

Civic Entrepreneurism: A Key to Every Community's Future

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A fundamental and irreversible shift is now occurring in local government finances. This shift became evident when impact and user fees were introduced to offset deficits from declining sales and property tax revenues and decreasing state and federal subsidies. It has put many city and county governments into a fiscal stranglehold that is condemning them to the perpetual management of scarcity. The apparent cause of this stranglehold is the growing distinction between service and capital improvement demands facing local governments and the available revenues to pay for these demands.

The *real* cause, however, is twofold. First, local officials may fail to comprehend fundamental shifts in public attitudes about the role of local government in citizens' lives. Second, some elected officials and professional managers are unable to overcome their own limited vision about what can be done to meet community needs and wants.

Non-Tax-Based Sources

Local government finances will become more dependent upon non-tax-based sources in the future. Municipalities and some counties are becoming partners in progress as they work with the private sector and with each other to expand economic opportunities for their regions and individual communities. They have a stake in guiding and enhancing the economic vitality and quality of their communities, just as the federal government has a stake in expanding the gross national product, economic competitiveness, and per capita income/living standard of the entire nation. This observation raises three issues:

- Distinguishing "community" as contrasted with "city" or "county"
- Changing perceptions about the role of local government in the lives of its citizens

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- Rethinking the fundamental economics of the local government enterprise and its ability to ensure economic vitality, quality services, and a sense of well-being and prosperity throughout the community.

The governing bodies and administrators of cities and counties tend to function within tightly prescribed mindsets that are jurisdictionally and "tax" oriented. This allows them to avoid responsibility for influencing the actions of other local governments and to defend reactive, self-supported, and short-term responses to changing citizen perspectives and frustrations.

A case in point: tax limitation. The response too often has been cutback management and reducing services, rather than exhibiting new leadership and imagination that clarifies community needs and invents, through collaborative approaches, the means to meet these needs. No one else is going to meet such requirements except the parties involved.

The Changing Role of Local Government

Citizens see themselves as living in a "community" made up of local governments. They expect these governments to operate in some interactive way to address their needs and concerns. Contrast that with the view public officials typically have of their "city" or "county," which is a hierarchical and bureaucratic institution complicated by legalese and a sense of constraints. Citizens hold local governments directly responsible for ensuring their economic future and personal well-being. If economic prospects falter and deteriorate, local governments are held accountable.

Cities, and to some extent counties, are seen as the overseer and integrator of total community interests, regardless of jurisdictional specialization. After all, citizens see one tax bill and expect the semblance of one government no matter how many entities lay claim to parts of that tax bill.

This view has led to a revised sense of mission and functional purpose for local government. One example is seen in this recently created city mission statement.

Our mission is to serve as a catalyst to create a self-sufficient community. (Our city) will be responsive to the physical and human requirements of its citizens through innovative leadership and planning. We will ensure access to a broad range of essential services using all available public and private resources.

In this example, self-sufficient is interpreted as being willing and able to influence all factors and parties shaping the city's future and the well-being of its citizens.

The predominant function of the governing body and administrators is to integrate the key elements and changing factors within the community into a unified, propelling force that moves the community in a planned and purposeful direction. This thrust responds to a shared vision (consensus), recognizes the opportunities and constraints in the operating environment, and establishes a new local government equilibrium that aligns community resources with defined needs.

This concept is shown in the illustration on this page. The local government's primary role is to be an integrative force that first defines a vision of what the community can or wants to be and, secondly, initiates and sustains the actions and popular support to translate that vision into reality.

Breaking the Bondage of Scarcity

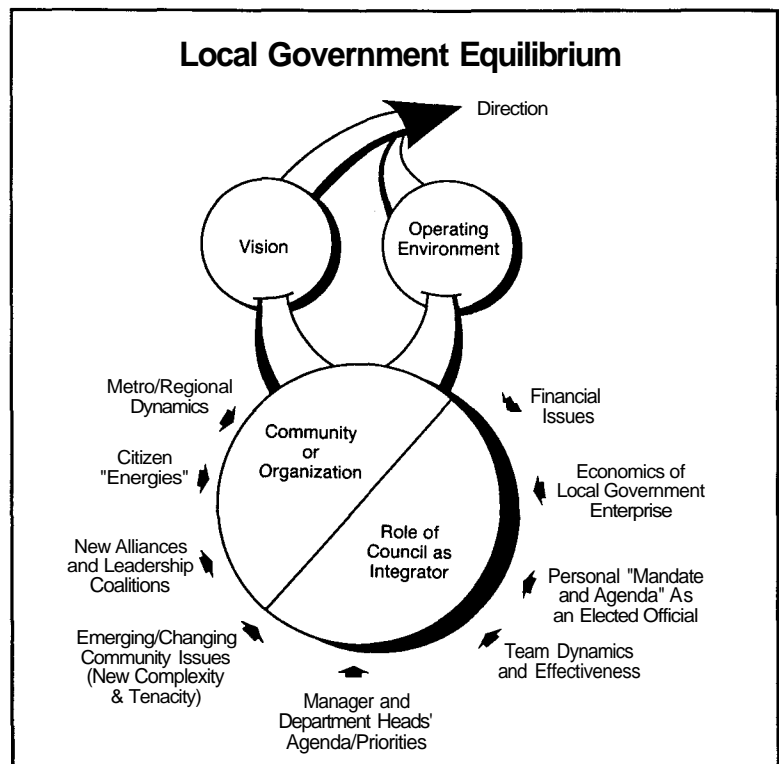
Breaking established bonds is never easy, because the initial step involves changing attitudes and assumptions that created the bonds in the first place. The same can be said of the assumptions frequently held by elected officials, professional administrators, and the public.

The public's aversion to taxes and higher fees, as evidenced by tax limitations and roll-backs, is an example of just one bond that limits managers' abilities to meet growing service demands. Taxes are unpopular, but, local government taxes have been growing rapidly while federal taxes have remained fairly constant as a percentage of the Gross National Product. Evidence from Roper Opinion Polls indicates, however, that people are not against government or even taxes; they are against taxes they feel are too high to sustain desired services. This seemingly is a paradox. In reality, the problem with local government is that citizens want more services and at the same time want a change in how services are priced and charged.

This opens the opportunity to think anew, to become innovative and entrepreneurial. Currently, local government administrators and many elected officials are not truly attuned to real public interests and the types and levels of performance the "customers" expect. Here are five trends that illustrate this perception.

Consumerism is affecting local governments. Authors like Tom Peters and Ron Zemke, and corporations like Marriott and Disney, have created a national obsession with quality and the right to choice. Public intolerance toward arrogant, indifferent, and unresponsive attitudes is turning to rage at the ballot box.

Voters are demanding more services while fighting against increases in property and sales taxes. Local governments are at the "end of their rope" in relying primarily on growth in tax-based revenues to fund expanding service and capital improvement needs. Yet the tax mentality persists and has led to tax-base competition and forms of civic cannibalism among jurisdictions. Citizens would be served better if public officials concentrated their efforts on elimination of service duplication, creating new non-tax-based revenue streams, and expanding the community's total economic vitality.



Sentiment is growing that "I should not pay for something I don't use" and "users should pay." The advent of user and impact fees initiated a fundamental reorientation in thinking about governmental services, similar to the concept of market segmentation or differentiation practiced by such consumer goods companies as Procter and Gamble.

Local governments, in search of new revenue streams, have by default initiated differentiation of services. Certain services are "free" (tax-based); others are provided in response to demand or willingness to pay (user and impact fees). This trend has extended to other options including privatization and contract services. The problem is that local governments have managed this trend from a revenue-generation rather than a marketing perspective. The result is public resistance to fees that seem to have been set without regard to actual costs associated with providing the service.

The duplication of services is waste of public resources that is being challenged by initiatives and legislation compelling regional coordination and fiscal/service sharing among jurisdictions.

Growth has proven not to be a panacea for escaping fiscal constraints. Local governments traditionally turned to growth, new development, and annexation as the means to escape revenue constraints. Ironically, for many communities, growth only compounded their fiscal problems. Now they need to engage in value-adding strategies that develop and redevelop urbanized areas by upgrading current commercial and residential properties to higher quality and wealth-generating potentials.

Reflection on these trends leads to four conclusions.

Reliance solely on tax-based revenues will condemn local governments to fiscal atrophy and the perpetual management of scarcity.

For fiscal and entrepreneurial innovation to occur, current mindsets held by public officials and the electorate will have to be changed. These mindsets hold that the public sector is somehow inferior to the private sector in capacities and motivations; that "public" and "private" are mutually exclusive domains (in reality, little real progress is available on any front today without public-private partnerships and collaboration designed to benefit both sectors.); that state and federal governments must bail local governments out of problems; and that the needs of our communities will be met by monolithic approaches. The diversity within a community compels us to use diverse approaches that simultaneously address needs and create opportunities. A final mindset that needs test-

ing is that every community can or deserves to continue to exist regardless of the costs this entails. This assumption flies in the face of reality and history. Some communities just may not be able to garner the opportunities and resources necessary to guarantee their future.

Consumer attitudes become voter attitudes. Local governments, to be **effective**, will need to build and maintain voter confidence in their ability to offer, market, and sustain quality services that are seen to be good values to the payer.

If the trends mentioned here are not reversed, public service careers will become less attractive to the "best and brightest" young people entering the work place—the very people we will depend upon for achieving the future we desire. Evidence suggests this phenomenon already is occurring.

Civic Entrepreneurism

The role of local government must change dramatically away from just concentrating on basic services and land-use controls to actively participating in, influencing, and stimulating all communities' basic political, economic, cultural, infrastructure, and educational elements toward ensuring the quality of life, economic well-being, and population retention that sustain hope in the future. The wellspring for all this progress is economic vitality—**resources** that expand to meet growing needs, businesses that prosper and grow, and citizens who see neighborhood quality and property values preserved. Civic **entrepreneurism** seeks to:

- Join revenue and resource consciousness with cost consciousness so that local governments emphasize revenue and resource availability even more than they do management of costs.
- Create the capacity to meet community needs through innovation, cooperation, and combining (rather than duplicating) efforts to use all available community **resources—human and fiscal—wisely and effectively.**
- **Offer** choices and options consistent with user needs and preferences rather than staff-generated, "single best" solutions.
- Identify needs/wants, form a consensus on community priorities, and marshal all available resources (public and private) to meet those priorities in a coordinated manner.
- Address the community as a **multifaceted marketplace** for municipal and governmental services where diverse needs and wants offer the opportunity for tai-

loring fee-based and joint-venturing responses.

- **Reframe** public leadership thinking away from tactical "quick fixes" and annual priorities to a strategic prospective that identifies community goals and initiates those productive changes and long-range strategies essential to the attainment of those goals.
- See tax dollars as too precious and politically expensive to fund anything but essential core services necessary for public safety, infrastructure maintenance, and personal survival. Many of the growing demands being placed on local governments are **want-driven**, discretionary, or cost **hand-offs** from personal and private-sector choices. Responses to these demands should be fee-based or funded from non-tax-based community resources. Local governments must stop seeing themselves as **open-ended** public service monoliths and start separating their service **offerings**, type and level, into tax-funded essential core services and fee-funded discretionary and above core or base-line services. For example, the courts and jails represent a core service; sheriff patrols in unincorporated areas might be an above base-line service. Day care centers, certain recreational programs, private alarm responses, and many emerging solid-waste disposal needs are examples of discretionary needs that must be met, but not necessarily with tax-generated dollars.

Initial Steps to Civic Entrepreneurism

Local government professionals can take six initial steps to help their communities become civic entrepreneurs.

1. Recognize that the role of local government is changing to accommodate direct involvement in stimulating economic vitality by providing future opportunities for jobs, quality services, population retention, and a sense of general well-being.

2. Develop a list of critical needs and wants that truly **exist**—and that must be met if the community (and surrounding region) is to become what elected leaders and citizens want it to be. Benign passivity guarantees disillusionment and frustration with the future.

3. Assess the basic nature of each governmental function in terms of "What does this function really need to provide and what benefits must it produce for the community?" Administrators tend to define the scope of many services too narrowly, eliminating opportunities for entrepreneurial ideas.

4. Within each department or function, ask that managers and employees present ideas to the governing body that will:

- generate new or increased revenues from fee for service, contractual services to other entities (public and private), new service offerings, and cooperative efforts (joint ventures);
- eliminate unnecessary or marginal services;
- eliminate services available at a lower cost through other providers;
- reduce operating/service delivery costs without reducing quality;
- add perceived value through quality improvements, better access, or demonstrated sensitivity to citizen/user opinions and desires for choice; and
- link to other available resources through shared ventures, cooperative efforts, and multijurisdictional agreements.

5. Support and reward managers and employees for strategic thinking, innovative ideas, service quality improvements, and entrepreneurial efforts to generate revenues and resources that reduce total reliance on tax-based sources. Local government jurisdictions often come to see service as a commodity. Service needs to reflect quality and a genuine desire to provide that which is seen as valuable and beneficial to people.

6. Create an expectation of excellence. Public officials should demonstrate an **absolute** obsession with **excellence**—**creating** the expectation, gaining support for its fulfillment from every segment of the community, and exercising the leadership skills to make sure that everyone performs to make that expectation a reality.

Leadership, Caring, Courage

Civic **entrepreneurism** is about leadership and caring and courage. It is about risk-taking and marketing and giving people something they can get excited about. It is innovation and an unwillingness to see the future as less than it can be. No skill is more important than a community's capacity to change for the better. Civic entrepreneurship succeeds by combining innovation and a sense of community into actions that create opportunity and a sense of abundance rather than scarcity and constraint. Without entrepreneurial boldness and imagination, local government will not prevail. **PM**

Coming Next Month:
Government in the '90s