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## **THE GOOD, BAD AND THE GREAT RESET IN 2010**

### **Keynote Speech by**

**Riverside Mayor Ron Loveridge, President – National League of Cities**

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### **THE GOOD, BAD, AND THE GREAT RESET IN 2010**

Good morning. I am honored to speak to you as the 2010 President of the National League of Cities.

Thank you to the California delegation and our League Director, Chris McKenzie--I appreciate your support for my nomination and throughout the last three years as a NLC officer.

Thank you to all the members and friends of the NLC who are here this week in Denver. This is not a time to hunker down, to withdraw within our city limits. All cities compete, and seriously so, for business and residents; we likewise compete, not with our neighbors, but in the global marketplace. And despite declining revenues, we must balance our budgets and continue to provide good services. Success can be enhanced by best practices. We have much to learn this week that will make our cities better places to live, work, and visit!

What to say this morning--let me frame my comments--retrospective and prospective--within a variation on the title of an old Clint Eastwood movie, The Good, Bad, and...The Great Reset.

### **THE GOOD in 2010**

Simply summarized, the good is the organization, skill, and work of the National League of Cities. In 2010, it was my opportunity to see and evaluate the NLC, up front and personal.

Kudos to Don Borut, NLC's Executive Director for the past 21 years. This year, Don was also Chair of the Big Seven, the group representing the major state and local advocacy organizations in Washington. I applaud his commitment, leadership, and hard work on behalf of the NLC.

Equally important, as the NLC competes for attention, respect, and support in the highly competitive crucible of DC politics, Don has recruited and retained excellent senior staff members. They are among the "best and brightest" at what they do!

In 2010, the NLC has become the go to organization for cutting edge research on cities. NLC research has been cited, and frequently so, in newspapers, magazines, television and in press conferences in D.C. and across the country. For example, In the November issue of American City & County, there is an article titled, "Hard times will carry on for cities. NLC report shows recession effects will last another two years."

NLC's single greatest strength is the 49 state leagues. They are strikingly active, well organized, and vibrant, an exceptionally important source for support and information. This year I spoke at four annual state conferences, in Arizona, Florida, Indiana, as well as California. They were impressive gatherings.

The NLC is made up of many different committees, councils, constituency groups, and corporate partners. Take a look at the Conference Program. Even better, would all those who have participated in 2010 in one or more of the NLC's different committees, councils, or groups raise your hand? Look around. This is why 2010 was a successful year for the NLC. It is your involvement in the work of the NLC that makes us the premier advocacy group for America's 19,000 cities and towns.

Let me personally thank an excellent Board of Directors for their commitment and leadership in 2010. And specifically, I thank the Board of Directors for their two days in July in Riverside. Much of our discussion focused on immigration and the reaffirmation of the NLC's 2008 Task Force Report with its call for comprehensive federal immigration legislation. We agreed that we need to move from what divides us to what unites us. My special thanks to Council member Ed Reyes from Los Angeles for looking for common ground.

The NLC champions major policy initiatives, and one of these is Sustainability. In October, I led a US delegation to Stockholm, Sweden for the Annual European Green Capital Conference. We represented ten American cities who have taken remarkable steps toward sustainability; they included Bayfield, Wisconsin; Boulder, Colorado; Cambridge, Massachusetts; Lawrence Township, New Jersey; Madison, Wisconsin; Minneapolis, Minnesota; Portland, Oregon; Portsmouth, New Hampshire; Riverside, California; and Tallahassee, Florida. Proposed by US Ambassador to Sweden, Matthew Barzun, we signed an agreement to share sustainability success stories. It is called SAGA, American-Swedish Green Alliance. European cities are going green; they have many best practices and success stories to share.

A major sustainability announcement--the goals and principles of the long awaited Star Community Index were recently released. The Index is being developed through a partnership between the NLC and ICLEI USA, the U.S. Green Building Council, and the Center for American Progress. The NLC views the Star Index as a valuable tool for cities of all sizes, and when the goals are joined by specific metrics, we will have a powerful resource at our disposal.

Among other important initiatives are those that connect the NLC with international city organizations. In late March, I went--as a member of the U.S. delegation--to the fifth World Urban Forum in Rio de Janeiro, Brazil. I was joined by the outstanding Chair of our International Council, Joe Davis, Alderman from Milwaukee. UN-Habitat, the overall host and coordinator, selected the NLC to present a workshop in which I was one of three participants. The UN-Habitat seeks to position sustainable urbanization as a priority issue for the international community.

International kudos are in order for Brad Cole, Mayor of Carbondale, Illinois and member of the the NLC Board of Directors; Brad was recently selected to Chair Sister Cities International.

The NLC is frequently asked to support initiatives proposed by the Administration, whether Democratic or Republican. When consistent with our policy positions and if strategically appropriate, the NLC often joins in advocating and supporting varied city related Administration efforts. David Agnew, the President's Deputy Director of Intergovernmental Affairs, has been our point of contact. He has been a good friend of cities and towns. One request was Let's Move, championed by First Lady Michelle Obama. The NLC has strongly encouraged all of us to come together as a village to reduce childhood obesity. Let's Move promotes making healthy choices, increasing access to healthy, affordable food, and increasing physical exercise.

Important however, the NLC is a nonpartisan forum. At this time when our national politics are so divided by party differences, the NLC offers a highly visible and national forum that is made up of elected officials of all political persuasions, yet speaking with one voice for cities and towns. This is a key characteristic and strength of the NLC. We all need to come together to foster economic growth and jobs and to promote investment in the infrastructure of the country. It is time to move from campaigning to governing, to move from party views to the public interest.

To close the Good in 2010, my personal thanks to the advice and good will of the NLC officers: James Mitchell, Les Heitke, and Jim Hunt. We held bimonthly officer calls. For the first time, these calls included four executive directors from the state leagues. Thank you Geoff Beckwith from Massachusetts, Miriam Hair from South Carolina, Mike McCauley from Oregon, and Jim Miller from Minnesota. In my view, these phone conversations helped frame the best of policy choices and organizational directions before the National League of Cities. Finally, for the past four years, Jim Hunt, Council member from Clarksburg, West Virginia has been NLC's Immediate Past President. He has brought extraordinary passion, leadership, and perspective to this role. Jim, please stand and receive our applause.

## **THE BAD in 2010**

### **The Local Level**

2010 has been a difficult year for cities and towns. There needs to be a new play book. Stimulus pay outs are waning, and local governments are making major cuts in employees and services.

Major investments in infrastructure are badly needed. The American Society of Civil Engineers in their most recent report card gave disturbingly low marks to America's infrastructure; for the 15 categories (such as aviation, bridges, dams, and drinking water), there were only two grades of C or above and by contrast, eleven grades of D's.

Where are we now in 2010? Cities and towns are the wealth of nations. We are where economic development takes place and where quality of life is experienced. We are where America lives, plays, and works.

Unfortunately, we are also where unemployment is too high and where revenues are too low.

At a macro level, the economic recovery of cities is closely related to the recovery of this country. I agree with Charleston Mayor Joseph Riley who has emphasized, "The economy will rebound not on the national level, but rather in the cities and towns of this country."

In *Governing Magazine*, there was a particularly telling article by John Peterson. His premise is that deep cuts in state and local spending may exert a significant undertow on the nation's recovery, for we represent about one-eighth of the U.S. economy!

Unlike in most countries, the federal government contributes little to the revenues and services of American cities. It is estimated that the current contribution level is no more than 4% of our finances.

What has been the impact on cities and towns of the American Recovery and Reinvestment Act? Where has all the money gone? And what difference has it made? From a big picture perspective, The Recovery Act was of some help for cities. However, it was focused less on city projects and more on tax cuts and state budgets and services. The federal government primarily out sourced to the states the job of spending stimulus monies.

In the City of Riverside, we have received about \$14 million dollars in Recovery Act formula grants. In addition, stimulus loan money has helped the funding of two downtown projects, a hotel and an office building. Noteworthy however, there have been no projects where the band has played, people cheered, and a Congress member could take credit. And as important, unemployment numbers have not changed and few jobs have been credited to The Recovery Act.

### **The Federal Level**

The 2010 NLC legislative agenda represented the central issues of our time; they included jobs and a robust economy, energy independence, housing, transportation and infrastructure investment, and immigration reform.

More so than any president in my lifetime as a political science professor at the University of California, Riverside, Obama has shown an interest in the good city, and a willingness to listen to mayors and council members from across the country.

Noteworthy, however, we are now halfway through the current four years of the Obama Presidency, and historically it is in the early years that major legislative initiatives are likely to pass. Also, the promise of the new Office of Urban Policy has not been realized.

By many accounts, the national recovery remains uncertain. And if cities falter, we could see the nation's recovery also falter. NLC data shows that we face shrinking revenues and budget shortfalls of historic proportions. NLC estimates that cities face a shortfall of \$56-83 billion over the next two years. Recent research jointly done by NLC, the U.S. Conference of Mayors, and the National Association of Counties indicates that nearly 500,000 public sector employees will lose their jobs this year and next.

A NY Times story offered this description with which we are all too familiar: "...state, county, and city governments have resorted to major life-changing cuts in core services that not too long ago would have been unthinkable. And these services...could get worse..., disrupting the lives of millions of people in ways large and small."

The Local Jobs for America Act would have been a promising step toward helping cities meet the many demands for critical services as well as being safe places. The proposed bill would have provided \$75 billion in direct aid to local government over a two year period. It was strongly championed by NLC, USCM, and NACo. Unfortunately, the Local Jobs Act faced what the NY Times calls the "New Political Reality" . . . where "Stimulus Talk Yields to Calls to Cut Deficits." Quite simply, Local Jobs for America did not have the votes to pass in this past session of Congress, and certainly will not in the next session.

The NLC also strongly supported funding of the Energy Efficiency and Conservation Block Grants. These grants are transforming American cities, making them more energy efficient by allowing them to spend real money on high priority "green" projects. However, neither the President nor Congress proposed funding these Grants for a second year, much less a third or beyond.

Major transportation infrastructure improvements will, simply stated, not happen without major federal investments. It is time that Washington gets its act together and actually figures out how to fund the transportation infrastructure needs of this country. We will see what happens in the next session of Congress--at stake are the economic growth and the vitality of our nation's cities and towns.

The NLC called for comprehensive federal immigration legislation, an approach that advances the highest and best interests of all our residents. Immigration has supported our nation over many decades and has been a source for economic growth and innovation for our cities and for the nation. No such legislation took form in the last session of Congress, and does not seem likely in the next.

The 2010 "big ticket" items on the NLC agenda were, in quick summary, defined and limited by partisan conflict and congressional gridlock. They did not enter the center ring of federal legislation.

## **THE GREAT RESET**

Richard Florida, perhaps the best of the academics writing about cities, has written a new book; its title is "The Great Reset: How New Ways of Living and Working Drive Post-Crash Prosperity."

Florida's premise is that this economic crisis doesn't represent a cycle. Instead, it represents a reset. He quotes General Electric CEO Jeffrey Immelt as saying, "It's an emotional, raw social, economic reset. People who understand that will prosper. Those who don't will be left behind."

What does this mean? Let me read from one paragraph in his opening chapter: "Great resets are broad and fundamental transformations of the economic and social order....A true Reset transforms not simply the way we innovate and produce but also ushers in a whole new economic landscape. As it takes shape around new infrastructure and systems of transportation, it gives rise to new housing patterns, realigning where and how we live and work. Eventually, it ushers in a whole new way of life--defined by new wants and needs and new models of consumption that spur the economy, enabling industry to expand and productivity to improve, while creating new and better jobs for workers."

Where then do we go for help, what next? At the Congressional level in 2011 we will be playing defense, for cuts rather than new programs will be on the legislative agenda. We will be working hard to maintain the current level of funding for such programs as Community Development Block Grants. From a Congressional perspective, the primary message is that America's cities and towns will be on our own. Even continued funding from D.C. will require a compelling narrative of the importance of what happens in cities. Welcome to the new politics of scarcity!

As to the Obama Administration, there are interesting and important urban initiatives emerging from many of the Departments such as: Clean Energy, Livable Communities, Partnership for Sustainable Communities, and Promise Neighborhoods. Local officials should pay close attention to how these and other initiatives can connect and take form in their cities and towns.

One message is clear, cities cannot look for much help to the states. A summer issue of Time Magazine was titled, "The Broken States of America." The article pointed to the obvious; states face uncertain revenues and thus uncertain futures for many years to come. They are not likely to be the policy laboratories or success stories for our nation's economic recovery. For cities, states too often take our money to balance their budgets and too often pass unfunded mandates. When I spoke to the Florida State League, the biggest applause line was what happens in Tallahassee should stay in Tallahassee. In California, the State League led a successful ballot measure to stop the state from raiding city funding--it passed in November by a striking margin, 61% to 39%.

Taking a big picture perspective, I believe the 21st century is the century of regions. We must figure out how to encourage and support the planning, economic infrastructure, and sustainability of metropolitan regions. At present, there is some talk--primarily in think tanks and at the universities, but no resources or well defined strategies.

This summer I gave the plenary address at the International Economic Development Council. Economic development is essential, complicated, and highly competitive. There are winners and losers, and the outcomes are not accidental or random. I remember the answer of Joel Garreau, author of *Edge City*, at a past IEDC Conference. When asked what makes a city more successful than others, Garreau's answer: "Go invent your future."

At this difficult time in the history of American cities and towns, we can learn a great deal from each other. The exchange of ideas and sharing experiences at this Congress of Cities in Denver can identify new directions, for how we can encourage economic growth, take advantage of the Great Reset, and invent a winning future.

I strongly believe in cities and their promise for the good life. Let me close with Robert Kennedy's vision of the good city--it is also my vision and to what I have committed my thirty one years of public service, first as Council member and for the last 17 years as Mayor of Riverside, California.

"The city is not just housing and stores. It is not just education and employment, parks and theaters, banks and shops. It is a place where men should be able to live in dignity and security and harmony, where the great achievements of modern civilization and ageless pleasures afforded by natural beauty should be available to all.

Kennedy continued: If this is what we want . . . we will need an outpouring of imagination, ingenuity, discipline, and hard work.

Community demands a place where people can see and know each other, where children can play and adults work together and join in the pleasures and responsibilities of the place where they live."

Thank you for your attention, and thank you for your encouragement and support for this past year as President of the NLC!

God speed!