intended to guide growth and development to produce the kind of city that the residents and elected officials have envisioned. Yet, it is often the case that cities do not have one singular vision of what kind of city they would like to be. Competing interests may fight to have their vision of the city's future implemented in land-use and infrastructure.
building decisions. Outside forces may change the identity of the city. Relocation decisions of corporate headquarters or the presence or absence of major manufacturers may change the face of the city against its will. Perhaps it is because they are not the largest cities in the West or perhaps it is because they are still growing and changing so rapidly, but we have found that several of our Urban West focus cities struggle with the question: What kind of city are we?

Boise, Tacoma, and Pueblo are good examples of this. Not long ago they were cities whose residents seemed to apologize for their city’s shortcomings. Boise was featured in an article in Harper’s Magazine as a city that had destroyed itself through misguided urban renewal policies. The characterization probably was not fair, but given public sentiment around that time it may have been fairly accurate. Today, Boiseans point with pride to the number of major rankings they have received in national magazines. Pueblo is another example of a city that has transformed itself from the “Ugly Duckling” of the plains to a major economic development competitor and a city full of people who are no longer embarrassed to call Pueblo home.

Twenty years ago we noted in the case study about Tacoma that it was “in search of life beyond the ‘Tacoma Aroma.’” Tacoma’s industrial waterfront and the resulting smells had been the object of ridicule among Washingtonians for years. As well, Tacoma had struggled to find success in its downtown revitalization strategies. How has Tacoma done since our last case study? Has it found life beyond the Tacoma Aroma?

The area has continued to experience rapid growth; though Tacoma itself has grown 12.6 percent, the MSA has grown 32 percent in the 1990-2007 timeframe. Tacoma’s future growth is now limited because several smaller cities have incorporated out of the urbanized Pierce County region around Tacoma.

In 1990, Tacoma was the second largest container port in the U.S. The Port of Tacoma is a working port and the waterfront maintains its largely industrial look and feel. But other, contending visions of the waterfront have also been vying for attention. The natural beauty of the Puget Sound and surrounding forested hillsides is undeniable, and some people in Tacoma have begun to look beyond the city’s industrial past to a future where the waterfront is a destination for residents and visitors who can enjoy the scenic beauty, shop, dine, and live in proximity to the beautiful water.

Working ports and condominium-filled waterfront developments present two very different sets of practical challenges for urban planners and economic development advocates. Industry requires different transportation
access suitable for large trucking and freight rail lines. Industry can bring 24-hour lighting and noise, elements that often result in complaints from nearby residential areas, especially those where buyers have just paid top dollar for new waterfront homes. Waterfront residents and visitors will seek amenities such as shopping, fine dining, and open space. All of which leads to the question: How does Tacoma envision its waterfront? Can industrial and residential interests compatibly co-exist? Would a shift away from an industrial port result in a major loss of jobs? Is expansion of the Port of Tacoma leading to a loss of opportunity for a major redefinition of Tacoma’s image?

Boise was once known for the corporate headquarters of Morrison-Knudsen, Albertsons, Ore-Ida, Boise Cascade, Simplot Company, and Micron Technology. The city was also home to a large printer division for Hewlett-Packard. Not only did the location of these corporate headquarters bring prestige to the city, the city benefited from the resources attached to these corporations. The civic and philanthropic life of the community was greatly enriched by the contributions and participation of the Morrisons, the Albertsons, the Simplots, and other wealthy families attached to these corporate headquarters. The last 20 years have greatly changed the corporate landscape in Boise. Morrison-Knudsen is now gone as a separate company. Albertsons, Ore-Ida, and Boise Cascade have moved their corporate headquarters to other states. Micron has downsized its number of employees
in several successive waves, leaving it a much smaller force in the region’s economy.

If Boise is not to be known as a corporate headquarters, then what will be its identity? A coalition of academics and downtown business leaders has

strived to position Boise as a “creative city” in line with the description crafted by Richard Florida and others. Advocates explain that the combination of arts-based groups such as the Idaho Shakespeare Festival, ballet companies, and modern dance troupes, along with high-tech software development firms, position Boise to be a “creative city.” Downtown development that features artist lofts is meant to capitalize on this trend. Whether or not Boise possesses all of the factors that the creative city advocates indicate are needed is one important question. Empirical evidence about the success of the creative city movement in explaining
economic patterns is mixed at best. It is also not clear that the attachment to the creative city concept extends much beyond the downtown business community.

Reno is another community in which competing visions of the city’s identity fight for primacy. Is Reno a gambling mecca or a family-friendly community? Can land-use and economic development decisions accommodate an economy based on visitors coming to Reno to gamble and at the same time grow a manufacturing and service economy that benefits the permanent residents? In the past, some Reno officials stated emphatically that they do not wish to see the addition of any more casinos. Yet, the gambling and tourism services generated by visitors to the gaming industry have been a vital part of the Reno economy. The owners and employees of this industry are a powerful part of the political landscape in Reno. How has Reno done at describing itself and seeking out its own identity? What kind of city does Reno want to be? Are the land-use decisions made by the city reflective of that wish?

**A Community’s Long-standing Commitment to Economic Survival**

Pueblo is of significance in an evaluation of western cities not because it has faced the challenges of rapid growth, but because it has survived the real threat of decline. Even though Pueblo’s population of about 100,000 is similar to what it was in 1960, the real story is that it has not lost population. The downsizing in the early 1980s of Pueblo’s CF&I Steel, at that time the largest steel mill in the West, could have devastated this once-thriving city. But the community survives. Managing decline or better yet, averting it, has been the special challenge that Pueblo has faced for almost four decades.

The Pueblo Economic Development Corporation (PEDCo) emerged out of this 1980s economic crisis. Its mission was to find new primary jobs—businesses that would manufacture products for export. PEDCo quickly became one of the more aggressive economic development organizations in the country. PEDCo was Pueblo to the economic world. This organization combined all of the major public and private-sector players in the area. Behind them was a citizenry willing to tax itself to provide the public improvements necessary to attract new industries. Since 1985, one-half cent per dollar of city sales tax revenues (approximately $5-6 million annually in recent years) has been dedicated for economic development purposes. Total revenues are more than $100 million and have been deposited in the city’s Sales
and Use Tax Capital Improvement Project Fund. The purpose is to subsidize the relocation of businesses and to build infrastructure in the city’s industrial parks.

Pueblo’s experience illustrates the value of a united effort for economic development. Prior to PEDCo’s emergence there were two competing economic development agencies, each wanting to speak for the city. The situation was so bad that then-Governor Richard Lamm visited the city specifically to urge the competitors to unite. The city’s dire economic situation helped form the community into a united front in support of PEDCo. According to
political scientist Stephen Schechter, “Pueblo’s economic development effort could not have been accomplished without serious political change. And one of the unwritten laws of local politics is that it is difficult to rally public support for political change without some crisis that threatens the current equilibrium. For Pueblos, the depression of 1982–83 was just such a crisis.

Pro-development forces in the community were able to seize upon this crisis and turn it into a catalyzing event, which allowed them to mobilize the public capital needed without significant opposition and to create a powerful economic development engine.”

In this public-private sector partnership, private-sector leadership appeared to dominate. According to one economic development expert, the city, county, and water board were “on call for economic development needs.” When packaging deals with prospective industries, PEDCo promised the public improvements and then later figured out in collaboration with the public entities how to make the already-promised improvements.

As the area’s economic development engine, PEDCo, attracted five Fortune 500 companies and stimulated enough additional economic activity to replace most of the lost jobs. Pueblo became known for economic development in Colorado. PEDCo was the most aggressive economic development organization in the state, and Pueblo was the only city of its size to open a branch office in Southern California. Officials could make presentations within hours of learning about a company that was looking to expand or relocate. This successful effort raised the self-esteem of citizens and promised hope for a brighter future. Former City Manager Fred Weisbrod said, “We no longer need a passport to get into Denver.” According to former City Manager Lew Quigley, “Economic development has changed the attitude of this community. No matter what the crisis, everybody knows in Pueblo we don’t have to be second rate to anybody.”
Today, Pueblo is struggling, as are all of our Urban West cities, with the worst national economic downturn since the Great Depression of the 1930s. But the city continues its economic development outreach, largely supported by the one-half cent sales tax that voters have consistently renewed in five elections since 1984. That is not to say there has been an absence of controversy. There have been citizen-backed initiatives to reallocate the dedicated one-half cent sales tax to build a law enforcement facility, reallocate monies for social projects, assist small business development, and create a city economic development department. All of these revenue diversion proposals were defeated as voters ultimately upheld the authority of the city to impose the one-half cent sales tax exclusively for economic development purposes.

There has been criticism of PEDCo for selecting a board that is not reflective of the diversity of the city, which is 50 percent Hispanic—much of that criticism coming from the Hispanic Chamber of Commerce. Some unions have been concerned that new businesses have not used local contractors; the issue boiled over when an anti-trust suit was filed but later dropped. PEDCo has been accused of marketing the city as a low-wage community, but responds that it is the market that sets the wage levels and that there is no returning to the steel worker high-wage levels of the early 1980s.

Another concern has been that the City of Pueblo and Pueblo County have been contributing many dollars to support PEDCo's operating budget. The contention is that private businesses should be paying more. At times, private membership levels have dropped to the point that the public support was a major source of revenue. Today, private support is again high with 395 members.

Interesting questions arise when you consider that substantial public dollars are given to a private, not-for-profit organization that markets and does its negotiations in secret, as the economic development wars require. The relationship with the city council has ebbed and flowed. In its early years, PEDCo was cited as being politically sacred. That has changed as council members have struggled to balance the city's budget and have put parameters on uses of the Capital Improvement Fund. Some have been frustrated at times when PEDCo officials have come in with secretly negotiated deals that require quick council approval. A city ordinance requires that new businesses receiving revenues must satisfy their commitment of the number of new jobs for Pueblo, the value of the project, and the project’s gross salary. If these requirements are not satisfied, the company is subject to significant penalties.
After a recent lull in economic development achievements, PEDCo is again making headway. The organization has changed, and today two city and two county elected officials serve on the 12-member board. Dan Centa, a former long-time director of the City of Pueblo Public Works Department is the organization’s president. His expertise in understanding the community and infrastructure issues were key to his 2009 hiring.

A major achievement in 2009 was attracting the Danish Vestas Wind Systems to Pueblo. The largest maker of wind turbines in the world, they are building a $240 million plant. Vestas benefited from a city appropriation of $11.8 million for facilities construction and employee training paid for from the one-half cent sales tax fund. Included with this deal was the creation of another municipal industrial park for Vestas and other future prospects. Pueblo County contributed $4 million to the project and the Pueblo urban renewal agency created an urban renewal district to extend the infrastructure to the new business.33

According to then-Governor Bill Ritter, the move to Pueblo by Vestas would not have hap-
pened “without PEDCo’s recruiting efforts and the willingness of taxpayers to finance economic development.” Ritter said: “The people who founded PEDCo decades ago were visionary. Their efforts are paying off yet again today.”34

Iconic radio personality Paul Harvey used to say that if you wanted to know about economic development, go to Pueblo. It’s a fascinating story of survival and community support of a major tax for economic development. Even when priorities were challenged, when PEDCo was not always successful, when there were setbacks, Pueblo citizens supported the tax and kept alive the vision former Governor Ritter complimented.

Gone today are the Fortune 500 companies recruited in the 1980s. But largely in place is the infrastructure paid for with the city’s dedicated one-half cent sales tax revenues. The population within city limits has not changed much, but Pueblo County has seen major growth. Downtown Pueblo has significantly changed since the 1980s: the Historic Arkansas Riverwalk of Pueblo, the Pueblo Convention Center, and several retail, hotel and restaurant facilities have helped put a fresh face on the downtown.

Where would Pueblo be without the money from the one-half cent sales tax? It is not often that a community’s salvation is based primarily upon a major tax policy, sustained by the voters for more than 25 years.