

Leaving Tucson City Limits

By Roger Yohem

EDITOR'S NOTE: This report expresses the personal opinions of various executives in the development industry and related businesses. They were granted anonymity since most have business ventures in the City of Tucson. Based on past experiences, several were concerned that there could be repercussions for speaking out publicly about City operations.

There's a bandwagon slowly rolling through the streets of downtown Tucson. Depending on who's on it and who's watching, it's either a Parade of Progress or a Funeral Procession.

Those who see progress see revitalization. They can't wait for Rio Nuevo, a comprehensive, billion-dollar rebirth that promises new commercial development, housing, and renovation/razing of the Tucson Convention Center.

The colossal revival has been stirring for almost 10 years.

The funeral marchers say downtown died long ago. The City can't care for the bare essentials, let alone a massive renaissance.

Take the TCC for example. There is no hot water in public restrooms. At "A" Mountain, the City publicly begged for someone else to repaint it after St. Patrick's Day. Blaming the budget, it didn't want to pay the \$4,000 bill.

Two SAHBA members stepped up: Tofel Construction and Dunn-Edwards Paints.

Decades of indecision, upside-down priorities, bad policies, personal agendas, missed economic opportunities, and a deep-seated bureaucracy have knocked the City to its economic, social and political knees.

As one downtown business owner told SAHBA: "The Mayor and Council have a legacy of a lack of leadership. It's embarrassing."

URBAN DECAY UNDERWAY

Abandoned buildings. Street people. Disrepair. Depopulation. Graffiti, blight, crime. These are the early warning signs of urban decay.

At the downtown public library, street people gather in Periodicals on the third floor. During a recent morning walk-through, about 15 homeless were there.

A security guard told SAHBA, "They can no longer come in and use this place as a washroom, the police have to come in and clear them out."

On the streets, buildings are abandoned. Along Congress, sidewalks and closed storefronts feature trash and bird droppings instead of merchandise and shoppers.

On Broadway, at least 20 For Sale/Lease signs advertise some 30 vacant businesses/buildings between downtown and El Con Mall that is now an empty shell of commerce.



Police have cracked down on street people in the Main Library, yet many still loiter on Jácome Plaza.



Along Congress, trash fills empty storefronts instead of merchandise.



As urban decay spreads, abandoned buildings have popped up along Broadway, 22nd and 29th Streets; while graffiti has moved into residential areas.

Urban decay, economists say, arises in cities that lack affordable new homes. Deteriorating neighborhoods become magnets for the poor, attracted by cheap housing. This low-income influx reinforces a downward spiral by driving up social service expenditures.

Per the U.S. Census Bureau, Tucson's 2006 poverty rate was 15%.

The shortage of workforce housing has many negative impacts. Essential workers (police, nurses, teachers) often cannot find affordable housing near their jobs. They must either commute or live in less-desirable neighborhoods that are closer to work.

When workforce employees leave at the end of their shifts, it rips apart the city's social fabric. These people take their valuable skills and civic involvement to another area.

As the bandwagon rolls away from downtown, deferred repairs could become a liability. Certainly, streets suffer from meager maintenance. But the decision to de-prioritize public safety is a poor one.

For example, copper wiring along Kino Parkway has been stolen, putting streetlights in the dark. The City decided not to put the lights back into service. By neglecting needed repairs, it is taking risks that a citizen will not be injured and sue.

"Politicians are not full-time professionals, there is no oversight," said the business owner. "Serious actions are lacking on serious problems."

Graffiti and crime challenges flourish. West of I-10, "some neighborhoods are on the edge of blight," said a builder. At Pueblo Gardens off Kino Parkway and 36th Street, public utility crews sometimes need police escorts.

"For after-hours work, we'll call the police to meet us there to protect the safety of our employees," said a utility executive. "There are several downtown areas where it is tough to work after dark."

In news reports, police can't control Tucson's "tidal wave" of drug crimes. And per the police union's dispute with City Hall, the Council's goal of 2.4 officers per 1,000 residents has failed.

"That's an upside-down priority, no money for public safety," SAHBA was told. "Yet the City has money for the arts and health insurance for partners of employees with alternative lifestyles."

THE ANTI-BUSINESS GENESIS

From a development perspective, a complex maze of reluctant leaders, ingrained employees, and citizen resistance are the roots of the anti-business policies coming out of City Hall.

City leaders "have to direct Staff to develop standards and



Soon, Moreno (left) and Trudeau will serve sushi in the old McClellan Building.

Sushi Swims Onto Congress

By Mallory Loring

For two years, native Tucsonans

Dominic Moreno and Javier Trudeau have planned their sushi restaurant in the heart of downtown. After paperwork delays, an odd plumbing problem, and little support from Rio Nuevo officials, On a Roll is near completion.

Despite the frustration, the duo is still confident in their location (Congress and Scott) and business plan. They are excited about being downtown and certain their venture will prosper in the urban environment.

The two 32-year-olds have invested \$500,000 in the 2,800-square-foot commercial space purchased from John Wesley Miller Companies. Next door, "seven or eight potential investors" looked at vacant space, including Johnny Rockets, but passed.

They said the site "would be more attractive to restaurateurs" if the City Council or Rio Nuevo Staff "were more inviting. Extend a warm, helping hand to coax other businesses downtown."

the process for encouraging development,” said a builder. Instead, the “entrenched bureaucracy” won’t allow progress to happen.

“Many Staffers have their own personal agenda, which I believe, is no growth,” he added. “The result is anarchy.”

A former Councilmember often spoke of the process. If an assignment “conflicted” with a Staff member’s agenda, it was stonewalled. The official confronted employees and a typical response was: “I’ve been here almost 20 years, you’ll be gone in four and I’ll still be here.”

There is no pressure to perform. Many employees are protected by a union.

“They can’t be fired, so many feel bullet-proof. They don’t have to answer to anybody,” said a SAHBA Director.

The City’s anti-business movement “got legs” under Mayors Tom Volgy (1987-91) and George Miller (1991-99). Both won Council seats in 1977.

“As no-growthers, they started to empower extremists and Staff to follow their lead. The people they hired decades ago are killing today’s redevelopment efforts. Many have moved up into policy-making positions with their negative attitudes toward progress,” a SAHBA Director said.

Regarding the conflicts of business vs. neighborhoods, Volgy once said, “It’s hard for business groups to understand what the neighborhoods want, and vice versa. It’s very hard to put themselves in each other’s shoes.”

Yet Volgy’s Kumbaya thesis never developed into a serious collaboration. The narrow-minded NIMBY; BANANA (Build Absolutely Nothing Anywhere Near Anything); and NOTE (Not Over There Either) protesters trumped progress.

As the City Finance Director told the Council, income from sales taxes will be flat in 2008 for the first time in 30 years because, “There’s no growth.”

NO POLITICAL COVER

City leaders lack the political grit to confront the no-growth crusaders. Proposed projects fade away despite the widespread benefits.

“A radical minority dictates City policy. There’s a handful of people who claim to represent neighborhoods but they really don’t. It’s always the same two or three people, who have become the City’s de facto Planning Department,” explained a SAHBA Director.

One way to restore balance is to give politicians political cover. Development dissenters should get 60 days to prove their claims about traffic, property values, and other concerns.

“Make neighborhoods do what developers are required to do. Pass a mandate that they prepare and pay for their own study,” he said.



City officials beg for infill projects, yet are reluctant to take on opposition leaders who fight progress.



When businesses leave or bypass the City, workforce labor demands drop.

BYE-BYE BUSINESS, BASEBALL, BUILDERS

Poor policies push away private enterprise.

Tucson’s “anti-big-box” decree has made it almost impossible to build a mega-retail store in the City. Because unionized food stores didn’t want the competition and citizens were over-empowered as stakeholders, it became law.

The Tucson Chamber of Commerce said the regulation’s “anti-competitive measures” drive away much-needed jobs and goods for lower-income workers. As a result, giant retailers skip to the outskirts, draining workforce jobs from Tucson. Labor demands fall for the blue-collar people who stay behind.

“Yes, we’ve benefitted. Businesses come our way because the ordinance scares them off,” said a Marana official.

In the entertainment business, the TCC is outdated. Issues include parking, traffic control, and panhandlers that harass patrons. Hence, booking agents opt for alternative facilities at the casinos, the UA, or resort hotels.

Spring Training is in jeopardy. With the Tucson Sidewinders moving to Reno and the Chicago White Sox to Glendale, the area's pro baseball network could collapse. The Colorado Rockies are considering a move from the City's Hi Corbett Field to Marana.

"Despite our hospitality, we don't have national-quality facilities. We have nothing to sell," said a Pima County Sports & Tourism Authority member.

If the TEP Ballpark had gone downtown as originally discussed, "private developers would have taken the initiative to revitalize everything around it," said a builder. "That inability to make a decision will forever haunt City Hall."

For builders, the Council caves in too often to minor opposition. One developer explained how:

Working with City Staff, his company proposed "a perfect infill project" on the east side. The \$4.5 million subdivision "was a compatible, quality project."

But while awaiting a final vote by Council, two neighbors "convinced Council to stop because they didn't want it. We had already invested \$500,000 in it," he said.

"That's why I now refuse to do any business in the City."

The City "begs us to do public-private partnerships. But there is no public sector support when the final decision is made," added another builder. "They strangle us with red tape. They make us jump through hoops for a year, then kill a good project in one day."

Another builder views City offers to "possibly waive" infill fees as "bait and switch."

"They want to do it, but the factors in place, the Staff, will not let it happen. There is desire to see infill but no desire to deal with the bureaucracy," he explained. "The problem is the process."

WHY PUBLIC-PRIVATE PARTNERSHIPS FIZZLE

Since the public sector cannot deliver two key items to the private sector, joint ventures often struggle. A former SAHBA Chairman spoke out candidly:

"City officials have an incredible problem. They can't get over the idea that a developer would come in as a partner and want to make a profit. They feel if the partnership is successful, they will be criticized for giving away too much."

Certainty is the second missing component. The City cannot ensure results, that a specific project they want at a specific site will proceed in a timely manner.

There are "too many false starts on fantasy," ie, the Rainbow Bridge. The selection process "is arbitrary, based on what might succeed," he said. "They study it, design it, then scrap it. So much has been spent on so little."

"The Council needs to identify employees who are committed to achievable development, then set a framework in place to create an environment of some relative certainty."

For example, there are no statutory time limits on zoning requests. For permits, the tendency is to squeeze existing policies.

"Their goal is to amend and add requirements, not to approve projects. Nothing gets built because they just create more rules for Staff to manage," he said.

Shared risk and control are two other disconnects. (See "Other People's Money"). And last, developers have been burned by the City.

A case in point is an existing east-side subdivision. As an "implied" condition for approval, the developer "voluntarily" paid well over \$30,000 for street improvements by his houses.

When his model homes were about to open, the road project was canceled and the City kept his money. He considered suing, but faced legal fees and possible repercussions for his next development. Also, the City could "escape" just before going to court by issuing his refund.

That conduct, he said, "sends a very disturbing message" to private business.

REASONABLE, COMMON SENSE SOLUTIONS

ATTITUDE ADJUSTMENT: Throughout government, the attitude toward business must improve.

"If downtown is to succeed, something has to happen to change the mentality that business is evil," said a SAHBA member. "Financial risk equals profit, it's pretty simple."

To become more business friendly, start the paradigm shift in Development Services. Appoint Account Executives to help private enterprise navigate the system. As the single point of contact for clients, their charge is to complete projects.

Likewise, citizens must change their attitude towards elected officials. Although voters approved "livable wages" for unskilled workers in 2006, the Mayor and Council haven't had a raise since 1999.

Their pay is about 65% of the average Tucsonan's salary.

"Residents must take responsibility. They fail to elect people of vision because they themselves have no vision. You get what you pay for," said a builder. He believes higher salaries would attract quality candidates.

POLITICAL WILLINGNESS: City leaders are reluctant to take on opposition leaders who fight progress.

"Someone in authority has to confront Staff and lay down the law, then restore balance with activists. Letting Staff and citizens micromanage the process is not the best way to revitalize downtown," said a SAHBA Past President.



Downtown is plagued with traffic-related woes. Big-picture solutions include a new interchange to tie Aviation Parkway into I-10; or let private enterprise build a series of multi-level parking garages in exchange for a 25-year revenue-sharing agreement.

Staff and NIMBYs have over-reached their stakeholder status. If Staff resistance continues, reassign employees.

“If Council truly believes revitalization is the goal, opposition can be overcome,” he said. “Handle resistance in a practical way to benefit all citizens.”

FORM AN URA: If City officials continue to capitulate to naysayers, form an independent Urban Renewal Authority (URA).

“Something like the RTA, Tucson Airport Authority or Chicago Transit Authority would give elected officials political cover to actually do something,” said a SAHBA Director. “Give the private sector legally binding authority and get the politics out of urban renewal.”

The URA would manage programs of revitalization and preservation. It would shield the Council and make tough decisions about sites to be razed.

“Some say knock it all down, I don’t believe that,” said a builder. “As old buildings come down, individual property owners will want to emulate success and redevelopment will happen by itself.”

SET REAL PRIORITIES: Even Mayor Volgy said transportation, jobs and growth were Tucson’s perennial issues.

For transportation, the RTA should help. Yet 20 years later, the City’s main economic drivers are still university and government jobs.

Hopes for immediate growth, new jobs and tax revenue are tied to Rio Nuevo.

“The ultimate priority is getting private business to come in and risk their time and money,” said a SAHBA builder. “When they succeed, that encourages other businesspeople to step up behind them. Jobs and growth follow.”

Playing with Other People’s Money

The City’s “spin” on Public-Private Partnerships rankles many builders. SAHBA was told it’s akin to going to Las Vegas with the City Council.

Upfront, “Business” and City agree to take three people each. To show good faith, Business makes the travel plans and pays those expenses. But at the airport, the City brings five more people, their “affected constituents.”

Once in Vegas, Business picks the casino site and decides what risks to take (craps). Business puts its money on the table.

“But wait!” says the City. “We’re concerned. Business can’t throw dice like we want them to.”

The City steps in, taking all the seats. Said the source, if they lose, so what, they took no risk.

But when they win, “they don’t want Business to get any money.” They take all the credit and go to Happy Hour with their constituents, boasting, “look what we did for you.”

DEVELOPMENT INCENTIVES: Provide a menu of incentives: reduce/waive fees, density bonuses, tax abatements, or even free land.

Once the City targets a site for infill and the type of project to go there, incent developers with a higher level of certainty. In the extreme, the City installs infrastructure downtown to make infill more attractive. Once in place, business is more likely to undertake improvements.

One builder mused about the “wasted dollars” to study proposals “that had no potential of happening.” Instead, that money could have been invested in infrastructure to make parcels “shovel-ready. So far, it has cost much to do nothing.”

“If they have to waive all the short-term fees to achieve their long-term vision, then do so,” said a SAHBA Director.



West of downtown, new housing is progressing in the Mercado District.

STREAMLINE THE PROCESS: A good first step would be to set reasonable statutory time limits for permits, plan reviews and decisions on development actions.

Put accountability into the process: if the City misses a deadline, the service is free. If a builder wants to accelerate paperwork, he pays a rush charge.

"If the City can get people together who have a vested, mutual interest, let them be creative and step aside. Getting bureaucracy out of the way has to be a priority."

START OVER: Many regulations overlap in the Building and decade-old Land Use codes or have no relevance today. The "one size fits all" method is flawed, and realistic applications for mixed use, high densities and revitalization were never contemplated.

Some codes of little benefit only add to housing costs for workforce residents. According to Forbes Magazine, Tucson is the nation's 7th most-unaffordable city.

For many, the complex matrix of antiquated ordinances is a deterrent.

"The City's shotgun approach to fixing regulations with band aids doesn't work. There are pieces here and there, but nothing is connected," said a member of SAHBA's Technical Committee.

Many say scrap the Land Use Code. Through an open public process, make a new code with developers at the table before a single word is written.

"It needs a comprehensive overhaul, especially for downtown. It should have a specific development plan based on the specific circumstances on the ground. What is the parcel?

What can be done on it?" said a SAHBA Director. "Handling development in different wards needs flexible considerations."

Others see traps in the rush to reform. Because City leaders don't enforce their goals in an organization that resists change, a new code could become more onerous.

"Knowing how the City works, don't be surprised when they roll out a new Land Use Code that was drafted in some back room without any input from developers and SAHBA," said a Board member.

THE COUNCIL'S CONUNDRUM

Although the Mayor, Council and City Manager drive the bandwagon in public, there is a lot of behind-the-scenes prep work. That's where the core problem is.

"This is an anti-business Council and Staff, absolutely and unequivocally," said a former SAHBA Board Chairman. "The business community and everyday citizens know how hard it is to do business with the City Staff. It's nefarious. There is at least one no-growther on the current Council."

Another Past Chairman also questioned government's true motives, saying, "I do believe there are City employees who don't want any new development to move in, period, despite what they say in public."

HOW TO STEER THE BANDWAGON

The City needs an in-house revival to inspire the entrenched bureaucracy. Then, re-set the bandwagon's route and roll ahead one block at a time. As one SAHBA Director summarized:

For Rio Nuevo and redevelopment to succeed, every City employee “has to see themselves living there. The first question is, what would it take to get me to move downtown?”

Those needs “become their priorities,” he said. “The clear answers are commercial development and housing that fits their lifestyle.”

When people feel safe downtown and have easy access to services like groceries, retailers, pharmacies and health care, attitudes will begin to change. Entertainment, transportation, parks, and restaurants are all “quality of life issues” in play.

“Only when the bureaucrats see themselves living downtown will downtown be successful,” he said.

Communications Intern Mallory Loring contributed historic research and photography to this article.

Condo conversions play a key role, to draw people downtown to support new retail and commercial development.





Can Rio Nuevo, featuring massive redevelopment projects like The Post, breathe life into a dreadful street scene of shuttered storefronts, frayed infrastructure, and aggressive panhandlers?