Next Big Thing Webcast
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On March 18, 2015, a five-member panel of local government leaders and experts live-streamed an ICMA Leading Ideas Series webcast, "The Next Big Thing: Local government's Next 100 Years." If you missed the live webcast in March, want to share all or parts of the conversation with your colleagues, or just want to revisit some of the ideas the panelists raised, we offer this transcript. We've inserted subheadings to help direct you to possible points of interest. This conversation took many twists and turns, but at its core, you'll feel the commitment and reflection of professionals who care about making local government better for the people it serves.

Panelists
Robert O'Neill, Jr, *executive director, ICMA, and webcast moderator*
Shannon Flanagan-Watson, *assistant county manager/business ombudsman, Arlington County, Virginia*
John Nalbandian, *professor emeritus, University of Kansas, Lawrence, Kansas*
Marc Ott, *city manager, Austin, Texas*
Rebecca Ryan, futurist and founder, *Next Generation Consulting, Madison, Wisconsin*

O'Neill: We're here today to talk about the future of local government, and first I'd like to thank our partners at the Alliance for Innovation (AFI), who have been involved in a project called the Next Big Thing. I've gathered my colleagues today to have a conversation about the future of local government, communities, and the impact on the profession. We will take questions during the course of the webinar, so if you have a question, you can contact us at @icmanbt or nextbigthing@icma.org.

Rebecca, you've been engaged in the Alliance's Next Big Thing project. Can you fill us in?

Ryan: The Alliance does such a great job of bringing these innovative city and county managers together, and this is a project to sharpen their point of view. What can we expect in the next 20 to 50 years, what will be the key issues facing local government, and how can we help our members address those things head-on, with the courage and innovation that is typical of those members?

Major Drivers
O'Neill: I hope that you'll share your early findings with us and that some of this conversation will help enrich the work that you're doing. I'd like to start with a question about what are the major forces and drivers that are going to impact local government over the next decade? Anybody want to start?

Lack of trust
Flanagan-Watson: One of the most significant factors impacting local government today is the declining public trust in government. And we have seen that play out at the federal level, state level, and I think

increasingly so at the local government level, not only in conversations as part of the election cycle, but in our day-to-day work as we implement programs and services.

Multigenerational workforce

Ott: The nature of work is changing and does not look like what people think it looks like, especially when you consider the multigenerational nature of our workforce. We have millennials, who think and do things differently than the baby-boom generation. They talk about things in the context of "thought designs" and "doing experiments." Taxpayers have a hard time thinking of governments as being experimental. Yet that is exactly the kind of thinking we need to deal with the issues of today.

Ryan: Today we had a Twitter hash tag as well as an e-mail address for questions—a great example of the generational mashup.

O'Neill: What more can we say about the demographics?

Attitude and role of the past

Nalbandian: They will be hugely important. Especially the baby-boom generation—I think their attitude about the future is going to be very important. I think as they were growing up they were very optimistic about things. Now as we move into our elder years, I think there might be some concerns about the direction things are going. So the idea of what role the past will play in charting the future is going to be absolutely crucial to the investment that older people have.

O'Neill: John, do you think the generations are going to see the exercise as a zero-sum game—you either win or lose—rather than [as a] community of interest?

Politics of identity

Nalbandian: I think it depends on how the politics of identity plays itself out. Issues of identity are fueled by emotion, and I think that for members of the baby-boom generation, their identity by and large is found in the past. It is found in what we have accomplished, what we have done. To the extent that that past is not respected, then there is going to be some divide.

At the same time, those of us who are part of that past have an obligation to distinguish between what is expendable about the past and what is precious, because I think newer generations are willing to respect some of, but not everything that we did, and that is the conversation that needs to take place in communities.

Browning/graying of America

O'Neill: What about the "browning" of America"?

Ott: It is an interesting set of circumstances. I had not had to come to terms with or really even [thought] about the issue as much as I have since arriving in Austin. Of course, as you know, it is a very liberal environment and frankly, the "browning" of America, as it plays out in Austin, unfortunately sometimes [gets complicated], and the challenges associated with that can be difficult to resolve. One thing for sure, it entails having candid and honest conversations.

Nalbandian: What I was recently reading contrasted the "browning" of America with the "graying" of America.

Smart cities/smart citizens

O'Neill: Rebecca, you've written a lot about the impact of technology and the use of technology in a variety of ways. What do you think about the impacts of very rapid technological change and the way we think about community and local government?

Ryan: I'm really interested right now in this concept, the demarcation between smart cities, which tend to be super focused on sensors and infrastructure. For example, how smart can our bridges be? The I-94 bridge in the Twin Cities puts down de-icer so you never have black ice. That is fantastic. However, in a way, a bunch of technologists got hold of cities and said we can turn your cities into robo cities.

But at the end of the day, cities are for people. There is work being done in Sweden and some being done in the United States about *smart citizens*, and what that looks like. Kevin Desouza at Arizona State University and on the AFI board has written an interesting paper that frames all the ways that technology and citizen engagement are being used together. It's a framework that cities can use—if we want to accomplish this, this is how to help citizens use technology.

O'Neill: How about the fiscal crisis? I suspect that resource limitations are going to exist probably for most of our lifetimes. What impact will that have? I am talking about the money, the revenue.

Ott: It is obviously challenging, though not as challenging in Austin as it has been in other places. Austin, from a finance standpoint, historically, has been the last in and the first out of fiscal distress. I think it's imperative that we rethink revenue policy and structure because I don't think what we have now is sustainable over the long term. What it becomes is obviously a part of the conversation.

Nalbandian: What about baby boomers as they age, how much money will they have, how willing will they be to spend the money? I heard a revenue projection when I was in Colorado recently. They looked at the demographics and said older people do not spend as much money on goods as they do on services. What about sales tax on services?

Merging of sectors

Ott: A lot of the things that we provide in terms of public service, we address. That part of the population [older people] had been marginalized historically. More and more we see the merging of public and nonprofit sectors, and even the private sector, where there may be a profit opportunity associated with addressing that part of the population. This may mean cities don't have to be in those businesses, thereby requiring less in the way of revenue—sort of lessening that pressure on local governments.

Innovative funding

Ryan: During the Next Big Thing scan around the topics of innovative financing and public-private partnerships, two things about funding infrastructure stood out. The first is this idea that when we fund big projects, we often do not take into account the operations and management budget, but we have to figure out how to amortize that because nobody wants to pay for maintenance. The other thing is, how wide of a net can we cast for financiers? When Denver funded the last bit of its high-speed rail, investors from Spain were involved. It was a very nuanced and complex financing deal. That will require a new set of skills within our cities to navigate all of that.

Balancing technology and citizen engagement
O'Neill: Shannon, one of the things Arlington is known for is its high level of community engagement. I would like you to react to Rebecca's earlier comment about high tech, high touch. How do you balance that in the engagement process?

Flanagan-Watson: We try to balance it in our work every day and try to experiment with using different kinds of technology. One of the things we are exploring now is how we can leverage crowdsourcing. From our ongoing conversation with the community, we've gotten lots of feedback that residents cannot afford, time-wise, to come to meetings in person, nor stay until midnight at a public meeting.

At meetings with the business community, I've heard the same kinds of comments. Business owners are trying to run their businesses and while they want to be active and be part of the community conversation, they too do not have lots of hours to come to city hall or to public meetings. So we in Arlington are trying to experiment with how we can use technology to not only get feedback but also have that online dialogue. And also use that as an opportunity to reach out to populations of our community that we don't always hear from.

Ombudsman role with businesses
Ryan: Shannon is doing something in her role as a business ombudsman that I think is innovative and something that we will have to do more of. Can you talk about your role as the business ombudsman?

Flanagan-Watson: I would describe the role as having three functions. I serve as an ambassador and liaison to the business community. I'm chief problem solver, helping large and small businesses if they are in one of our processes and experiencing challenges.

What is the definition of insanity? Doing the same thing over and expecting different results. So I also see myself as a key process improver or facilitator, seeing how we can improve our processes. Time is money for all of us, whether you are in the business sector or not. A lot of my time now is looking at how we can improve our processes.

Nalbandian: I want to pick up on the engagement piece in general. In a broad sense, I think, we are improving opportunities to inform people, improving opportunities to solicit opinions and wishes. What I am waiting for is an event where someone hears someone else talk and then gets up and says, I never thought about that; that is a good idea. I don't think we have very many forums where people are willing and encouraged to consider the consequences of their own views. We do a great job of soliciting those views. Now I think we need to focus on taking the dialog to the next level.

Closing the gap
O'Neill: One last but often observed driver that will impact local government is the concern about an increasing gap between the haves and the have-nots, and whether that is now structural to the extent that we have large segments of our populations that can't participate in the 21st century economy. Will that be a big driver over time?

Ott: I think it is, certainly it is in Austin. What has come with all the growth and development is the broadening of that divide, so much so that the conversation recently with the newly elected officials on the campaign trail was affordability in Austin. When I first arrived 7 years ago, one of the first terms I heard was *gentrification*. That has a long history in Austin. While the city has allocated dollars to things

like affordable housing that is not really sufficient and has not been sufficient to close the divide. Like many cities, we are struggling with that issue.

O'Neill: John, you have written a lot about the gap. Can you talk about what that is? At least for those of us who work in local government, I think that is one of the big characteristics and drivers.

Nalbandian: The gap is what I consider the space between what is politically acceptable and administratively sustainable. Basically, the gap is the connection between what we want to do, what is politically acceptable, and what will work. In order to get anything done, there has to be a connection and we have to bridge the gap.

Distrust in government comes when we can't get anything done. If the gap increases, it becomes more difficult, and all kinds of challenges go with that. My sense is the gap is increasing. Clearly, at the federal and state levels but at the local level, too. And it is driven by the idea that we have one set of ideas that is homogenizing our lives and is data-driven and analytical. Then we have another set of forces that is the politics of identity, which is emotion driven. "Us" versus "them."

Contrast the two, and we get the separation. It used to be if you looked at that, you said here is politics and here is administration. There's the city manager, working on the gap. When we draw those two arenas, we do not concern ourselves with how long the line is. We have never done that. If we say, if that line is really short, it's easy. If the line is long, it's harder, and now we need some help. We have talked about how that help occurs.

Resources, resiliency, and the "four forces"
O'Neill: Any other forces that you think are going to be the powerful drivers of local government?

Ryan: I am not a practitioner, I am a futurist. One of the things that we work on is the "four forces" model—categories of things, that if these go wrong, no matter how much everything else is going well—your citizen engagement or your quality of governance—these things are going to blow everything up. The first of the four forces, and the most important one, is resources. So when we look at the politics around climate change in the United States, we are lagging behind Canada and certainly the northern crescent of Europe, in adaptation and mitigation policies and frameworks and measurements. I think most shocking is that the Next Big Thing research showed that American cities are tied with African cities in their adaptation and mitigation policies. So we have a big delta in the U.S., especially around this piece. If we don't get this piece right, it doesn't matter how well we have robo-copped our cities.

Ott: Rebecca and I were talking yesterday about *resiliency*. Not everyone knows what the term means, particularly in the context of cities, but it is an internationally occurring conversation. Rebecca is coming to Austin to have conversations with the council about that topic. Could you talk about what is meant by resiliency in cities?

Ryan: Resiliency is the ability to not just bounce back from an external stressor, but to bounce back *better*. There are some cities that do this well. Des Moines, Iowa, has done it well with their floods. Then there are other cities that still talk about the floods of 40 years ago, from where they never came back.

Flanagan-Watson: Another important piece of this is that resiliency is a mindset. I think it's a mindset that many of us don't have as much experience in. We weren't talking about this when I was in graduate

school. I learned it through experience throughout my career. So how do we have that mindset through partnerships? Partnerships of the past and today will be very different from partnerships of the future.

Ryan: When you think about what makes a community resilient, there are two threads happening in the international dialogue. One is the bounce-back piece, and most Americans are on this or a little behind. Then there is the proactive piece. You need to have your risk analysis to help figure it out: Where are we threatened around resources, where are we threatened around demographics, so that if and when they happen, we are ready to go.

One of the key factors of resilient communities is social cohesion. When you talk about the identity politics, and you talk about lack of trust, those things make me nervous. If we don't have a cohesive response in our communities, we won't be able to bounce back, let alone get better.

Multisector, multidisciplinary
O'Neill: Let's use that as a starting point. I've framed questions before about the issues that really matter to people. Things like you just described—or even job creation, education, environment, and economy—are all multisector, multidisciplinary, intergovernmental. Those aren't things that we are structured to do well. Could you talk about the challenge and the opportunities that creates?

Ryan: This is what is so exciting for the next generation.

Nalbandian: To me, this is one of the consequences of the growing gap. You can look at the growing gap as an invitation for nonprofit and for-profit organizations because we cannot get it all done ourselves. What we are also realizing and have talked about many times is that the problems we are dealing with now don't lend themselves to the decision-making, authoritarian structures that we have in place.

If we are going to respond, we have to find ways to, as a colleague labeled it for me, manage boundaries. That is not new, but it is a wonderful label. The idea of knowing when to raise the boundaries so we have some integrity and when to drop the boundaries. How do you manage that internally and externally? I think that is really fundamental.

Blurring boundaries
O'Neill: I have written a number of pieces around the question of boundaries. Discipline sectors. To me, the challenge we have to think about is how do we maintain the community identity that we value so highly and also achieve the scale necessary to deal with the issues that matter?

Ott: It's interesting—it seems that everything I see is pushing against boundaries and making them less clear when we talk about managing boundaries. It seems like innovation is found in places where people have crossed a line, where people have made connections that heretofore would have seemed unorthodox. And they keep making those connections. Then they take a step back and see something that makes sense, [something] that resolves a set of circumstances or social or societal problems in a way that nobody ever thought of before because it is disruptive and changes everything. When I think about that—and there are lots of examples of that—I don't know how to reconcile that with managing boundaries.

Regionalism
Nalbandian: Because managing boundaries runs into the politics of identity. If you're in a regional government, you do economic development. Are you going to do it with individual jurisdictions that have branded themselves? What is the point of branding yourself other than to distinguish yourself from another, which in turn lends itself to competition, especially if there are taxes at stake, potentially, versus the broader gain of looking at ourselves regionally?

Ott: You took the words right out of my mouth, because that formula is a failed approach. Externalities resulting from economic development ultimately do not recognize the city limits of Austin, Texas.

Nalbandian: But who defines the problem? In the Kansas City region, we have all of these people going across the border. I say to myself, how about we invent the concept of the *regional citizen*. Do we have obligations not only to our individual community but also to the region? The other thing is, what if we redefined the game so that the game is not inter-competition, but we're actually competing against Omaha and Omaha City.

O'Neill: I once had a mayor tell me that "no regional citizens would vote for me." That is the problem. Identity also has an official status.

Nalbandian: This is the difference between a politician and a statesman. The politician tells us what we want to hear. The statesman tells us what we can aspire to. Some mayors are aspirational, and some are transactional.

Addressing the Challenges
O'Neill: That's a good segue. Let's shift to the next big things that the statesman and others will bring to the table to help us deal with the challenges that we've just described. What are some of the things emerging from your research?

The "four forces" model
Ryan: As I mentioned, the first of what we label as the big forces is resources. Second is technology—looking, for example, at how we manipulate our resources and make them more efficient. Right now technology is lagging in terms of resources. We don't yet know how to clean our air. We don't yet have salinization of water at the level it needs to be in California, and other places are in their last year of water. Third [are] demographics. And the fourth big force is governance.

Restructuring governance
A series of trends are shaping each of those forces. We talked about several of them already, but one that we have not talked about is how public administration might be structured in the future. Think about how we are going to have to work out of our silos and get on innovation teams. What would you say to someone just getting into public administration given that maybe the way we have been structured is not the way we will be structured in the future? That governance will have to change is, to my way of thinking, extremely exciting. What do you as practitioners see coming, what do you tell the next generation to get them excited?

Recognizing the employee's whole value
Ott: We call our employees our most valuable resource. Historically, we've been saying this in the context of each employee having a particular area of expertise, with a specific job description. And when

you put a person in that box, and her or his value is derived from that, the value ends up being fairly narrow. In our conversations, we value the whole person because in addition to the particular expertise, they have X years of life experience, and in combination, we think that brings a range of wisdom.

So we say when we hire you, you bring all of that to work because we think that's relevant to our mission. What I think about in the context of 13,000 employees is that all kinds of things become possible. I think beyond those 13,000 and recognize [that] my workforce is larger than that because of what technology enables. I think in the broader context of value and workforce, all kinds of solutions will be discovered.

O'Neill: I find myself saying that I wish I was 25 again because [the next two decades] will be the two decades of local government. I think the forces that we've been talking about are going to make federal and state governments have a hard time dealing with the issues, so we have to decide what is important in community. It will challenge our boundaries, our identities. We will deal with the big issues that are important to people. I think it's going to be a neat opportunity. Is it going to be easy? No. Is it going to be challenging? Yes. Is it going to have huge opportunities for impact? Yes.

Inspiring students

Nalbandian: My concern is that when students think about government, they think about what they see and hear, which is federal and state government. There's not a lot inspiring there. We have to expose students to the local scene. We need to find ways for local governments to give access to college students so they can see themselves in what you all are doing and how exciting this is.

Flanagan-Watson: We also need to do a better job of sharing our stories. Not only working on a big project that will have impacts for generations to come, but also the one-on-one interactions with residents or with someone else in the community where you've been able to make a large impact. Sometimes you don't even realize it. When it comes back around, and [is] shared with you later, that is the gift.

Ott: I was thinking about what drew me into the profession. My intent wasn't to become a city manager. In fact, I'm not sure I knew that existed when I was in the early days of college. Not until I did an internship working for a city manager was I struck by the fundamental way in which city managers touch the daily lives of people. That was profound to me. That fact is still true today. Being passionate about that felt very natural. That is the kind of stuff we need to talk about.

A world of cities and communities

O'Neill: A topic frequently written about is that increasingly there is an international worldwide economy, a national economy, and regional economies, but no state economies. Yet there is no state that has what I would call a city-state strategy even though that is the genesis of most economic activity around the world. The Singapores and Hong Kongs, and Shanghais, these are the places generating the activity. Yet, policy-wise, we don't structure that way. How do you think regions will adapt to this city-state world?

Ryan: I have a couple of thoughts, a couple of statistics that came out of the Next Big Thing research. The first thing is that when we talk about globalization, people talk about the big cities, the 10 million-plus cities. But when you look at developed countries, it is actually the midsized cities with under two

million employees that are already generating 70 percent of the gross domestic product, and those are seen as the welterweights that will rock the economy.

What is interesting is when those cities start to take license with their own futures. London is a bigger-city example, but the mayor of London has proposed the idea of having a London visa. He will work around Parliament, which allows a specific number of visas a year, and will create his own—"If you want to come and work in London, apply to us and we will hook you up." That's part of his talent strategy—cities are starting to work around existing structure. The other thing that is interesting from the business perspective is that businesses are foregoing even having a state strategy or countrywide strategy because we are becoming a world of cities, of communities. Businesses are developing community strategies, not state strategies.

Flanagan-Watson: We're having that conversation in Arlington right now about how can we develop more of a region-wide strategy. We've started a conversation about how can we begin to develop a framework for prosperity—not just for the business community but for everyone. How do we begin to build that, what does that look like?

Nalbandian: Maybe our immigrant base is going to make a big difference. Immigrants have a broader perspective on the world, right? I was reading that the city of San Paulo itself created a treaty with another country, morphing the sister-city concept into something quite different.

O'Neill: These have the potential to become the economic engines.

Rewarding what's valued

O'Neill: My second question relates to the boundary question and the work that we do. I wrote recently that the agency or department is the dinosaur of the future. That what we have created is an organization of specialists in a world that requires an integration across specialties to be successful. So how do we think about building organizations differently to respond to what we have to do? We still have to pick up the trash and do all those things, but the things that will move the community forward are those things that will be multidisciplinary and interjurisdictional. How do we build this organization of the future?

Nalbandian: First of all, I find it important to realize that people are driven to be competent, to demonstrate that they can do something that makes them feel worthwhile. We have to channel those competencies around disciplines. So I think in answer to your question, we have to rework the competencies. We have to rework what we value. So what does that take? For example, when we talk about working the gap, and I ask are some department heads better than others at working the gap, well, what does it take? Are the qualities and skills we're looking for integrated into job descriptions and qualifications? That's how we can legitimize the competencies and also take away the boundaries.

Ego and leadership

Ott: To rewrite the job descriptions, it seems to me, would require talking about things like ego and leadership. Can you accept the reality that a good idea is a good idea, regardless of where it comes from, even if it's not yours? What kind of work is that, such that you are balancing ego and leadership, so that you could give the things that you need to give in that environment and receive the kinds of things that you need to receive without letting your ego get in the way? It seems to me that is the context and the kind of environment where people can feel safe.

O'Neill: While I was the city manager in Hampton, Virginia, the intent was to build this cross-boundary work in the organization. For the department and agency heads to reach the highest level in the evaluation system, you had to illustrate the organizational-wide goals and/or the assistance you gave to another agency to achieve its goals. So the minimum positive evaluation you could receive was running your agency effectively. Extra credit was earned by making a contribution outside of your own organization. The idea was to make the whole greater than the sum of the parts.

Nalbandian: I hear a transition in the way you talk about your team. You used to talk about a management team. Now you talk about a leadership team. What happened? I don't think they are synonymous.

Flanagan-Watson: That's a great example because you were incentivizing people to really collaborate with others. So it is how you create that culture of collaboration.

Ott: So the question I would ask, given your example, is how did you get to that?

O'Neill: It was a journey, obviously. But part of John's point on the competencies is what I think of as the leadership job—namely, aligning the structures and systems and approaches to the values we want to create. If the value is cross-boundary work, then the structures and systems have to support that. So who can change those? It takes lots of people, but at the end of the day, the manager and folks in the leadership group have to endorse that we will align values and our systems.

Ott: How did you do that, how much of that was directed on your part, how much was inspirational, motivational?

O'Neill: 30/30/30. Thirty percent inspiration, 30 percent "this is where we are going," and 30 percent is what you've unleashed in people—something that that they really wanted to do.

Ott: And what about that last 10 percent?

Nalbandian: The other 10 percent is that you are not afraid.

O'Neill: Yes, there is the risk-averse nature you have to overcome.

Nalbandian: I remember talking to Jim Keene [currently city manager, Palo Alto, Calif.] one day at an ICMA reception, and I was the chair of the department, and I was bemoaning my woes. He looked at me strangely, and I said, are you telling me you never felt like you are in over your head? He said no, but I didn't have the same expression on my face that you do. I get it. It is not only your ability or your motivation, it is also your willingness to accept responsibility. Are you willing to do it?

Generation mashup
O'Neill: Let me shift here. I am increasingly interested in what I think will be one of the next big things, and that is how to have a successful organization—one where we've got five generations in the workforce and multiple systems of pay rewards and benefits. I have a friend who just took a position as an interim city manager at the age of 81. He will have 15-year-olds working in the recreation center. So increasingly you have people working side-by-side with different systems of pay and benefits. Surely this is one of the next big leadership challenges and opportunities.

Ryan: Just to be honest, to call it what it is, the next generation is not getting the same deal that your generation got. Every deal is getting worse and worse for people coming into local government because of how things are right now. I have to say, coming back to compensation as being the driver of people's motivation. At the end of the day, if you are saying, we are trying to solve for this issue, so who's in? If that vision is compelling enough and is managed appropriately, nobody cares when you were born. Are we in this together? Then the leader's job is to make sure that if someone is working discretionary hours to get an extra thing done in this innovation task force, she gets an extra half-day off in the quarter or whatever is within the leader's discretion to do.

I do think sometimes we put too much emphasis on the generations. When we highlight the differences, we take our eye off the work. At the end of the day, the reason we are all showing up at Arlington County is because that is our employer, and we have a job to do. I do think there is a way to be respectful of all generations. Especially what I perceive now, as baby boomers are getting older and are beginning to retire, it is important that they not feel pushed out of the way, but it is [also] important for them to scooch their chairs over a little bit. It does not mean they have to leave the table, it just means they have to make a little more room. People of the millennial generation, the folks born from 1981 to 2000, are the first ones for whom the generation gap does not really exist anymore because they actually have many of the same values that their parents and grandparents did.

Aligning structure and new employee mindset

Ott: It is interesting. The comment about it getting worse and worse, in terms of the benefit packages of people coming into the workforce now. I am not sure that those packages are relevant. I'm discovering that when they come to work for you, they're not necessarily making a commitment that will last long enough for them to become vested. They're not looking like a traditional worker, not thinking like a traditional worker. They're wanting to make a powerful impact in a short amount of time, and then they may go. And I think that needs to be okay. But what does that mean in terms of all of the bureaucracy and structure and how we've thought about compensation. Do the same structures have to apply going forward?

O'Neill: I think portability means a lot more.

Flanagan-Watson: We are having a similar experience in Arlington. These new employees are very upfront about it: Our plan is not to stay long, but while we are here, we want to work hard, and we want to have an opportunity to have a meaningful impact.

Ott: And they don't want to be limited to some sort of box or job description. I want to be able to move a person around in the organization regardless of the degree or the job description, but rather, based on the way the person thinks about things, which might suggest to me that maybe the person should be over here with this group of people. It has nothing to do with what the person does on a daily basis. It's based on where I think the person can add value.

Flanagan-Watson: We are also seeing differences in generations beyond benefits. It's also in how people want to work—the work spaces, the hours. Working from 8 to 5 in a cube, those days are long gone.

Ryan: That is a demarcation that I'm noticing. Work is not where you go but what you do. It is not a place but an outcome.

Open data
O'Neill: Let me shift to another driver. I will call it the "open-source world," whether it is an app or a delivery mode. We're going to be engaging where the workforce is only the window to the full effort. Hack-a-thons are the easiest ones to see. You send the problem or issue out and you invite the world to contribute to the solution. It is a way of thinking about being boundary-less.

Ott: Part of a challenge we've had in Austin, at least within the organization, is making data available. In that old paradigm you have departments with their data, and it is protected. Some don't want to expose the data. While we are encouraging them to make the data available, I don't want to become directive about it. Yet I may have to because I view it as being that important to enabling the kind of opportunity for "open-source" solutions that you are suggesting become possible when you open up access to the data. Some cities have been more successful in that regard than others. I think that lends itself to solving some pretty important issues going forward.

Nalbandian: If you make your citizen survey—the raw data—available, and you make raw data like police statistics available, you'll have some really good statistical analysis that may reveal relationships that you never suspected existed. But it is a matter of what data you are willing to make available.

Ryan: I have found that when you do futures work, the technology very often runs ahead of what society is ready to do. We can clone living things right now, but society is very uncomfortable with that, so we tend to slow it down. The technology is there for this open data. But in a world where departments get there by what they know, setting that free feels very threatening. This technology and the social structure of our city governments, these will help to bring each other into the next generation of workforce and maybe community that we want, but you have to be ready for it.

New finance structures
O'Neill: Let me ask you to think about how archaic local government revenue systems are. The joke is that Virginia has one that was put in place to finance the French and Indian War. With the economy changing so dramatically and the revenue systems having not changed, there are lots of conversations about how you structure financing, from crowdfunding to offshore investors, to public-private partner-ships. How powerful do you think that will be over the next 15, 20 years? Are we going to give up on these existing systems and find new ones? [Or,] are we going to devise and structure a new finance system for public investment?

Ott: Some of both. Along the lines of what I said before, in this new environment, we will find solutions, find providers of things that cities have done historically. We will not be in those businesses because those things will be solved in other ways, and that will lessen the pressure that we feel from a physical standpoint. If I were to extend that all the way out, very little of what we have done historically would remain, and we would be very streamlined. Our role would be more in terms of *conveners* of things, brokers of resources, bringing things together that enable other things to happen.

O'Neill: Which, interestingly, was the original purpose of local government. Local government was not a service provider but a forum to decide what to do and what we needed to do together.

Maybe our infrastructure conversation, or maybe the entitlement conversation, leads me to think we will reach a tipping point someplace. On the table will be intergovernmental tax reform. I think there are some things that we can see on the horizon that will reach a severity level that tinkering on the margins just won't cut it. You'll have to do some things differently.

Taxing Internet transactions and services

O'Neill: The obvious one in the local government world is the sales tax on Internet transactions. Why should taxing services be treated differently than taxing the making of goods? It's easy to marginalize the argument about them, but at some point, somebody will say, you need $4 billion for infrastructure replacement, and there [are] only one or two ways to get there. I think the creative things will be essential but they don't replace an effective tax and revenue system. The systems are too big to do that. Unfortunately, I wish I was wrong. I think we [will] reach a precipice of a crisis that will require action.

Nalbandian: My fear would be that, yes, there is a crisis, but the states are involved, and the states limit home rule. They decide what will happen, and it is not to the advantage of local governments.

O'Neill: It may not be. But there was an interesting piece written that draws these inexorable conclusions about Social Security, Medicaid, and Medicare. I drew a circle around it and said you are going to get a 21st-century Federalist papers out of this. Who's responsible for that? It may take three decades to have the conversation, but there are some things on the precipice that are so significant, you cannot pass them by.

One question specific to California is about demographics and the aging population in California.

Ryan: We are going to have to get this figured out. When Social Security was created, the age of 65 was selected, but people died at 62 and there were 20 employees supporting one retiree. It was really an exit strategy. Worldwide by 2040, four workers will be supporting one retiree. I think it calls into question, do we tax services? Retirees consume more services than goods. California has been the breeding ground for so much innovation, and this is another instance where maybe we can look to them for innovation.

Blurring sector lines

O'Neill: Next question: What are the trends in local government collaboration [between the] business and nonprofit sectors?

Ott: I see a blurring of those lines. I think the private sector, in particular, is recognizing an opportunity to serve that portion of the population that has been marginalized over time. And the private sector is doing that within the context of its profit-driven mission and corporate values. Serving some social needs is not mutually exclusive. The private sector is seeing opportunity there and making those kinds of investments.

O'Neill: If I had to pick the horizon of 20 or 30 years, I would make an argument that we are going to have a fourth sector, that we are going to have something that has some of the characteristics of the private sector but the social missions of nonprofit organizations, and that we will commercialize that institution in some way. Because we have such a vibrant nonprofit sector, which is not normal in the rest of the world, you can commercialize it because it has scale in a way that doesn't exist in the rest of the world. My theory is what we will have this type of fourth sector.

Ryan: Is it a kind of social entrepreneurship or benefit corporations?

O'Neill: The next generation of that. Think about if you were starting the Red Cross today. You might create a hybrid that has a set of commercial operations. If you started it today, it might look very different than what it is today.

Nalbandian: One of my reactions and concerns with these collaboration and multi-sector trends is that while we're going to be able to talk about democracy really, really well, whether we'll be able to actually live it or not is another question.

Ryan: It is messy.

Nalbandian: And more. It is the idea that good government—the structures and the processes—is built on democratic values and competing democratic values. I want to know, will socially-oriented nonprofit organizations place as much value on individual rights as the government does? Will they put as much emphasis on representation as the government does? What happens to these values? How do we convey these values?

One person described it to me as this: The private sector is profit motive. The nonprofit sector is mission driven. The public sector is values driven—democratic values driven. That's my concern. I know that the engineer who does right-of-way acquisition knows more about property rights versus majority rule than the most conservative ideologue in the world.

O'Neill: My hope is that these sectors would be concentric circles overlapping in the middle. My fear is that they would be [free-floating] circles where there is—as a friend of mine describes—no sun. They have no relationships. That would be problematic.

Ott: There are a lot of nontraditional venture capitalists who, from a values standpoint, have an interest in investing in things that will have a positive social impact. I think that those resources are going to create a type of modified economy, the kind of metrics that the private sector looks at. For venture capitalists who traditionally invest in private enterprise, the metrics are going to be different. I think those kinds of things are developing and providing the context that makes investments that result in solving social problems viable. I think this trend is going to continue.

Collaboration across boundaries
O'Neill: The next question is, is [a] regionalism revival the next big thing?

Flanagan-Watson: We have been talking about it for a long time.

O'Neill: I think we've done the easy things and haven't yet done the hard things. I think the impact is the question. Large-scale public consolidations of jurisdictions—I'm not an optimist about that. On the other hand, I do think the idea of collaborative work across boundaries is well within our reach.

Ryan: I think they have to be real regions, though. Maybe the Department of Labor has said, you are a region, but if there is no reason the 26 counties are a region, then it isn't going to feel or act like a region. There has to be some human activity that proves there is a region. I think regions, constructed appropriately, can be highly effective.

Flanagan-Watson: In Arlington, we're starting the conversation. And there's a broader conversation about how we as a region can position ourselves to be more competitive.

O'Neill: My pushback on folks is that each issue has a different geographic perspective. What we've tried to do is have a fixed boundary, which works for some things and certainly doesn't work for others.

To me, formation of a region isn't what I call structural. It is based on the outcome and the issue you're addressing. Can we be flexible enough to define it around the outcome that you want?

Nalbandian: And what are the skills needed to manage those boundaries? What are we teaching students? Faculty are watching what's transpiring, so they teach a lot about collaboration now.

Shedding outdated structures

Ott: I wonder if it is going to take some change generationally, that some people will have to move out and others move in for the conversation to become viable. We've existed in a world of MPOs [metropolitan planning organizations] and COGs [councils of government] and the like. The fact is, in many instances, they operate in silos and don't work very well together. We have 2040 plans or strategic mobility plans. We have all of those things but the truth is, they don't really work that well. Can we be flexible? Can we move out of the old structures?

Trading places

Nalbandian: As I think about the skill set, I think about what would happen if we trade places. What if we asked Marc to trade places with the COG director for three months, and Shannon to trades places with someone in Alexandria, and so on. What if we did these kinds of swaps so that we brought other perspectives in-house more often?

O'Neill: I think there are lots of ways to make it easier to be more effective. But is there still this place where people feel there isn't a political will to do it—to make changes because the constituencies that drive the political system aren't structured that way.

Nalbandian: That's where the idea of the regional citizen comes in.

Candid conversations

Ott: We were talking about courage earlier, and in the context of this conversation, I'm wondering about how many of us, my colleagues in this profession, would be prepared to stand in the middle of the room at a Chamber of Commerce-sponsored luncheon and have this kind of candid conversation about what doesn't work, and all of the things we are talking about today. What would happen?

What would happen if we as city and county managers stood in front of our elected officials, being courageous, fearless, and we had this kind of candid conversation? What if we talked about the relationship between ego and leadership and how that is so vital to getting to the next place. What if we talked like this in the presence of young college students? You are on the edge of your seat, wide-eyed and telling them about the opportunity. And it's boundary-less. You tell students, "You can come in here and we're not going to put you in a box because we know you're at the edge of your seat, full of ideas and passion, and we want you to use that energy and intelligence." What would happen if we had those kinds of conversations?

Nalbandian: What if instead of you having those conversations, the elected officials led those conversations? It is about cultivating the will.

Ott: Whoever. Those of us who can, should.

Ryan: As I've been working with ICMA and the Alliance, I see this elected-versus-local-government-employee binary as not serving us well. I talked to a Zen master about this idea of who can stand at the intersection of "the commons"—what is best for all people. Who can do that? My teacher said either a dictator or a holy man. I think anybody who can do that—it doesn't matter if they are elected or if they work in local government—that's who does it.

Ott: We had a proposition in November about the next transit investment, and it failed for many reasons. I remember sitting in my office with an official who had opposed the transit investment. The official was asking, now that it has failed, what do we do next in thinking about starting a conversation in regard to that question? My reaction was, I'm not interested in participating in another conversation like that. It is the same old conversation. We have all heard it. No disrespect to those who have participated in the past, but I'm interested in a different kind of conversation with other people involved. If we can't have that, I see the outcome being the same.

Impact of the water crisis
O'Neill: We have another question from the audience: Will quantity and quality of water resources have an impact on local government?

I was asked to give a talk to one of the international water conferences, a huge conference in Singapore. The person who spoke just ahead of me concluded that the next world war will be fought over water, not oil. So, clearly, who has water and who doesn't is going to be an enormous issue worldwide, not just in the United States.

Ryan: Water is a resource, which is the first, most important force in the "four forces" model. If you mess with a resource, all kinds of things happen. Quantity and quality are incredibly important. There are linkages between drought, food shortage, and unrest. The technology isn't there yet around water resources. Who has the scale to invest in desalinization? It's sort of like a fiscal gun to the head. This is coming, and it is coming quickly.

Building trust
O'Neill: Next question: With the decline in public trust, how can local governments help build and restore trust and ensure transparency?

Nalbandian: One of the challenges that we face, I think, is the carryover between the attitudes that people have toward federal and state governments carried over to local government, without any empirical reference. There is this mindset of why would you trust the government, whatever it is? I think that the fundamental prerequisite is whether you can get things done. Can you get things done collectively that people cannot get done individually? If you cannot, you cannot expect trust.

Showing the value
Flanagan-Watson: I would add that in addition to delivering projects and programs and services, you also have to talk about the value of local government, and the impact local government has in the community. It is not only about delivering on those results but also, through those results, showing the value of how local government is impacting those in our community.

Ryan: Is that almost like the little commercial you do when you have a public forum? It almost seems like a talking point.

Flanagan-Watson: I try to take every opportunity—whether it is in a public forum or one-on-one interactions, small-group conversations like this—to share stories or talk about value. It's even better when it comes from someone else. That is even more powerful, when it comes from someone who has benefited or has been part of that. I wish we could figure out a way to help capture those experiences or help spread the good word.

Nalbandian: I think jurisdictions need to develop vision and mission statements where you can't just plug in any city's name. These statements really need to have character. They need to really capture the spirit of this particular community.

Ryan: My only push back is that all cities are made of humans, and all humans have a very similar basket of hopes and aspirations for themselves and their children. To be relevant, you have to speak to [that humanity].

Nalbandian: I have a very subversive suggestion here with strategic planning. Here is what we do. We develop a list of mission statements, vision statements, goals, and objectives, and we say, pick your choice.

O'Neill: Like a Chinese menu!

Nalbandian: Why go through the whole community thing if the, elements are always the same? Why do it? Instead just pick from this list. It will only cost you $500, not $50,000.

Authentic leadership
Ott: Has it really gotten so complicated? Sometimes I wonder about that. Doesn't it really get down to just shared values and a belief about things and people and leadership that's authentic? It seems to me that's what people are looking for. When you are talking to them or talking to me, I believe you and that you act on that. You do what you say. If you can't do what you say and you take responsibility for that, you offer an explanation even if you make a mistake. It almost sounds too simple to be a significant part of the solution, but I think it is. It's a feeling you get in a room sometimes. You can tell whether or not someone believes you, and I think that cuts through a lot of the other stuff.

Predicting public trust
O'Neill: I got curious on this public trust question. I looked at every referendum in the United States from November 2010 to January 1, 2013. November 2010 was the Tea Party election to Congress. I took it as that moment of antigovernment. We were still not out of the depths of the recession. I was looking at the politics and the worst economic environment.

I looked at referenda that either authorized an expenditure of money for new power or a new revenue source for local government. In that period of time, 76 percent of those in the United States passed. What built the trust that, during these conditions, they passed? There were three predictive criteria. First was specific use of the money. Second, the use of the money was generated by a substantial public engagement process. It wasn't "I have a good idea; I will sell it to you." It came like a set of priorities derived from the community. And third was an entity that was a good public steward—a local government, school district, [or] special authority—that had a long track record of being a good steward of the public's resources. If those three things existed, the referendum almost always passed.

I was making the argument that there is a formula here on trust. It is engagement, transparency, accountability, and performance. It has an overlay of ethical behavior that produces public trust. You can move the needle on those things. We know how to do some of this.

The "us"-and-"them" tension

O'Neill: On to another topic: Please talk about identity politics and the hidden discussion of our time.

Nalbandian: A very interesting book is Dominique Moisi's *The Geopolitics of Identity.* He says we have moved from a focus on ideology, capitalism, socialism, communism, and the like to a focus on who we are, identity, and that is fueled by emotion. Then the author says there are three cultures of identity: cultures of fear, cultures of despair, and cultures of hope. He says cultures of fear, especially, invoke an emotion of "us" and "them."

The danger of the politics of identity is that there is no analysis. There is no self-reflection. It's "are you for me or against me." It is listening only to what you want to hear. That is the danger, in my mind. The precursor to that is, are we afraid? Are we a culture that is becoming afraid? What are we afraid of? If we are a culture that's becoming afraid, expect more "us" and "them" at the very same time that we're trying to build inclusiveness. That is a significant tension.

Replicating the soccer model

O'Neill: One other aspect of it that I've always struggled with [stems from] the ubiquitous nature of information. On the one hand, we seem to be atomizing communities down to the cul-de-sac. At the same time, we are creating global citizens who for the first time know about things that are going on all over the world. It is like we are missing the attention to something between those two things. I am perplexed with how to draw the community definitions. When someone asked me about this I said I think we need to have a robust and interesting study of soccer in the United States. Youth soccer is the most interesting community. It is organic. It has structure. How did we create that community? How do we replicate that model in today's world?

Social impact bonds

O'Neill: One final question: Does the panel think social impact bonds are the next big thing for local governments?

Ott: I think we've been having the conversation—I was alluding to it earlier. One way solutions to social problems have been financed is with this concept of bonding. I was suggesting there are a lot of resources, nontraditional venture capitalists who have a lot of resources, and they're looking for opportunities or solutions that address social needs.

Ryan: They could be a next big thing in the right community. We've seen some transportation plans that have been financed by the private sector because they see that as being a direct benefit to their workforce as a retention strategy. I absolutely think it is going to be in the basket of financial possibilities.

O'Neill: My view of social impact bonds is that they will be the *bridge* to the next big thing. I think they are a platform for us to think about nontraditional ways of engaging private sector and public sector dollars, blended to a project or an idea. I think they are clunky—just from a finance standpoint, they're

not the cleanest way to do stuff. If it has some traction, I think it is a bridge to the next big thing.

Ott: This is definitely in the developmental stage. I think they are trying to create ratings criteria now, just like you have for Moody's and the Standard and Poor's index and Fitch.

O'Neill: Within ratings agencies, they are struggling with how to rate these sorts of blended things, with knowing the risk exposure of something that is part of a larger financed package. I think we are in the experimental stage where you have to think through it.

An environment that enables the next big thing
O'Neill: Any concluding observations from the panel before we sign off?

Ott: The next big idea—we have talked about it here and as a board member on the Alliance, we talk about it there. When I listen to those conversations, it almost feels like we're waiting for someone to articulate what the next big idea is. It strikes me that that's not really the answer. It could be anything. It feels like what is more relevant is what is the context and the environment that needs to be created in order to make, to enable, the next big idea or ideas?

O'Neill: I don't think we will get a better concluding comment than that one. I want to take just a second to thank my fellow panelists for this conversation and devoting your time to it. I want to thank the Alliance for Innovation and its board of directors for thinking of the idea of the Next Big Thing project. I want to thank ICMA-RC, which provided the funding for the Leading Ideas series. We would not be able to do [this] without their contribution.

Our hope for those of you who were able to participate with us today is that the conversation is useful in your conversations in your organizations and communities.

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