

# EXECUTIVE SUMMARY



Yale SCHOOL OF MANAGEMENT

CEO SUMMIT

## Yale Mayors College

The New York Public Library | June 8, 2017

LEADERSHIP PARTNERS



Yale SCHOOL OF MANAGEMENT

*Chief Executive Leadership Institute*



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### MAYORS

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Javier M. Gonzales, Mayor, Santa Fe, NM

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Tony Martinez, Mayor, Brownsville, TX

Bill Peduto, Mayor, Pittsburgh, PA



# Yale Mayors College

The Yale Mayors College brought together more than 20 mayors from across the United States, along with academics, futurists, and leading thinkers, to examine some of the most critical issues facing mayors and cities. Topics discussed included financial challenges, public-private partnerships, entrepreneurship, leveraging technology, public safety, and the role of cultural institutions.

## Overview

Society faces enormous problems. But cities—led by mayors—are where solutions are being developed. Cities don’t face the same political divisiveness of federal and state governments. Cities are run by practical problems solvers who are focused on making a difference. Cities are on the verge of great things.

## Context

Jeff Sonnenfeld and Anthony Marx welcomed mayors to the 2017 Yale Mayors College. Mayors introduced themselves and framed the discussion by laying out significant challenges their cities face.

## Key Takeaways

### Society faces enormous challenges.

The mayors laid out a host of formidable big-picture challenges their cities are facing. These include poverty, safety, affordable housing, education, transportation, employment, workforce readiness, and various financial challenges. Because of these challenges, one non-mayor commented, “Mayor is the toughest job there is.”

### Cities are where the answers are.

Despite these immense challenges, mayors are optimistic. Mayors believe that cities are on the verge of great things. Cities are focused on diversity and inclusivity, coming together, economic development, education, and innovative transportation solutions. Technology is being leveraged in new ways.

“Cities are where answers will be had.”

For mayors, who have run for office to make a difference, it is an exciting time to be a mayor. This gathering allows focusing on the big picture and sharing best practices from other mayors about what is working.



Jeffrey A. Sonnenfeld,  
Senior Associate Dean, Yale  
School of Management



### Libraries are an underutilized asset with enormous potential.

Most people view libraries as a quaint collection of physical books. But Anthony Marx, CEO of The New York Public Library, believes that libraries can be proactive in becoming so much more. Libraries have great scale and aren’t burdened by regulations.

In New York City, libraries are serving as community-based education space. Libraries are offering pre-K and afterschool programs, English language instruction, citizenship classes, legal services, and computer skills courses (which have a long waiting list).

“I implore you—use your libraries!”

—Anthony Marx

New York City has also created an app that allows citizens to read books for free on their smartphone or computer. Currently 300,000 books are available, but this will soon grow to 3 million books and then 30 million books within four years. Reading is the key to having educated citizens. New York City is happy to offer this capability for free to other cities.



Anthony W. Marx, President  
& CEO, The New York Public  
Library



# Forestalling Financial Fiascos

## OPENING COMMENTS

**David M. Walker**, United States Comptroller General (1998-2008)

## MAYORS

- Chuck Barney**, Mayor, Minot, ND
- Luke Bronin**, Mayor, Hartford, CT
- Catherine E. Pugh**, Mayor, Baltimore, MD
- Kasim Reed**, Mayor, Atlanta, GA
- Greg Stanton**, Mayor, Phoenix, AZ

## RESOURCES

- Ned Lamont**, Founder & Chairman, Lamont Digital Systems
- Charles E.F. Millard**, Director (2007-2009), U.S. Pension Benefit Guaranty Corporation

## Overview

All levels of government face enormous financial challenges, due in part to unfunded pension liabilities and high retiree healthcare costs. These financial challenges diminish competitiveness and take away funds that could be used for investments in infrastructure. And these financial challenges flow downhill from the federal government to state and local governments.

Addressing these challenges cannot be done by minor tweaks; it will take a significant restructuring of government, which requires difficult, painful choices. In cities, success in forestalling financial fiascos often requires sweeping pension reform, which means convincing unions of the necessity to change pension and healthcare benefits to prevent the city from going bankrupt. (In some cities, bankruptcy may be inevitable.)

Making difficult choices and preventing crises requires courageous leaders who can communicate the realities, bring stakeholders together, negotiate with unions, and rally the public—all of which are extremely difficult.

## Context

Former U.S. Comptroller General David Walker described financial challenges faced by the federal, state, and local governments, and implications of these challenges. Mayors provided their take on financial difficulties and shared approaches they are taking to deal with these challenges.

## Key Takeaways

**Governments face sobering financial realities and tough choices.**

Government spending and debt as a portion of the economy has grown astronomically.

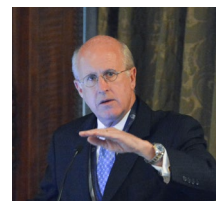
	1913	Today
Federal government spending as percent of GDP	2%	21%
Mandatory federal spending as a percent of the federal budget	3%	69%
Public debt as a percent of GDP	7%	78%

Government spending and debt has grown faster than the economy, which is not sustainable. At the federal level major spending drivers include Social Security, Medicare, and Medicaid—which are not guaranteed in the Constitution. At state and local levels, financial difficulties are driven by unfunded pension liabilities and retiree healthcare costs. In many instances these liabilities are not on the balance sheet—they are buried in the footnotes—and the estimated liabilities are far too low because of faulty assumptions.

These fiscal challenges hurt the economy, damage competitiveness—both nationally and locally—and prevent necessary investments in infrastructure. It is inevitable that governments must engage in a complete restructuring.

**“Many governments at all levels have grown too big, have promised too much, and need to be restructured . . . it is not if but when the federal government will have to restructure.”**

—David Walker



David M. Walker, United States Comptroller General (1998-2008)



Goals of President Trump’s proposed budget include balancing the budget and decreasing the debt as a percentage of the GDP. While this budget won’t be passed in its current form, it signals the President’s priorities. These priorities include:

- Tax reform
- Spending more on defense and homeland security
- Significantly decreasing discretionary spending
- Shifting more financial responsibility to states and localities
- Engaging in more public-private partnerships
- Privatizing certain aspects of government

### These financial challenges are especially painful for cities.

Cuts to federal discretionary spending will flow downhill to states and localities. Typically about one third of state revenue comes from the federal government, and often funding for cities and towns comes from the state government. Financial problems for cities and states include:

- **Several states are experiencing significant financial problems.** Every year PwC ranks states, taking into account their financial position, competitive posture, migration patterns, and other factors. While 10 states have a positive net financial position per taxpayer, 40 states have a negative position per taxpayer. Key factors are underfunded pensions and unfunded retiree healthcare, which accounts for 70% of states’ financial challenges. And, the situation is even worse than most people realize because faulty assumptions are used by states in projecting their financial outlook. In addition, states that expanded Medicaid under the ACA face the most challenges, and their situation will worsen when the federal government cuts back on Medicaid funding. Overall, the four states in greatest financial trouble are New Jersey, Illinois, Kentucky, and Connecticut.
- **When states experience financial hardship, cities in them typically struggle.** Take Connecticut, for example. The state government is in bad financial shape, as are the cities of Hartford, Bridgeport, and Waterbury.
- **Cities have both revenue and cost challenges.** On the revenue side, many cities are restricted from imposing income or sales taxes and must rely on property taxes for all revenue. Declining populations and decreasing home values hurt revenue from property taxes, forcing cities to increase the tax rates on the remaining residents. For cities that rely on sales taxes for revenue, the shift from local retail sales to online sales is decimating some local budgets. (Internet sales can’t be taxed unless a merchant has a nexus of operations in a state, per a previous Supreme Court ruling on the catalog industry.) Also, in some states there is an urban/rural divide where urban areas provide a great deal of the funding to the state government, and receive little of that revenue back.



Greg Stanton, Mayor, Phoenix, AZ

On the cost side, cities are burdened by structural deficits, including pension costs and health benefits. Unions typically dig in and aren’t receptive to renegotiating these benefits. In some situations costs are unnecessarily high due to duplicative services provided by each neighboring city/town.

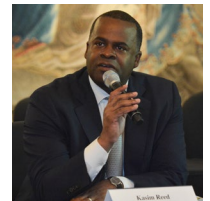
Solutions include managing legacy costs and growing the tax base faster than the budget. This requires difficult choices and stewardship. However, despite these financial challenges, citizens rely on the services that cities provide, which directly affect people’s lives.

### Amid these realities, cities are finding ways to deal with their financial challenges.

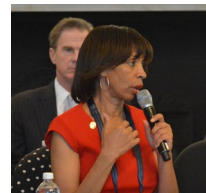
While not a desirable option, cities can declare bankruptcy. For some cities, defaulting to bondholders may be more desirable than defaulting on the responsibility to citizens.

Examples of successes in dealing with difficult financial issues include sweeping pension reform in Atlanta and Phoenix, and addressing the Baltimore school district’s structural deficit by securing additional funding from the state and the governor.

In these and other examples, key elements of success included leaders who faced reality, had the courage to make difficult decisions – as opposed to being focused on the next election – brought multiple stakeholders together, worked with and in some cases took on entrenched and obstinate unions, and educated the public.



Kasim Reed, Mayor, Atlanta, GA



Catherine Pugh, Mayor Baltimore, MD

Other initiatives that have played a role in addressing financial problems include economic development activities like diversifying the economy and focusing on exporting (Phoenix, AZ), as well as securing federal funds for disaster relief and resiliency (Minot, ND).



# The Public Wealth of Cities: Inspiring Private and Public Entrepreneurship

## OPENING COMMENTS

**Dag Detter**, Managing Director, Detter & Co.; Former President, Statum (Swedish Nat'l Wealth Fund); Author, *The Public Wealth of Cities*  
**Evan Absher**, Program Officer in Entrepreneurship, Ewing Marion Kauffman Foundation

## MAYORS

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## RESOURCES

**A.J. Wasserstein**, Lecturer, Yale School of Management  
**D. Quinn Mills**, Professor Emeritus, Harvard Business School

## Overview

While many cities are struggling financially, two areas of potential are creating value by commercializing a city's underutilized assets and spurring creation of entrepreneurial ecosystems. Such ecosystems will create companies, jobs, and general dynamism. Both opportunities have worked in multiple locations, but take vision, leadership, and political will.

## Context

Dag Detter, author of *The Public Wealth of Cities*, shared ideas on a creative approach cities can use to generate additional revenue and wealth, and Evan Absher of the Ewing Marion Kauffman Foundation led a discussion about the importance of entrepreneurship.

## Key Takeaways

### Cities typically have untapped assets with great potential for income generation.

Dag Detter argued that "every city is sitting on a gold mine." This gold mine is the city's collection of untapped commercial assets that often have significant value which is not being realized. In many instances, cities are not aware of these assets, don't realize the potential value that exists, and are not leveraging these assets to their full potential.



Dag Detter, Managing Director, Detter & Co.; Former President, Statum (Swedish Nat'l Wealth Fund); Author, *The Public Wealth of Cities*

Public assets are categorized as: 1) real estate assets, which typically comprise about two thirds of the value of a city's assets; and 2) operational assets, like transportation assets and utilities, which account for the other one third of value.

Mr. Detter recommends that cities:

- **Take an inventory of all city assets.** In most instances mayors and cities are unaware of all the assets owned by the city because these assets are not centrally owned or managed and there has never been an inventory.

**"There are so many assets you don't even know you have."**

—Dag Detter

- **Categorize all assets as commercial or policy assets.** A commercial asset is an asset that could generate a fee if professionally managed. A policy asset is a city asset that for some political reason the city would be uncomfortable commercializing. If there is any doubt about a particular asset then consider it a policy asset and only focus on assets that are definitely commercializable.
- **Estimate the value-creating potential of the commercial assets if they were managed in a way to maximize their value, as a business would do.** When the value of these assets is unlocked, cities might be able to generate a return of 3% per year, which would provide significant revenue to invest back in the city. The idea is to turn dormant, stagnant assets into assets that provide value.
- **Create a holding company to centrally manage these assets.** Mr. Detter strongly recommends formation of a holding company, in contrast to an authority or some other type of entity. A holding company is a corporation, which is necessary to attract investors and to hire managers. It is important for this holding company to be politically insulated, transparent, and focused on the goal of value maximization. This is a better approach than privatization or public-private partnerships, where the public sector often doesn't know how to value its assets and gives away too much value.



“Don’t use the world ‘privatization.’ . . . This transfers assets away from public administration to be commercially managed.”

—Dag Detter

This approach has been proven successful in many places including Copenhagen, Hamburg, Stockholm, and Hong Kong. A holding company for railway assets in Hong Kong is the most efficient, profitable railway in the world.

Roughly 75% of the mayors see some potential for this concept. But they have some discomfort about citizens’ perceptions of “profit maximization.” Mr. Detter acknowledged that adopting this concept requires a change in mindset and political will. He also advised that some assets, like the water utility, should not be commercialized because pricing water and generating returns are difficult and sensitive. Still, there are many assets that can be commercialized, providing significant value to the city.

### An entrepreneurial ecosystem is needed to spawn ongoing entrepreneurial activity.

Research shows that entrepreneurial activity is a critical driver of economic growth. In recent years almost all net new jobs come from young, entrepreneurial, high-growth companies. These are companies that are less than five years old, have revenue of more than \$2 million, and increase their employment by more than 20% per year. As Evan Absher said, “Entrepreneurial companies may account for only 10% of the local economy; it is an important 10%.”



Evan Absher, Program Officer in Entrepreneurship, Ewing Marion Kauffman Foundation

However, as important as entrepreneurial activity is:

- **There are fewer startups than ever**, especially among millennials.
- **Startups are being geographically concentrated**, with 50% of net new firms in just five cities.

Many cities and regions are focused on nurturing and growing more entrepreneurial companies. Doing so is not a result of one specific action; it is a series of actions focused on forming an entire ecosystem of entrepreneurial activity. Advice from Mr. Absher and from mayors on creating an entrepreneurial ecosystem included:

- **Don’t protect incumbents.** Often the economic development policies in an area are influenced by powerful incumbents, which can limit entrepreneurial startups. Protecting incumbents tops the list of what not to do.

- **Focus on a new and different set of economic development measures.** A typical measure of economic development is the number of jobs created. But better measures for entrepreneurialism focus on steps that help the local economy such as the number of spin-off companies formed, the number of failed entrepreneurs who are hired, and mentorship programs. These are measures of an entrepreneurial ecosystem.

“Incentivize the creation of an entrepreneurial ecosystem.”

—Evan Absher

- **Help companies get customers, not financing.** Often there is a focus on helping entrepreneurial ventures secure capital. However, 93% of companies are bootstrapped and figure out how to deal with a lack of capital. What most really need are customers, which local governments and organizations can help provide.
- **Forge partnerships with existing businesses and organizations.** At times existing businesses can view entrepreneurial ventures as competitors. However, local areas flourish when large and existing businesses, and organizations such as the local Chamber of Commerce, provide support to entrepreneurs. Mayors and city governments can play an important role in bringing together business and community leaders to create the entrepreneurial ecosystem, which benefits everyone.
- **Work to keep top talent local.** At times areas think about transferring technology from local universities, but successful technology transfer is rare. What matters more is the human capital from educational institutions. It is the talent that will create an entrepreneurial ecosystem. Focus on attracting and retaining this talent.
- **Be cautious about incubators and accelerators.** For a period, incubators, accelerators, and various investment funds were the rage. However, they often don’t work. Governments should definitely not lead investment funds; this is best done by the private sector. Incubators and accelerators can produce successful results when a mature ecosystem is already in place, but will struggle in the absence of an ecosystem.
- **Create broad capabilities.** Business ecosystems that are dependent on just one industry, such as the automotive industry, are more vulnerable when that industry experiences difficulties. Having a broad industry focus helps a geography better weather storms. An example was shared of entrepreneurial activity initiated in Montana related to the oil and gas industry, which diversified into other industries, giving the area a better chance of long-term success.
- **Don’t emphasize tax-related policies.** Entrepreneurs start companies based on opportunities, not tax policies, making tax policies not terribly relevant when creating entrepreneurial ecosystems. In fact, some of America’s most thriving entrepreneurial activity is located in areas with high local taxes. The tax that matters most to entrepreneurs is property tax.





# Leveraging Technology & Infrastructure for the Mayors' Mission

## OPENING COMMENTS

**Gabe Klein**, Former Commissioner, Chicago and Washington D.C.,  
Departments of Transportation; Author, *Start-Up City*

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Communities

**Benn R. Konsynski**, Professor, Goizueta Business School, Emory University

## Overview

The heavily auto-dependent transportation system will no longer work in many American cities due to costs, congestion, and environmental impact. Investing in more highways and more lanes has a poor financial return and doesn't solve the problem; it may even exacerbate it. Better transportation solutions will have positive financial returns and will improve the quality of life. Examples include high-speed trains, more areas for walking and biking, and more sharing of resources instead of ownership.

In looking to solve transportation issues, cities are focused on ways that technology can disrupt and transform society, with examples of autonomous vehicles (in Pittsburgh) and a 5G network (in Sacramento). While help from the federal government or state governments would be nice, mayors and cities can't count on such assistance. In many ways, cities will have to go it alone. In doing so, cities can look to partner with the private sector and leverage technology.

## Context

Urban transportation expert Gabe Klein described transportation-related challenges that cities face and highlighted several possible solutions. Mayors offered comments on the role that technology will play in transportation and in creating the communications infrastructure of the future.

## Key Takeaways

### Cities are largely on their own as much uncertainty looms.

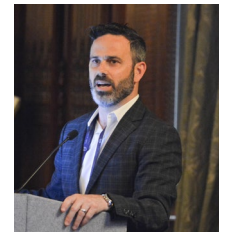
While cities are attempting to attract millennials and grow their economies faster than their debt, they must do so amid great uncertainty. There is uncertainty about the impact of climate change – which could be enormous, especially for coastal cities – along with uncertainty about air quality, regulation and public policy, and more.

There is also uncertainty about the level of support that mayors and cities can expect from the divided, dysfunctional federal government and from struggling state governments. The reality is that cities and mayor are largely on their own, which has been the case for some time.

## American cities need to rethink their transportation infrastructure.

For generations cities were built for pedestrians and used transportation vehicles such as streetcars. But this changed beginning in the 1940s as America became socially reengineered for cars. Interstate and urban highways were built, which changed where people lived and worked. Some of the problems arising from becoming dependent on automobiles and having car-centric design include:

- Massive urban and suburban sprawl.
- Increases in the cost of living for people in cities who need a place to live, a car, and parking, which can dramatically increase living expenses. In some cities this has created an affordability crisis. It has also led to a massive focus on parking. In Houston there are 30 parking spots per person.
- Environmental issues, as transportation is the largest emitter of CO<sub>2</sub> in the United States.
- Safety concerns, as automobile accidents are the #1 killer of young people.



Gabe Klein, Former Commissioner, Chicago and Washington D.C., Departments of Transportation; Author, *Start-Up City*

In recent years, while cities have become choked with congestion, there has been an underinvestment in infrastructure and poor choices about allocation of resources.

- **Underinvestment in infrastructure.** Spending on infrastructure in the U.S. is way behind other countries. The U.S. spends 2-3% of GDP on infrastructure, compared to 5-6% in Europe and 8-9% in Asia.
- **Poor infrastructure decisions.** In the United States, infrastructure spending often takes the form of building new roads or adding lanes to existing roads. For example, a new lane is being added to an interstate highway in Tampa, Florida at a cost of billions of dollars. But history shows that when a new lane is added it solves a problem for about two months, but it encourages more people to drive, which over time worsens the problem. Also, projects like adding a new lane often have a negative ROI, which is not considered when deciding to proceed with projects.



- **Poor management of infrastructure.** In addition to making poor decisions about what to invest in, the U.S. does a poor job of maintaining its existing infrastructure. Further, in the time it takes to develop the plan for a transportation initiative in the U.S. an entirely new city can be built in Asia. In Shanghai, 300 new metro stations were built since the 1990s and 300 more are planned in the next decade. Investment and speed have become part of the culture in Asia.

Mr. Klein believes that the single occupancy vehicle is not part of the future and believes that the hyper-consumption of the 20th century may be coming to an end. He sees a future of collaborative consumption where people don't own assets like cars; they share them.

Several suggestions were offered for improving the transportation situation in the United States:

- **Design around people.** Mr. Klein suggested answering questions like what kinds of cities do we want to live in and what infrastructure do we need. Then, design and develop infrastructure that provides the quality of life people want. This will often include more pedestrian spaces, more bike lanes, and bike sharing. Quality of life will improve, as will health.
- **Make cities safe.** When a place is safe and the quality of life is good, people will move there.
- **Encourage mixed uses.** Future initiatives should combine housing, commercial spaces, education, healthcare, and more. Mixed uses will boost the quality of life and decrease the need for transportation.
- **Think ROI and QoL.** Adding more highway lanes has a low return on investment and doesn't help the quality of life. Adding bike lanes and initiatives such as high-speed rail often has a good ROI and boosts QoL.
- **Use technology to optimize.** Technology such as sensors can be used to optimize the existing infrastructure.
- **Partner with the private sector.** Mr. Klein agreed with the thesis shared by Dag Detter that cities can commercialize assets and generate incremental revenues.
- **Focus on change management.** Changing how society thinks about investment in transportation infrastructure is about change management. Changes will happen; change management will help them happen faster.

## Cities are moving quickly to partner on major technology initiatives.

Two examples were described of concerted technology-focused initiatives:

- **Pittsburgh** is focused on becoming an innovation and technology center for autonomous vehicles. Born from research over the past decade at Carnegie Mellon University, Pittsburgh has developed partnerships with Uber, Ford, GM, BMW, and Google related to autonomous vehicles. These five companies will invest \$3 billion in Pittsburgh and hire thousands of people. It will also provide Pittsburgh an opportunity to learn about benefits for the population and implications for the workforce.



Bill Peduto, Mayor,  
Pittsburgh, PA

Pittsburgh knows that autonomous vehicles will be a major disruption. These activities give Pittsburgh the opportunity to understand and be at the front of this disruption – all for an industry that didn't exist five years ago.

- **Sacramento** is partnering with Verizon, which is investing \$100 million to create a modern 5G communication infrastructure. This is a revolution in technology. It will enable greater mobility and will have benefits for citizens and local businesses.



Preston Read, Senior  
Director for External Affairs,  
Verizon Smart Communities



# Community Engagement and Public Safety

## OPENING COMMENTS

**William J. Bratton**, 42<sup>nd</sup> Police Commissioner of the City of New York  
**Scott Crouch**, Co-Founder & CEO, Mark43  
**Arthur J. Swersey**, Professor of Operations Research, Yale School of Management

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**Christopher Shays**, Member of Congress (1987-2009), State of Connecticut  
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## Overview

Perhaps the foremost responsibility of mayors and city leaders is ensuring public safety. In the absence of safety, cities are unattractive, but when safety exists, cities are compelling and can flourish. Such has been the case in New York City, where a strong sense of public safety has been restored. This is based on the vision and commitments of successive mayors, and strong policing.

While technology is necessary and can aid policing, especially in areas like cybercrime and terrorism, public safety and community engagement is fundamentally built on a foundation of trust and relationships. Trust starts with the mayor, who sets the tone and shapes the culture for the entire community.

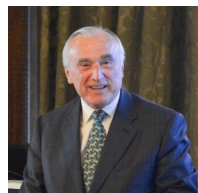
## Context

Former New York City Police Commissioner William Bratton discussed the keys to policing that helped turn New York City around. Mayors and other speakers discussed approaches to improving public safety and community engagement.

## Key Takeaways

### Safe cities attract people and businesses.

In the 1980s, New York City was a mess. The population was in decline as people were leaving the city, the condition of the city was terrible, crime was up, and subway ridership was down. The city was not safe or desirable. Per former police commissioner Bill Bratton, the way to make cities more attractive is to make them safe; it is all about public safety.



William J. Bratton, 42<sup>nd</sup> Police Commissioner of the City of New York

**“Make it safe and they will come.”**

—William Bratton

New York City undertook a relentless focus on public safety, with strong leadership from a series of mayors and the police commissioner. The city hired 7,000 more police officers, cracked down on panhandlers, and stopped subway turnstile jumpers, many of whom were carrying guns. Emphasis increased on *preventing* crime and disorder.

As a result of these concerted efforts, crime has declined in New York City for 27 consecutive years, and is down 80% since 1980. New York City is now one of the safest large cities in the country.

Making New York City safe has changed the trends from the 1980s. The population is increasing as people and businesses move to the city. Real estate values are up, subway ridership grows, and tourists flock to New York City. Mr. Bratton’s words have proven true: New York City is safe and people are coming.

### The basics of policing remain the same but tactics have changed with the times.

The most basic theory of community policing goes back to 1829, and is unchanged. But today that theory is reflected in New York City with five Ts:

- **Trust:** effective policing requires community trust. This comes from listening to the community, asking about and prioritizing problems, and forming partnerships. It comes from acting consistently, compassionately, and constitutionally.
- **Tactics:** all tactics must be focused on building relationships.
- **Training:** new officers receive six months of training and each officer receives at least five days of training per year to stay up to speed.
- **Technology:** New York City has embraced technology by providing every officer with a custom smartphone that gives instant access to numerous records.
- **Terrorism:** this is now a priority in New York City, which is the #1 terrorist target in the world. In 1994, Commissioner Bratton spent 1-2% of his time on terrorism. There is now a 1,000-person counterterrorism task force solely focused on terrorism.



Another important change is the focus on cybercrime. In 1994 Commissioner Bratton created a 10-person team to work on identity theft. As of 2014 there was a unit with 250 detectives working on cyber-crime.

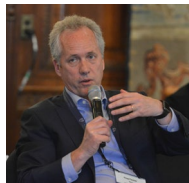
### Mayors play a key role in building trust and changing the culture of a city.

Mayors have a pulpit with great power, and mayors see one of their most important roles as building trust in the community. Building trust is connected with listening, building safety and resiliency, and promoting health. Mayors lead, but must foster resiliency.

In some cities mayors have made a concerted effort to change their city’s culture by focusing on a particular attribute, such as kindness (Anaheim) or compassion (Louisville).



Tom Tait, Mayor, Anaheim, CA



Greg Fischer, Mayor, Louisville, KY

### Mayors often see immigrants as part of the fabric of the community.

Because most mayors are focused on building deep relationships within their communities, they disagree with the divisive national political conversation about immigration and immigrants. In New York City, 40% of the population was born in foreign countries, and other citizens also have sizable populations of immigrants.

Mayors want to keep their cities safe, but don’t want to focus their limited police resources on rounding up and deporting non-violent immigrants, which will hurt relationships in the community. The charged political climate has created fear among immigrants, which has led to a big drop-off in immigrants reporting crimes such as rape and domestic violence.

“We are focused on policing and public safety, not deporting.”

— A mayor (representing the views of several mayors)



Virg Bernero, Mayor, Lansing, MI

### Modern technologies can dramatically improve policing.

Many police forces continue to rely on antiquated technologies from the 1990s, which hurts the police force’s effectiveness. But innovative companies such as Mark43 are developing new technologies to improve the effectiveness and efficiency of the police. Mark43 develops software that changes how police collect data, reducing the time for data collection and improving the quality of data that is collected. This technology is being used by police forces in Washington D.C., Seattle, and elsewhere.

“One way to help police departments is with great technology.”

— Scott Crouch



Scott Crouch, Co-Founder & CEO, Mark43

### Simple approaches can improve municipal efficiency, but culture change requires overcoming political barriers.

In most cities there is a separation of duties between firefighters and EMS personnel. Years ago during a budget crunch in New Haven, Connecticut, that threatened closing a library or a fire station, Yale professor Art Swersey devised the idea of cross-training firefighters and EMS personnel, which would reduce the labor needs of the city.

This recommendation took into account that firefighter staffing levels were largely established in the 1940s and 1950s, and remain essentially unchanged today despite a dramatic reduction in the number of fires. Cross-training workers would more effectively utilize resources.

The idea was initially embraced in New Haven, until the firefighters’ union prevailed in scrapping it. To date few cities have adopted such an approach, despite obvious value in deploying labor more efficiently. Overcoming the strong opposition of the fire unions takes courage and leadership.

“Just as there are entrenched incumbent companies there are also incumbent occupations.”

— Arthur Swersey



Madeline Rogero, Mayor, Knoxville, TN



## Economic and Cultural Renewal

### OPENING COMMENTS

**Neil Glat**, President, New York Jets  
**Thomas Krens**, Director Emeritus, Solomon R. Guggenheim Foundation  
**Michael A. Leven**, Chairman & CEO, Georgia Aquarium  
**Anthony W. Marx**, President & CEO, The New York Public Library  
**David J. Stern**, Commissioner Emeritus, National Basketball Association

### MAYORS

**Virg Bernero**, Mayor, Lansing, MI  
**Javier M. Gonzales**, Mayor, Santa Fe, NM  
**Toni Nathaniel Harp**, Mayor, New Haven, CT  
**Tony Martinez**, Mayor, Brownsville, TX  
**Bill Peduto**, Mayor, Pittsburgh, PA

### Overview

Culture, education, and sports and entertainment are critical parts of the fabric of a city and a region. Cultural institutions add to the vitality and attractiveness of an area and can play a key role in an area's economic transformation. Transformations can involve strengthening a city's brand, boosting tourism, creating jobs, and enhancing the life of an entire region. Transformations require long-term vision, public-private collaboration, government support, relationships with philanthropists, and offerings that appeal to the public.



From left to right, Neil Glat, President, New York Jets; Thomas Krens, Director Emeritus, Solomon R. Guggenheim Foundation; Michael A. Leven, Chairman & CEO, Georgia Aquarium; and David J. Stern, Commissioner Emeritus, National Basketball Association

### Context

Current and former leaders of cultural and educational institutions and entertainment organizations discussed the role of these organizations in cities and regions.

### Key Takeaways

**Cultural institutions can have a transformative impact on cities and regions.**

Thomas Krens, Director Emeritus of the Guggenheim Foundation, described the transformative impact that **Guggenheim Bilbao** has had in Spain (dubbed the "Bilbao Effect.")

The Guggenheim Foundation was showing only 1% of its collection due to real estate constraints in New York City, and was looking for other options. Bilbao is a city in Spain with a population of about 350,000 that had a regional art museum that drew about 75,000 visitors per year. A confluence of events resulted in creating Guggenheim Bilbao, with a spectacular \$400 million dollar building designed by renowned architect Frank Gehry.

The results have far exceeded expectations. The museum has attracted more than one million visitors per year for each of its 20 years, totaling more than 25 million people, most from outside the area. More than 5,000 permanent jobs have been created, adding billions of dollars to the local economy each year, and helping transform the region.

Similarly, for 30 years Mr. Krens has envisioned a center for contemporary art in northwestern Massachusetts, which is finally coming to life. This project, based in the town of North Adams, will have 12 components. The first is the Massachusetts Museum of Contemporary Art (**Mass MOCA**). Other components—some public, others private—will open in coming years. The idea is to create a cluster of cultural institutions that will be a tourist destination, creating thousands of jobs for the region and helping boost the economy.

**“The idea is to make northwestern Massachusetts a cultural industry, creating three thousand permanent jobs for the region . . . it could have a transformative impact.”**

—Thomas Krens



Other examples of educational and entertainment institutions and venues having a transformative impact include:

- **Georgia Aquarium.** This was a philanthropic gift to Atlanta by Home Depot co-founder Bernie Marcus, involving non-financial support from the government. In its first year the aquarium attracted three million visitors and has become the leading tourist attraction in Atlanta, transforming an entire area of the city. An aquarium has appeal across all ages and socioeconomic groups. It has spurred over \$2 billion in surrounding development, including hotels, entertainment, and real estate.
- **Golden 1 Center** (Sacramento, California). This arena for the Sacramento Kings basketball team is an urban development project that has affected the cultural life of the entire city. It has led to other developments in the area, which has brought people to the area and generated new taxes for the city.

### Institutions are not without major issues and challenges.

While the examples that were shared are successes, these initiatives and others must deal with challenges that include:

- **Access and affordability.** Unlike attending baseball games decades ago, which might cost \$1, the cost of professional sports events and cultural events is considerable, which restricts access. Each institution attempts to deal with this challenge by offering discounted tickets and providing access to educational organizations.

- **Competing for attention and revenue.** These organizations must compete for consumers' attention in a crowded landscape, with multiple cultural and entertainment offerings. The competitive landscape has been affected by digital offerings and by changing habits among young people who have short attention spans. These factors are forcing organizations – particularly those in the entertainment and sports industries – to focus on the experience they provide.
- **Competition for philanthropic dollars.** With so many options available, organizations are competing for the attention of philanthropists, who each want to make their mark in a unique way. A challenge is to keep philanthropy local, which is best done by developing relationships with local philanthropists.

“Getting philanthropists to give locally is important. This starts with relationships with politicians.”

- **Role of government.** Several of the ventures discussed were some form of a public-private partnership, but in most instances the government did not provide direct funding. The typical role of government may have been to provide land, infrastructure, and other forms of support.

