urban challenges

8 Unique cities approach common problems from many different paths.
Many issues confront Urban West cities, but leaders and residents are persistent in their search for solutions. Pictured: The 2008 Eugene Celebration Parade featured a colorful bus promoting youth programs. Next: Foothills development in Boise is an ongoing source of controversy.
This project has given us a unique perspective on cities in the West. In our first edition, we started with our snapshot of cities and then revisited their issues 20 years later for this volume. The perspectives we have gained allow us to discuss: What have been the continuing issues faced by cities in the region, and what are the newer, emerging issues now on their agendas?

**Enduring Issues**

As we undertook this second round of research we discovered a set of issues that have faced western cities for some time and are likely to continue to be challenges in the future. The first persistent issue relates to city-state relations—dealing with the limitations and opportunities placed upon cities by their states. The legacy of Dillon’s Rule has shaped the choices available to cities, including the ability to annex or plan with neighboring jurisdictions or
to identify tax and revenue choices that are available to finance a large capital project. The rules established by the state legislature shape the reality of city choices. As Frug and Barron have pointed out, “Every city will operate under some kind of state controls ... the question is whether they should be.” Their comment applies to all cities whether or not they are viewed as home rule cities. Further, the relationship with the state and the state legislature shapes the form and the extent of revenue sharing between the state and its cities.

This was the case 20 years ago and it is still the case today.

A second enduring issue relates to financing cities and the region’s troubled relationship to the property tax. Cities have made considerable progress in shifting their reliance off the property tax. As our review of initiatives and tax limitation measures demonstrated, citizens continue to be unhappy with the property tax and continue to seek ways to modify its impact. The resulting limitations on property taxes have led cities to seek alternate financing methods in the form of new taxes and increased use of charges and fees. Trading reliance on the disliked but stable property tax for reliance on the more volatile sales tax and user fees has had some consequences for cities.

Now more than ever before, cities find their major revenue sources subject to the ups and downs of the economy, making financing of cities even more difficult. With the growing dependence on user fees, serious equity questions are raised about affordability and access issues for lower-income residents who are typically more dependent on many city services.

A third enduring issue that faces cities in the West is growth management. Twenty years ago we asked: is growth a curse or a golden opportunity? We noted that the answer to that question depended greatly on whether the residents of the city perceived growth as adequate enough to create new jobs or whether the growth was so great that it threatened their quality of life. Urban West cities still face this same dilemma. As the growth slows in some cities, officials fear the loss of critical jobs and tax base. For other cities, however, growth pressures remain high enough that issues related to open space preservation, high-density infill, and public transportation still dominate the agenda of the city.

The privatization trend that gained momentum in the 1980s and 1990s has been transformed in recent years. In earlier public-private partnerships, control over municipal assets typically remained with the city. Today, in order to fill gaping holes in city budgets, city assets are being sold off in steps approaching “fire sale” hysteria. Cities now have either sold off or are seriously
considering selling off a whole range of major assets that a few years ago would have been virtually unthinkable—airports, zoos, water systems, parking meters, or parking garage space. Short-term budget needs trump long-term financial investment requirements. Beyond the obvious budget considerations are philosophical and ideological considerations. Increasingly, questions are being raised about what should be the scope of municipal government. Of city enterprise funds, what should the city deliver and what should be delivered by the private sector? Should the city be in the parking business? Should it be in the business of delivering the water service? Urban West cities have a diverse bundle of services. Most provide water services, but a private company delivers Boise’s water. Few cities deliver electrical power, but the City of Tacoma does so for its residents. Privatization, once sold as a panacea, may not be so. Many cities, according to a recent Wall Street Journal article, “don’t have the metrics in place to prove in advance that outsourcing a service will save money. Problems from poorly conceived contracts can create cost increases that surpass the costs of in-house services, and if there’s shoddy contract oversight, a government is vulnerable to corruption and profiteering ... evidence that it often is a very bad deal with hidden costs and consequences when you turn over public service to a for-profit company.”

Cities have a mixed record on citizen participation. City elections still feature low voter turnout, much lower than in partisan elections. With the exception of Reno and perhaps a few others, cities hold their elections sometime other than partisan elections and virtually all, except for the largest
cities, are non-partisan. And it is this non-partisanship that has the unintended consequences of ridding cities of party identification and the infrastructure that mobilizes voter turnout. But having said that, we are encouraged by the level of citizen involvement in city policymaking processes. That process has matured over 20 years. Boise, with 5 neighborhood organizations in 1990, now has 36 and the city has officially incorporated neighborhood input into its planning process. The Salt Lake City mayor meets regularly with neighborhood organizations and city council members are now beginning to have their own direct contact with neighborhood representatives.

Greater transparency in city operations is another hopeful sign. Gone are the days when a city official can refuse to disclose city budget data, as did one finance officer in our first study. Most cities now provide online a searchable comprehensive budget and other financial information. It is now quite common for city budget workshops to be taped and available on city websites along with live access to city council meetings and other planning committee meetings. Most of our Urban West cities go beyond just entering city budget information, but also display graphs and summaries so that the average citizen can grasp expenditure and revenue trends. We can only hope that the days are over of city budgets as being nothing more than telephone directories, described as "incredibly detailed but very unrevealing."3 Citizen confi-
Evidence in local governments has remained relatively high even during these tough budgetary times.

**Emerging Issues**

There are several issues confronting our Urban West focus cities that were not on the agendas of our cities 20 years ago. Perhaps the most challenging emerging issue facing cities in the West is the structural gap between available revenues and ongoing and upcoming expenses. Many cities face immediate budget shortfalls that are forcing reductions in force across city services. Many cities also are bound to collective bargaining agreements with wage structures that cannot be met with current and expected revenues, leading to conflict-filled negotiations with employee bargaining units.

A related budget issue looming in the near future for cities is the cost of pension plan payments for retired employees. Cities and states across the county are facing revenue shortfalls that make keeping up with pension plan costs impossible. Many states and local governments have already borrowed money to make payments to pension plans. The cost of fully funding pension plans leaves cities and states with the unsatisfying possibility of having to reduce current employee numbers in order to pay the cost of employees already retired. Whether the cost of pension plan funding is primarily a state or local responsibility, there will be repercussions to city finances because state and local government monies are so intertwined and cities rely upon state-shared revenue sources. This is an emerging issue that will be a major challenge for state and local governments nationwide.

The issue of public transportation and regional transportation systems has emerged as an agenda issue for several of our cities. While all of them had some form of public transit system in place in 1990, we have seen the growth of regional transit and light rail systems in some cities (for example, Salt Lake City and Tacoma) and continued struggles over how best to meet regional transportation needs (for example, Boise).
Another emerging issue facing Urban West cities is the warfare brewing between cities and their states, with troubling developments in the relationship between cities and their state legislatures. In particular, the destabilization of revenue-sharing formulas and the increasing incidences of state legislatures raiding funds designated for cities point to the volatile nature of the relationship. The League of California Cities successfully supported an initiative on the 2010 general election ballot to prevent the state legislature from taking local revenues in the future. Another state’s legislature considered legislation to reconfigure how local improvement districts are approved and funded to prevent the largest city in the state from financing a public transportation system. We believe the relationship between cities and their legislatures are in a precarious state. The longer that the economic downturn pressures state budgets, the more cities can expect legislatures to consider raiding local revenues.

The property tax has been under fire in California for more than 35 years. Pictured: A call to action from tax protesters. The decline of the local newspaper as a source of local government news causes great concern. This may seem unrelated to the welfare of cities, but we believe that the decline of the “local reporter” who carefully follows the actions and inactions of city hall has important implications for our cities and their politics. Newspapers in general, and smaller regional newspapers in particular, are facing great financial challenges. Some cities have lost their daily newspapers altogether. Most smaller city newspapers have seen a reduction in the number of reporters as they increasingly rely upon national news feeds. Because of this, original stories on the local government’s actions and issues are increasingly scarce in our Urban West focus cities. The role of a free press is to inform the citizenry of the actions and implications of actions taken by government officials. In the absence of coverage, we are concerned that citizens will not have the same level of access to information about their city’s policies and actions. A long-time reporter who knows the history of issues in a city and the background of current actions can shed insight into a city’s politics that a simple reprinting of the city council agenda cannot provide. We
believe this long-term trend of losing local reporters may make accountability and transparency in local government increasingly difficult to achieve.

Concluding Observations

The 20-year span between publication of the Urban West and today's update has provided us the opportunity to develop our perspective on some of the important issues faced by Urban West cities:

Urban West cities

Comparing cities can be a bit tricky. Lumping them together as a population category can be useful but is not always helpful. Each of our focus cities has its own unique political culture. Some have a far more competitive political environment. Cities like Boise rarely have an incumbent defeated for re-election; others have closely contested elections with substantial campaign funds expended. Many of our cities have strong neighborhood organizations but few have an organization like Boise's North End that has historically dominated city politics. Revenue sources vary widely, with some cities relying heavily on the property tax for their most significant source of revenue. Others like Pueblo, typical of Colorado cities, rely heavily on local option sales taxes while cities like Reno rely on state intergovernmental aid. Cities as municipal corporations typically provide their own particular bundle of municipal services—public safety, library, recreation, street, water, sewer, and sanitation. Unlike most cities, Boise does not provide street or water services. Streets are provided by a separately elected highway district and water service is provided by a private company. Tacoma not only provides the basic services but also is in the electrical power distribution business, which adds a whole new dimension to its bundle of services.

Mayor versus manager

There are few pure forms of municipal government. Both mayor-council and council-manager forms are influenced by the needs of cities, personalities of elected officials, and the political culture within which the city operates. Structure matters, but we cannot discount the power of individual personalities to take an office and greatly expand its reach. There are differences between formal and informal powers. Mayors in council-manager cities typically perform ceremonial roles with little more clout than their colleagues on the council. But some mayors, through the force of their personalities and facilitation skills, can be a major force in their cities.
The need for strong leadership in municipal government has forced changes in governmental structures and responsibilities. As has been the experience in many cities throughout the country, the council-manager system of government predominates among our Urban West cities. In this system, either the city managers or the mayors are taking on more leadership roles. That is quite a contrast with the pure council-manager model with clear divisions between city councils as policymakers and managers as policy executors. In fact, the ICMA has revised its code of ethics to recognize what is actual practice—that managers are taking more of a leadership role. In other cities, more mayors in council-manager cities have increasingly been directly elected by the voters rather than being selected as the “first among equals” from the council. In our focus city of Modesto, the charter was recently amended to give the mayor additional budgeting powers. In Spokane, proponents for change in city government have acted to replace the long-standing manager plan with a strong mayor. Structure is often as unique as the city.

Reforming the reforms

Progressive reforms, taken for granted a few decades ago, are now under attack in many respects. At-large elections are giving way as more cities favor district elections. Non-partisan elections are criticized because few generate the kind of interest and turnout characterized by partisan general elections. Without partisan labels and active party participation, there is no effective mobilization of the voters.

Competition is the new normal

Relationships between state and local governments continue to deteriorate. The notion of partnerships among levels of government, which spawned state revenue-sharing programs in earlier decades, has evaporated. Legislators largely view local governments more as “special interests” rather than as partners. Competition rather than cooperation between and among levels of government is more the norm than the exception. An increasing number of cities in the West are mounting defensive lobbying efforts to protect their revenues and authorities. As state budgetary pressures become more extreme, state aid to cities as well as local revenues have been a source of controversy. California cities, under the leadership of the League of California Cities, have found protection for local revenues through a constitutional amendment. Nevada cities have taken a more conciliatory approach in seeking citizen support.
through advisory ballots requesting the state to ask permission before it takes local revenues. According to Professor David Berman in a Municipal Yearbook 2010 article, local officials face the constant prospect that state governments, especially when confronted with revenue challenges of their own, will cut back on state aid. Effective city officials are those who know how to work with their legislators and have the patience and persistence to succeed. Given the importance we attach to the state statutes and limitations imposed by state law on cities, we believe it is imperative that city managers, mayors, and council members know and work well with their state legislature. A good working relationship may help avoid the state “raids” on local revenue sources, and help legislators understand the need to provide services and taxation options at the local level.
Home Rule: A misnomer?

State courts have generally not been friendly to local governments. The courts’ track record in most states has been to very narrowly construe “local affairs” over which cities should have significant authority despite the extent of constitutional or statutory home rule powers. Cities find themselves laboring under a court-imposed 19th century doctrine of Dillon’s Rule that frustrates their ability to deal with 21st century challenges.

Love–Hate relationships

Confidence levels remain high in the efficacy of city governments. As documented in numerous state public opinion surveys, local government is the most trusted form of government. Thus, it is a noteworthy paradox that local governments in most states rely heavily on the most hated form of taxation—the property tax. Affirmation for this statement cannot generally be found in low turnout at municipal elections, but it can be found in the rising importance of neighborhood organizations and the growing citizen engagement in local issues.

The swinging pendulum between growth and decline

How quickly priorities can change from dealing with growth to struggling with economic decline. In reality, cities are not “masters of their own destiny.” Regional, national, and international economic forces beyond their control limit their options. Reno is the poster child for how a major economic meltdown can
impact a city. Cities used to debate about growth—how much, how fast, who should pay. Now some cities are relaxing some of the rules and regulations attached to growth and are just struggling to maintain basic services. The scaling back of state growth management laws provides a good object lesson: those that are acceptable and considered essential in one era may not be in another. Growth management laws that emerged during periods of rapid growth are less important when economic survival trumps quality of life issues.

Marriage made in heaven or ...?
Public-private development

Public-private partnerships are complicated. We believe that if well designed they can assist in accomplishing economic development goals critical to a city’s efforts to grow and flourish. We also believe, however, those cities must practice great care when entering into such partnerships, making sure that they negotiate deals that succeed and that adequate performance agreements are embedded within the final arrangements. Public-private partnerships have flourished, such as Pueblo’s PEDCo, and others have failed or at least have seen difficult times, such as the Spokane Riverpark Square parking garage. Public-private partnerships that do not adequately estimate the true cost of the public’s contribution, do not adequately protect cities from an abrupt corporate pullout, or rely on tax giveaways that hamper the city’s ability to provide adequate infrastructure are probably ill-advised.

What have you done for me lately?
Economic development re-examined

Economic development is not the “sacred cow” of earlier days. The effectiveness of incentives offered to lure businesses is being more aggressively challenged in a growing number of communities. The United States Supreme Court decision in the *Kelo* case, upholding the use of eminent domain for
economic development purposes, has set in motion limits to certain economic development strategies. Redevelopment agencies struggle with legislative initiatives to cap or repeal their major revenue tool—tax increment financing.
Communication:
An effective governmental tool

There are few governmental tasks more important than the effective communication between elected officials and their citizenry. Pueblo voters’ consistent support for an economic development sales tax stands as a testament to the communicating skills of community leaders and strong editorial support from the city’s otherwise conservative daily newspaper, The Pueblo Chieftain. The Boise foothills levy campaign is an excellent example of how community leaders were successful in convincing a majority of voters that the entire city would benefit from protecting the foothills, even though the opponents charged that it would benefit only Boise’s North End. Boiseans approved, by a wide margin, a two-year property tax levy that may have created a model for future levies for major public improvements in the community.

Unique yet similar, partner yet competitor, today’s Urban West city finds itself in a push-pull struggle to maintain its identity. With limited financial resources to satisfy public expectations, a decaying infrastructure, and citizen opposition to additional taxes, the Urban West city struggles to set its own course in the face of national and international economic forces raging beyond its control.

*Stored chemical weapons are destroyed when they are neutralized and biotreated at the Chemical Agent-Destruction Pilot Plant near Pueblo. Opposite: The Brine Reduction Pad.*