Lessons Learned From Infrastructure Development

What Burley Is Doing to Enlarge Idaho's Rural Economy

by John Moeller, Mark Mitton, Doug Manning, and Jon Anderson

Here was the situation: A stagnant rural economy in a state whose overall economy is booming. Daunting infrastructure needs left long unaddressed. The community's best and brightest leaving each year because jobs were scarce and the future appeared dim.

The few newcomers wanted municipal services like those they left behind, while those on fixed incomes made it clear they would not support higher taxes for those services.

Increasingly stringent environmental regulations restrained growth. And in the middle of it all, the largest employer shut its doors, eliminating 700 jobs.

Now what? How do you keep the city doors open? How do you compete for jobs? How do you lay the groundwork for the future? How do you motivate business leaders and elected officials to see the possibilities and accept the challenges?

That was Burley, Idaho, in 1998. Home to more than 30 pioneer trails, including the Oregon and California trails, and located on the banks of the largest river in the state's arid south-central high desert, Burley lies at the geographic center of the state's economy. But good economic times were passing Burley, as surely as the big rigs doing 80 miles per hour on nearby Interstate 84.

Burley, Idaho's new wastewater treatment facility has stimulated the local economy while providing flexibility to meet strict state and federal regulations.

That was the challenge that Mark Mitton faced upon returning to his home state and assuming the position of Burley city administrator. He was ready and prepared to inject new ideas, new hope, and new action.

But this is not a tale of one man's jousting at windmills. It is a success story of a community with the desire and the vision to reinvent itself. It is an example of how small, rural cities can compete against the large population centers and succeed in the global economy.

THE CHALLENGE

In the city administrator's first week on the job, he met with Burley's management team and surveyed the infrastructure he had inherited. He was disheartened to find a universal lack of planning and an infrastructure that was outdated at best and nonfunctional at worst. The requisite search for engineering services to address the city's drinking water system and transportation improvements was set in motion. But what really caught his attention was the wastewater treatment system.

Burley's two wastewater lagoons were inadequate to meet the relatively simple demands of a primarily residential community. The plant had been constructed in the early 1960s, and no major treatment improvements had occurred since 1981. As a result, the facility was in frequent violation of its federal NPDES discharge permit, and the U.S. Environmental Protection Agency (EPA) was intent on issuing fines. Yet that just set the stage for the event that was a key turning point for the city.

> The city had the foresight to understand that it is extremely difficult to attract businesses without the basic infrastructure to assure them that their needs will be met and their risks minimized.

Leprino Cheese, a world leader in premium quality cheese production, came calling, expressing an interest in building a new processing plant in Burley. Company officers met with city leaders and the chamber of commerce and apparently were favorably impressed by the city's desire to grow, the work ethic of its people, and its nearby rail and interstate highway services.

But there was the issue of that wastewater treatment facility. After viewing the wastewater lagoons, a company representative stated simply: "You can't meet our needs." They left and were never heard from again. It was apparent that Burley's economic development was going to ride on its ability to provide up-to-date water, wastewater, and transportation services.

The mayor was approached with a plan to remove that hurdle. Meetings were held numerous times with city councilmembers to help them understand industry's needs and the city's shortcomings. Foremost was the city administrator's vision to address Burley's chronic unemployment problem.

By October, the council had agreed to send out a request for qualifications for wastewater engineering. It ultimately selected a company that specializes in small-community infrastructure.

MONEY

Of course, a fervent desire and a good idea were not, in themselves, adequate to rebuild Burley's wastewater infrastructure. City management staff knew that federal and state grants and loans—all highly focused on helping communities willing to help themselves—were becoming increasingly competitive and likely to become more so. And with monthly wastewater rates of $3.56 for single residences and $1 per apartment unit, Burley would not be thought of as bearing its fair share.

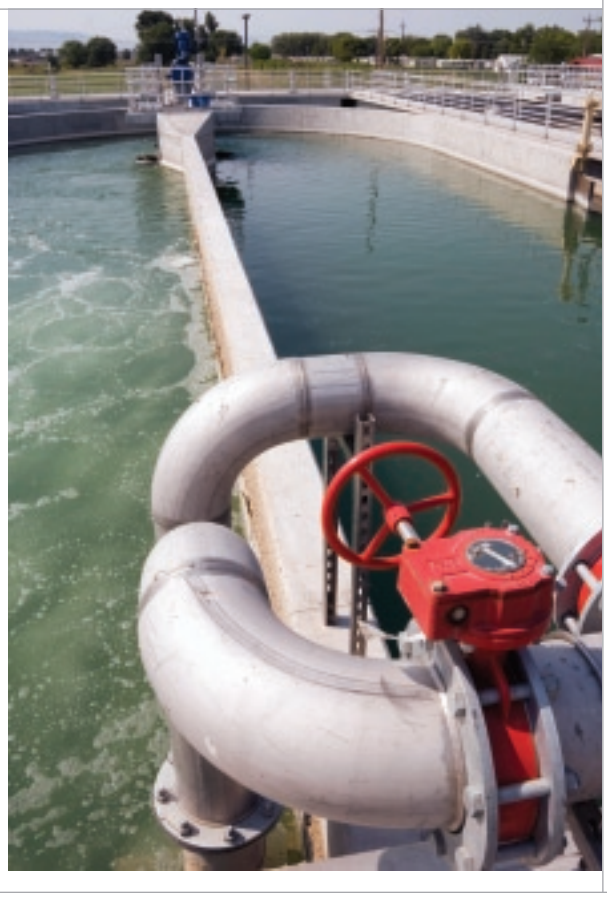
The first wastewater rate increase approved by the council took the single-family rate to $11 a month. Although significant, that 200 per-

cent increase was approved with little public dissent. The next rate increase, in 2004, took the monthly charge to $27.50, and the most recent, in 2006, to $45.50 a month.

These last two changes were challenging for city leaders and, most of all, for city residents. However, by implementing those increases several years in advance of construction of its new wastewater treatment plant, the city was able to prefund vital equipment purchases and meet its grant-matching requirements.

Perhaps the strongest measure of support garnered by elected officials was the vote on the $18 million local revenue bonds to fund the new wastewater treatment plant. That bond passed with more than 89 percent voting in favor. In addition, a $4.9 million general obligation bond passed with more than 79 percent of the vote. Clearly, the city and its engineers had done their jobs in informing the public about the need and the solution.

Three stage oxidation ditches are used at the Burley treatment facility to reduce ammonia and phosphorus to low levels without chemicals.



Burley was awarded $7.65 million in state and tribal assistance grants, as well as grants from EPA and the U.S. Army Corps of Engineers. It also has established two urban renewal districts to attract private sector jobs. By freezing the assessed value of property within the district, the

city is raising money by borrowing against future growth in property taxes.

The city uses that borrowed money to pay for capital improvements, which spur even more development, and it uses incremental increases in property taxes for the district to repay the loan. When the district expires, the intent is to return a much higher property tax base to the tax rolls.

VISION, A STRATEGIC PLAN, AND PRACTICALITIES

So how did this epiphany come about? Burley's management staff expressed it simply as "adversity presents opportunity." The city administrator had previously worked in Oregon when the timber industry essentially shut down in response to the issue of the spotted owl and increased environmental scrutiny.

The administrator's second year on the job in a rural California county was during that state's worst economic crises in decades; more than 200 people in county government were laid off. Having seen both the good times and the bad allows him to explain matter-of-factly that "crisis engenders political will."

But the secret is vision and a strategic plan. Burley's administrators believe that as long as a community has a strategic plan, adversity can be turned into opportunity. It also is important to revamp the strategy every few years depending upon economic conditions.

Nutrient, ammonia, and temperature issues in the Snake River required a sophisticated engineering approach to wastewater treatment. The city and its engineers decided on a mechanical wastewater treatment plant using oxidation ditch technologies and ultraviolet disinfection. The plant went out to bid in November 2004, and a construction company was awarded the $17 million contract. The administration building and prepurchased equipment were covered under separate contracts.

Within two months, commodity prices, especially steel and concrete, soared. Anticipating escalating costs,

the city exercised its option to construct a third clarifier. Although some subcontractors complained and asked for relief, the city held its ground and built the plant at a fraction of what it would have cost barely a year later.

As a result of being fortunate enough to make its award before the commodity price increase, the city estimates it may have saved $5 to $10 million.

BOTTOM OF THE BARREL

In 2004, design of the new wastewater treatment plant was at the 95 percent mark. Then another bombshell hit. The region's largest employer, the Simplot potato-processing plant that was producing a host of specialized products from the area's famous potatoes for nearly 60 years announced that the plant could not efficiently compete against newer plants closer to its customers. It was shutting its doors. Another 700 people lost their jobs in a region that already exhibited historically high rates of unemployment. Thoughts were prevalent that Burley had "hit the bottom of the barrel."

The management staff's philosophy of turning adversity into opportunity was again tested. Simplot gifted the city its 270-acre site, including 20 buildings, a wastewater treatment facility, and more than 1.1 million square feet of industrial space.

The city and its engineers quickly crafted a plan to develop the former factory location into a city-owned industrial park. Of particular value to Burley was the industrial plant's private wastewater treatment plant, which features a 23-million gallon anaerobic digester.

Now, elected officials and management staff believed that the industrial wastewater treatment plant offered an opportunity to court food-related industries by segregating their wastewater from the sanitary wastes destined for the new municipal treatment plant. They believed that sweetening the deal with creative incentives and offering an eager workforce could be the deal closer.

They knew they were on the right track when Gossner Foods, headquartered in Logan, Utah, approached the city with its plan to build a new Swiss cheese factory. Agreements and terms were reached, Gossner broke ground in October 2004, and the plant opened for business only 14 months after Simplot shuttered its potato-processing facility.

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Since then, the city has reached agreement with other major employers, including Renova Energy, Pacific Ethanol (both ethanol producers), and Dot Foods, the country's largest food redistributor. It is in the final stages of hammering out terms for a $250 million poultry processor and four or five related businesses.

Events have not always gone so smoothly. For example, the city worked for several months with one of the largest cheese producers in the country. The city facilitated engineering and geological tests; negotiated detailed lease and treatment terms; revised its NPDES permit application; and introduced company representatives to key regulatory, economic development, and state officials. A week before the expected contract execution, the company accepted a $36 million incentive package offered by the state of Texas and announced its intent to build there.

COLLABORATION

Burley and its administrators have developed a reputation for promising a lot and delivering on those promises. They have worked collaboratively and intensively with a host of agencies to address infrastructure needs.

In particular, the Idaho Department of Environmental Quality (DEQ) has been a vocal advocate and technical resource. At the recent ribbon cutting for the wastewater treatment plant, Doug Howard, DEQ regional administrator, stated that the agency views Burley as the "poster child for other small communities." He lauded the city's vision, drive, creativity, and hard work in doing what others said was impossible.

DEQ's regional engineering manager, Dave Anderson, who attended many evening sessions with city leaders, puts it another way: "Burley and its engineers communicate extremely well with the agency. And that makes it easy for everybody to be candid and work in the best interests of the city."

LOTS TO BE DONE

The job of diversifying and strengthening the local economy is far from complete. Management staff would like to see the city eliminate its discharge of treated effluent to the Snake River from both the municipal and industrial wastewater treatment plants. Those millions of gallons a day are too valuable to be used only once.

The city believes that wastewater reuse makes good economic and environmental sense and will only add to the community's attractiveness to new business. The new treatment plant was designed for wastewater reuse; only the distribution infrastructure is required. The plant already produces class A biosolids for public use.

The industrial wastewater treat-

ment plant is antiquated. It was designed to manage high-strength potato waste with an emphasis on anaerobic treatment. But the city's new industrial partners make a wide variety of foodstuffs and other products. Their wastewater streams are equally diverse.

Therefore, a well-enforced pretreatment program is a vital component of Burley's wastewater management. The existing industrial wastewater treatment plant requires significant upgrade in order to meet anticipated stringent discharge requirements, especially for nutrients under the total maximum daily load limitations in the Snake River.

LESSONS LEARNED

Burley languished in a slow agricultural-based economy with historically high unemployment. It was hit with the closure of its largest employer. City leaders realized that adequate water supply, up-to-date wastewater treatment, and integrated transportation are vital for attracting new business and development.

A host of individuals, elected officials, city leaders, regulatory and agency personnel, congressional representatives, and others have invested nine years of time, ingenuity, and money. Their efforts are paying off.

The assessed value of the former Simplot factory when gifted to the city was $30 million. The assessed value of the two new businesses that have relocated to the new industrial park represent a 100 percent increase. Gossner's assessed value is $22 million; Renova Energy's assessment is $40 million.

Jobs are coming. More than 400 jobs have been added to the local economy at an average hourly increase of $2.00 compared with former potato factory wages. More jobs will materialize when current and projected factory construction projects are completed.

Single-family homes in new developments are being built. Multiple-family buildings are springing up near new businesses. Existing businesses are refurbishing. The local high school has caught the bug and is constructing a new track and football field. The city buzzes with renewed optimism.

Burley had the foresight to understand that it is extremely difficult to attract businesses without the basic infrastructure to assure them that their needs will be met and their risks minimized. Its citizens had the collective interest to become involved, to trust elected and hired leaders, and to plan for the best. As a result, Burley has realized unprecedented new investment and growth.

Today, city leaders talk of the day in the not-too-distant future when it could be possible that Burley's wastewater rates will be the lowest in the region, not the highest. This will occur because other communities are just now waking up to the realities of infrastructure revitalization while the costs of planning, designing, and constructing are still sharply increasing.

The citizens of Burley are the real heroes in this story. They are the ones who educated themselves about where the city was trying to go and then gave elected officials the opportunity to lead the way.

The first three rate increases were not nearly as challenging as the last one. The first ones were necessary to pay to replace the old wastewater treatment plant. The last increase allowed the city to look beyond replacement and into the future. That took a clear and consistent message to the community.

As a result of its approval, the infrastructure is in place to accommodate the new businesses that are coming to town, and this can happen at a much lower cost than adding unit processes in the future.

This article's authors believe that responsible leadership requires study, knowledge, and hands-on experience. During the planning and early design stages for the city's new wastewater treatment plant, city leaders visited nearly 30 treatment plants in 11 states. They talked to engineers, managers, and especially operators. They believe the money spent on those visits saved the city hundreds of thousands of dollars when it came to construction and operation.

Administrators know that economic development is highly competitive. Communities routinely shower companies with incentives to bring in jobs and increase the local tax base. Companies are sophisticated in knowing what they want and what they need to be competitive. Some even hire specialized consultants just to scour the country looking for incentives and deals.

Local governments must be equally diligent in knowing what they need and what they want. Their obligation to their citizens is to spread the burden of infrastructure development while providing job opportunities and a strong local economy. Burley is eager and prepared to live up to its mission statement: "Make the City a Better Place to Live." **PM**

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Burley was recognized with ICMA's 2007 Strategic Leadership and Governance Program Excellence Award in communities of less than 10,000 population.