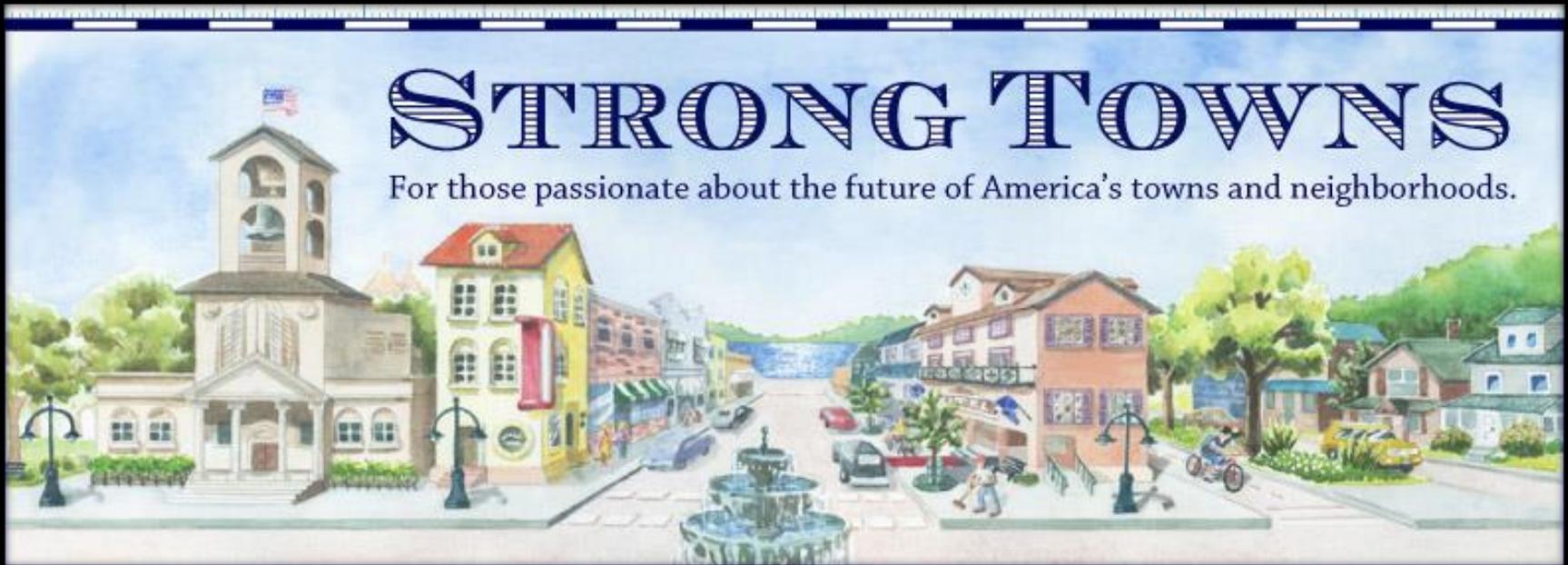


Infrastructure Assistance Coordinating Council October 22, 2013

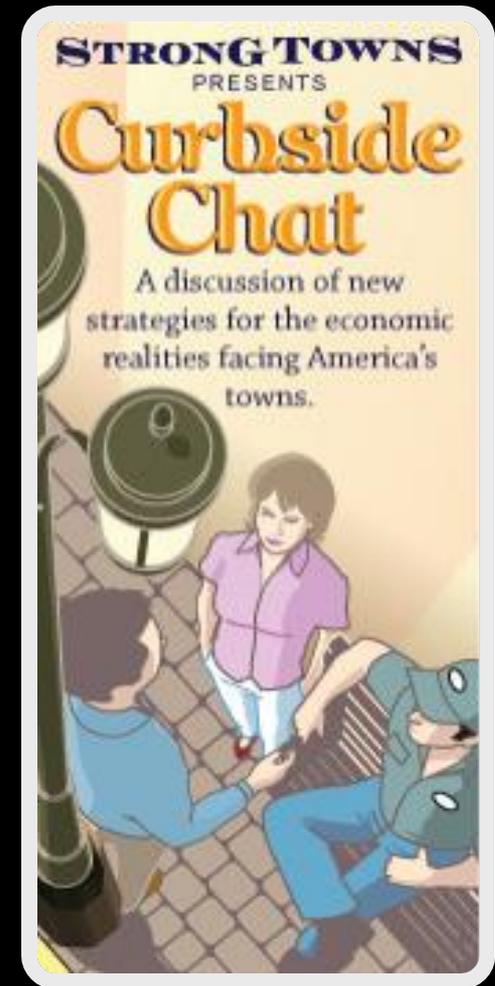




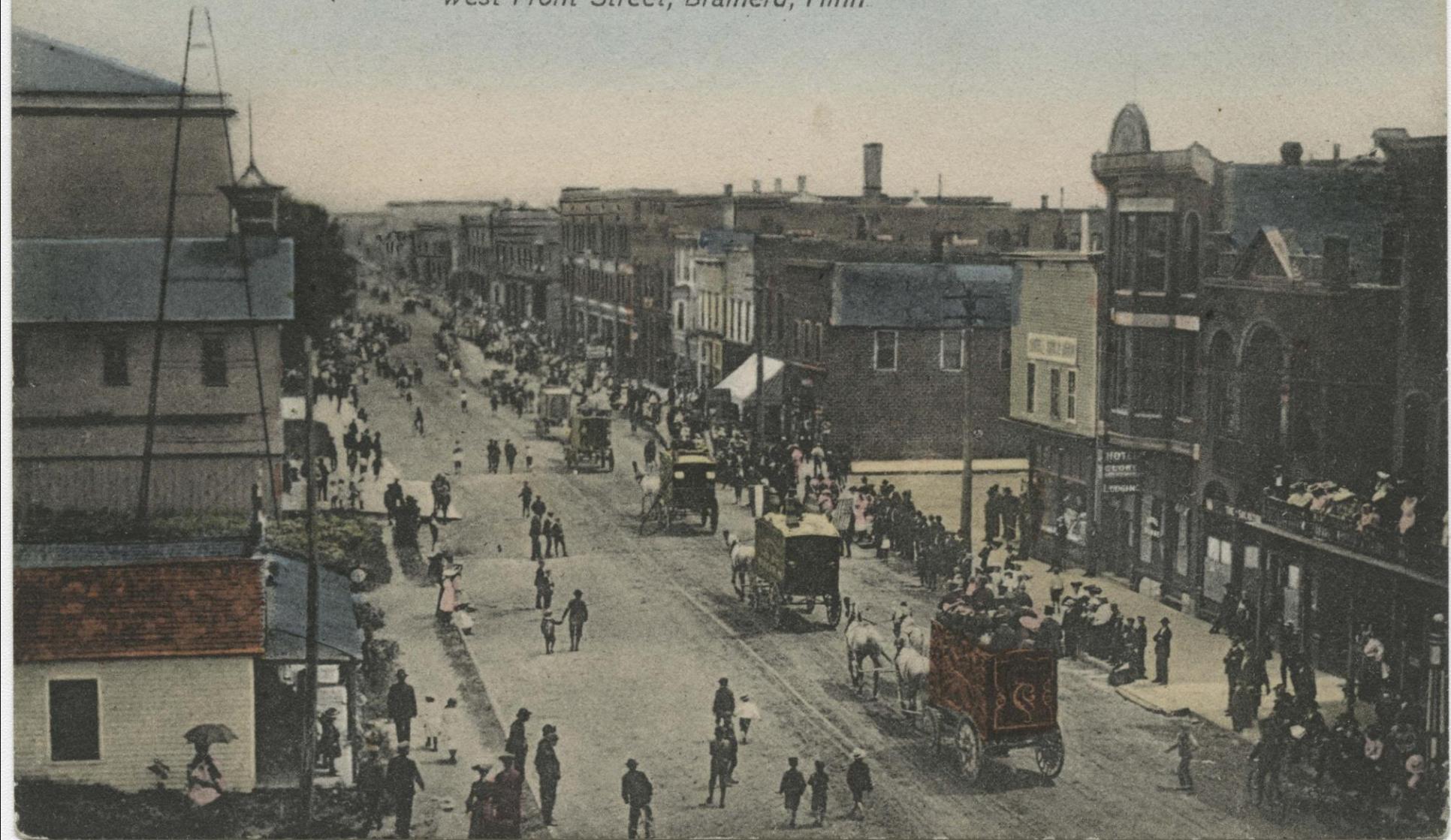
The mission of Strong Towns is to support a model for growth that allows America's towns to become financially strong and resilient.

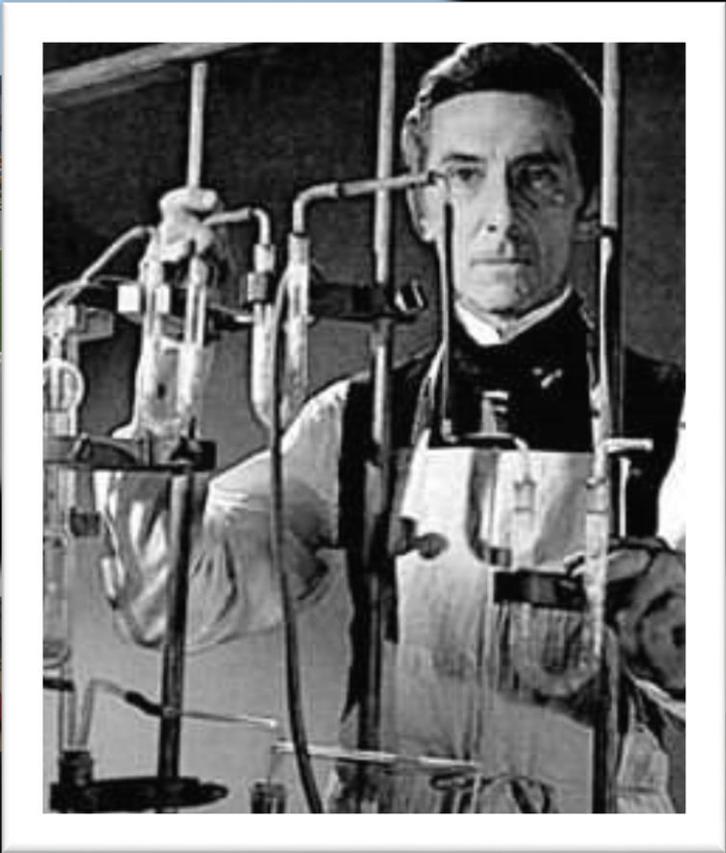
Curbside Chat BIG Concepts

1. The current path cities are on is not financially stable.
2. The future for most cities is not going to resemble the recent past.
3. The main determinant of future prosperity for cities will be the ability of local leaders to transform their communities.



West Front Street, Brainerd, Minn.





Investment in the community....

Powerful Incentives

- Initial cost to the public for new growth: **minimal**
- Benefit to the public budget for new growth: **substantial**

The catch is that the public agrees to maintain the improvement forever.

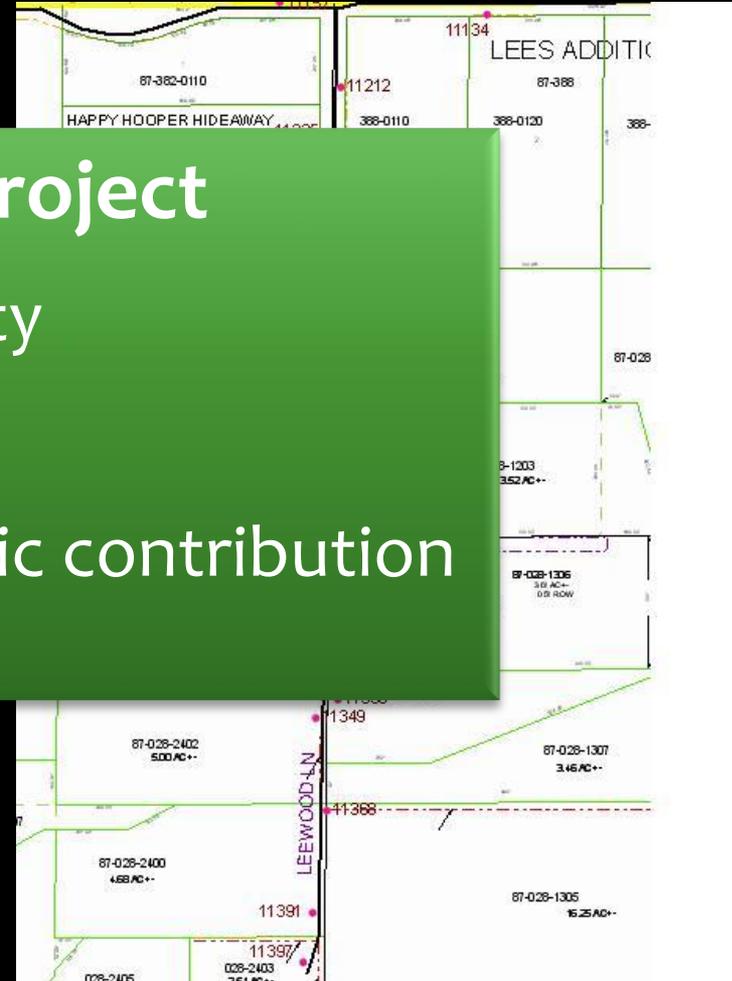
The critical assumptions to this strategy:

1. Either growth continues at ever accelerating rates, or
2. The pattern of demand generates more

Invalid Assumptions

Road Improvement Project

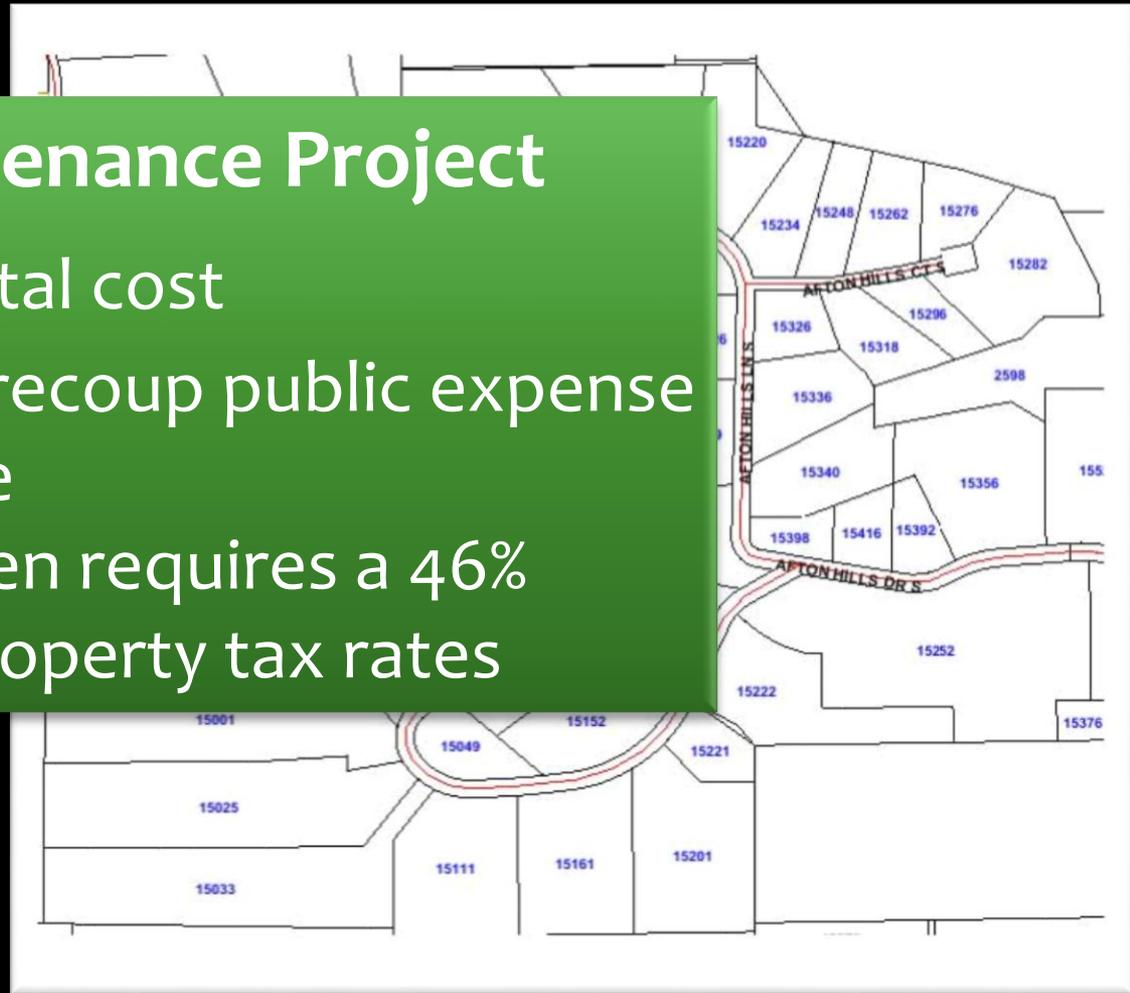
- \$6,600 cost per property
- 50% of costs assessed
- 37 years to recoup public contribution from adjoining tax base



Local Street Project

Road Maintenance Project

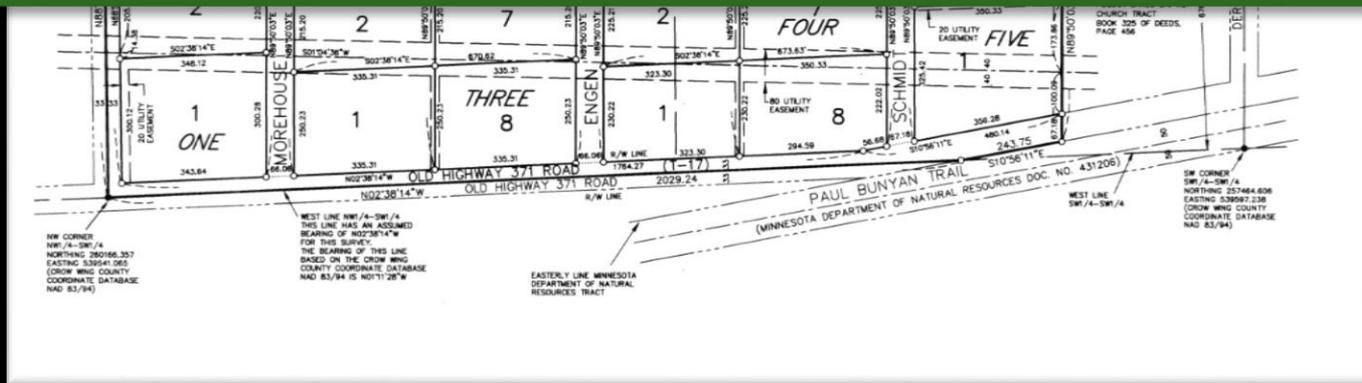
- \$354,000 total cost
- 79 years to recoup public expense from tax base
- To break even requires a 46% increase in property tax rates



Local Road Rehabilitation

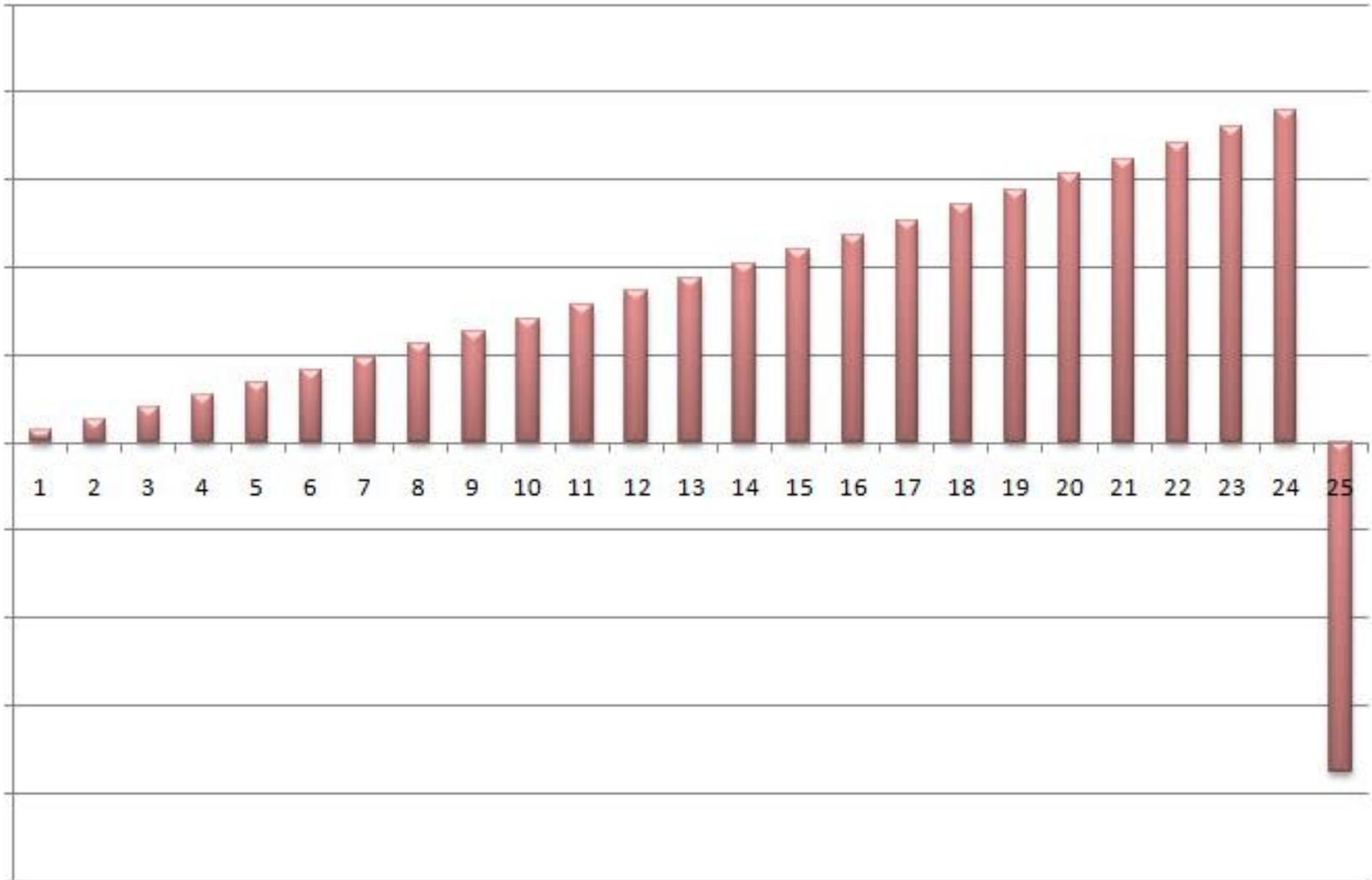
Industrial Park Development

- \$2.1 million inflation-adjusted total cost
- \$6.6 million in improvements induced
- Payback from current conditions happens in 29 years if all revenue devoted only to debt



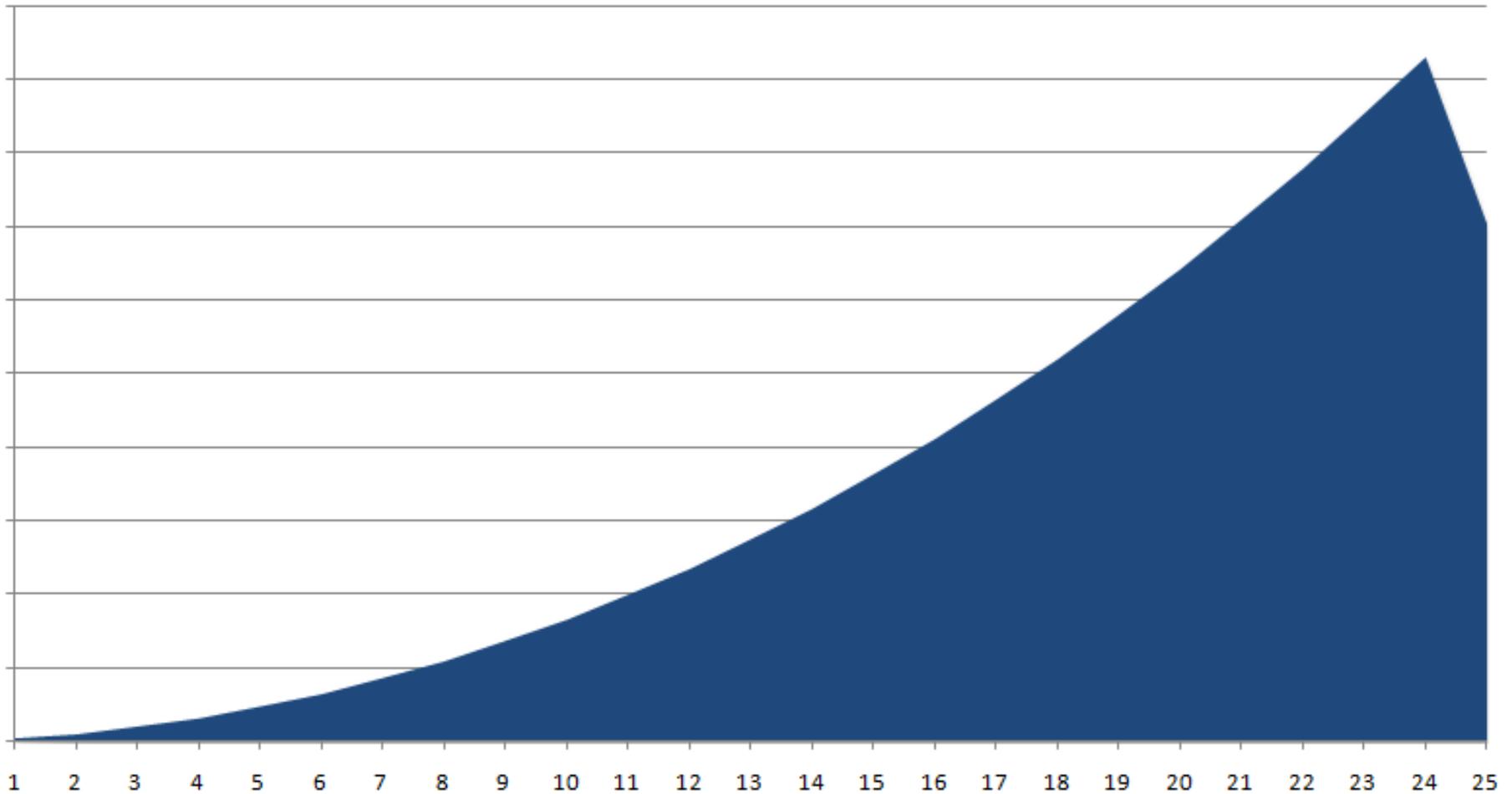
Industrial Development

Cumulative Cash Flow - One Life Cycle



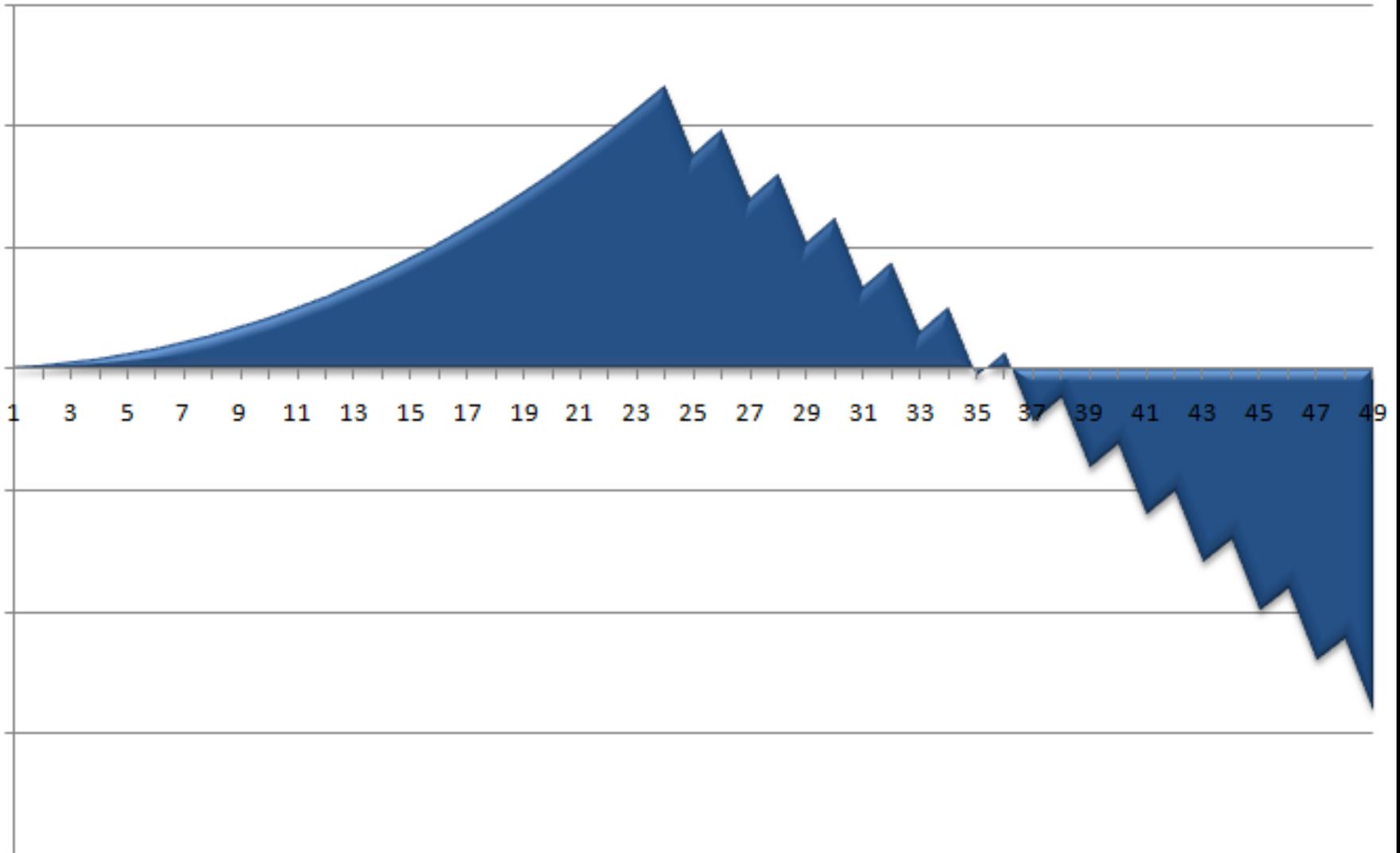
Growth Ponzi Scheme

Cumulative Cash Flow - Multiple Projects



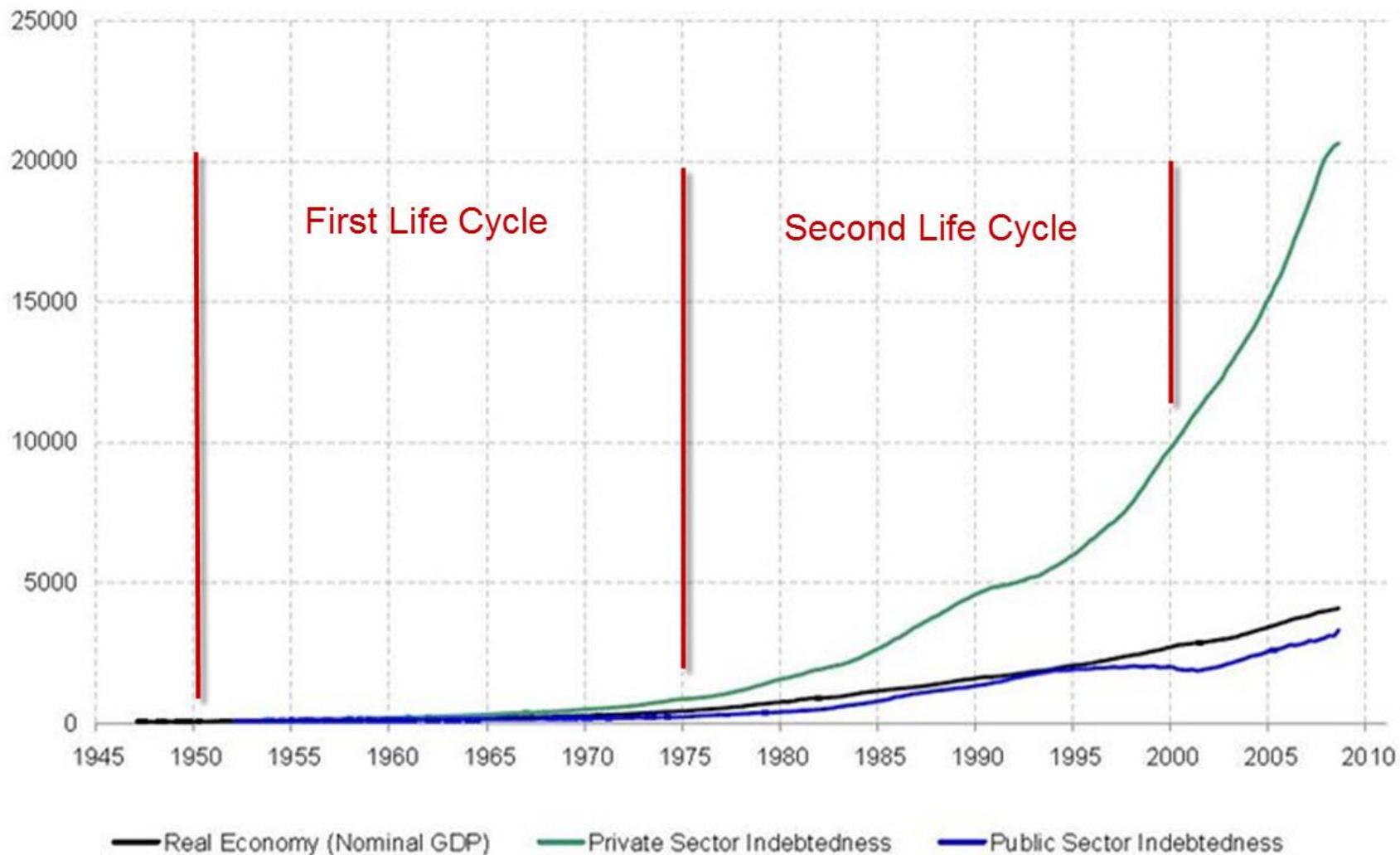
Growth Ponzi Scheme

Cumulative Cash Flow - Two Life Cycles



Growth Ponzi Scheme

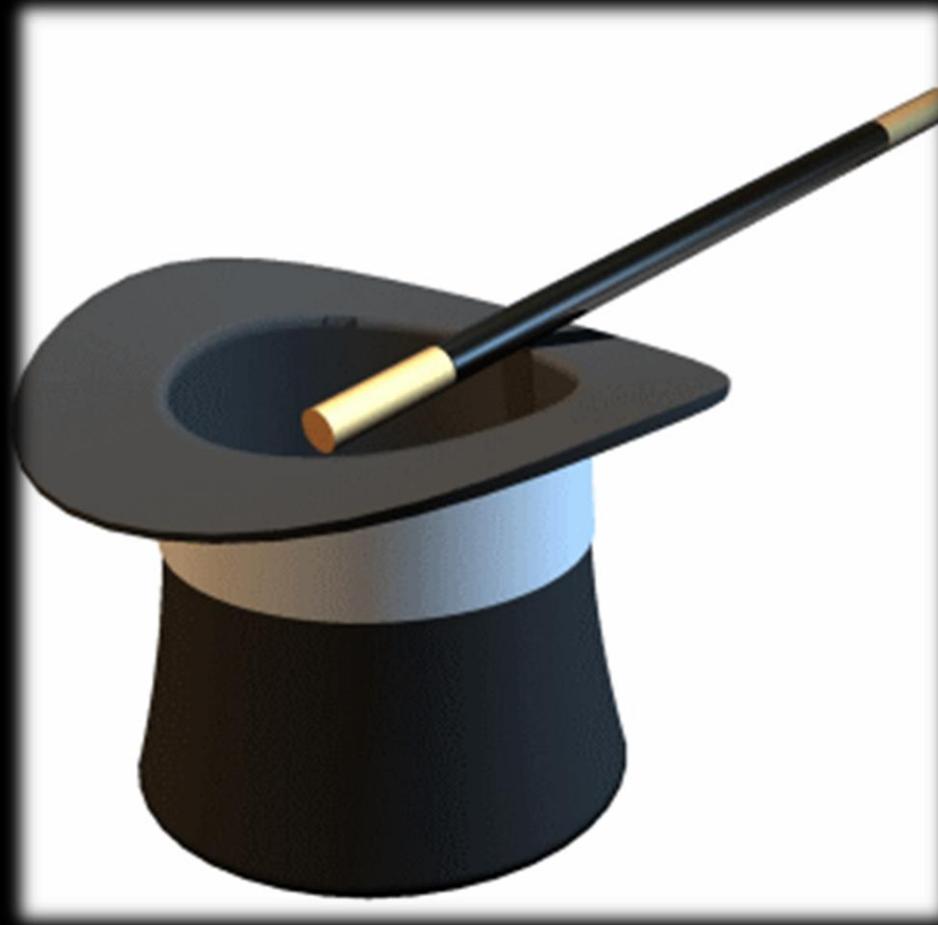
UNITED STATES: REAL ECONOMY AND FINANCIAL SECTOR
INDEX BASE 1952 = 100



Serious implications for the future

- The “Mechanisms of Growth” we have become accustomed to are waning.
- Local governments are going to be forced to absorb the local costs of the current development pattern.
- This can't be done in the current pattern of development without **large tax increases** and/or **large cuts in services**.

Implications



What's the solution?

West Front Street, Brainerd, Minn.





Build it and they will come....

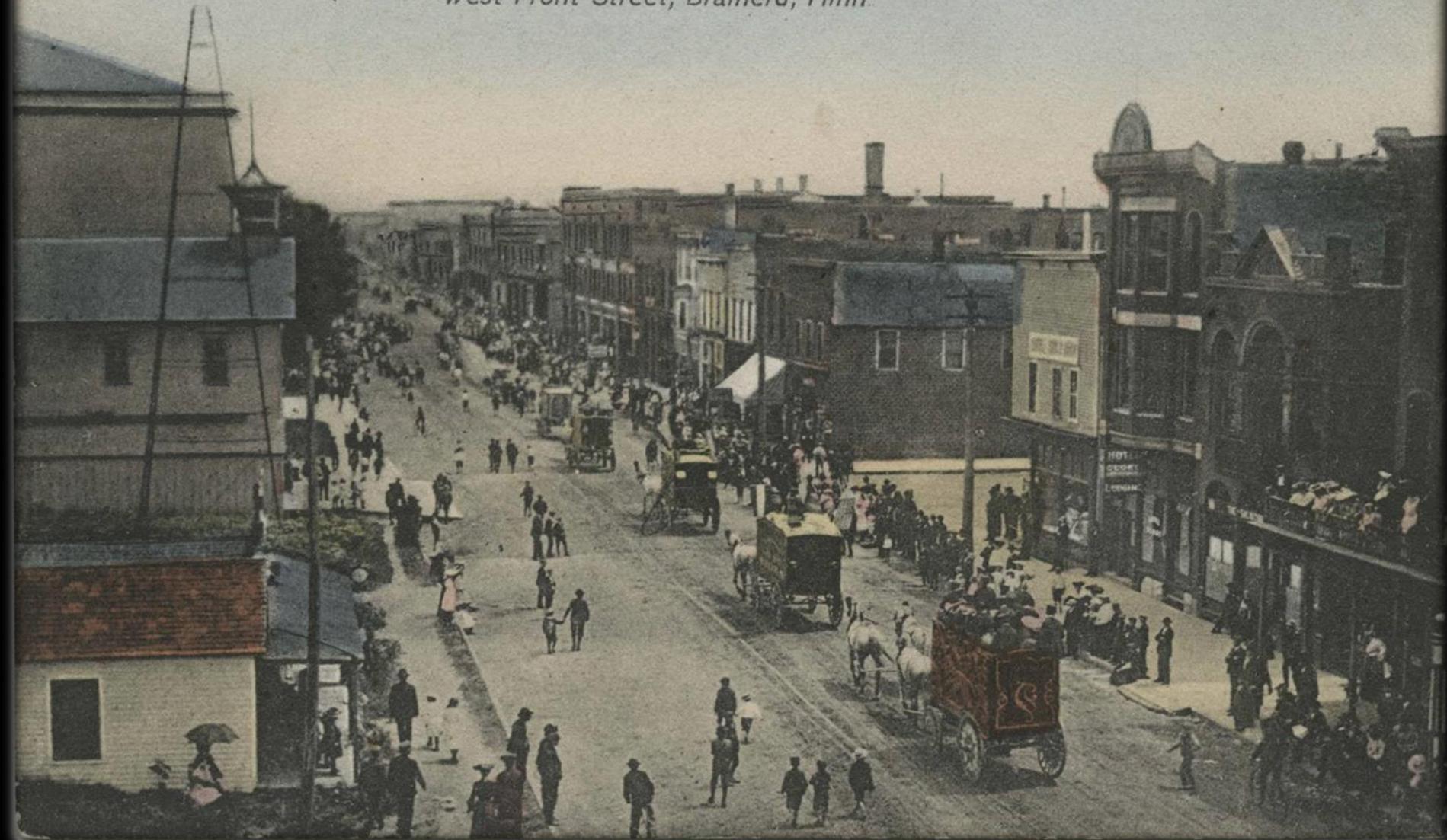


Build it and they will come....





West Front Street, Brainerd, Minn.







High Return Investments



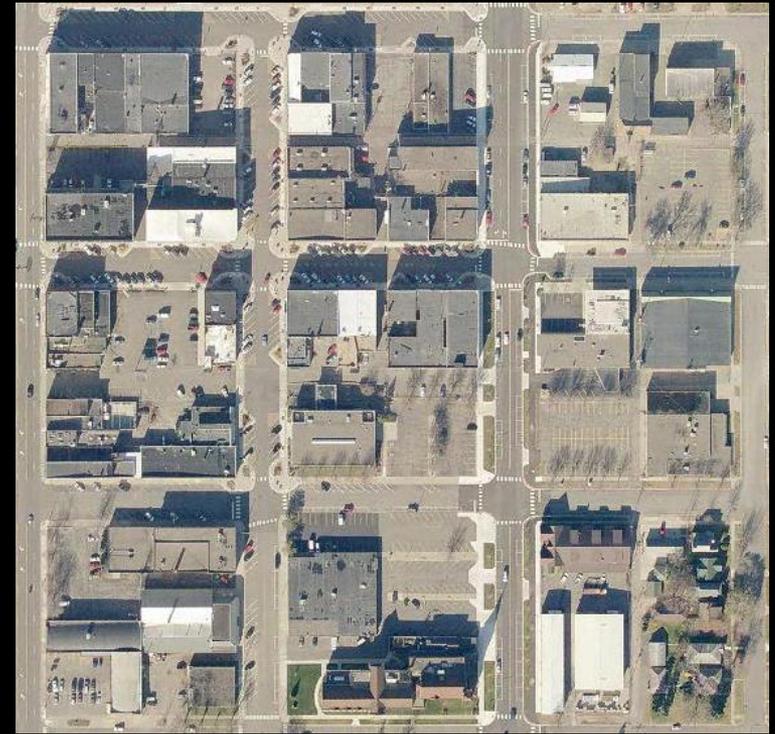
\$1,136,500



\$803,200



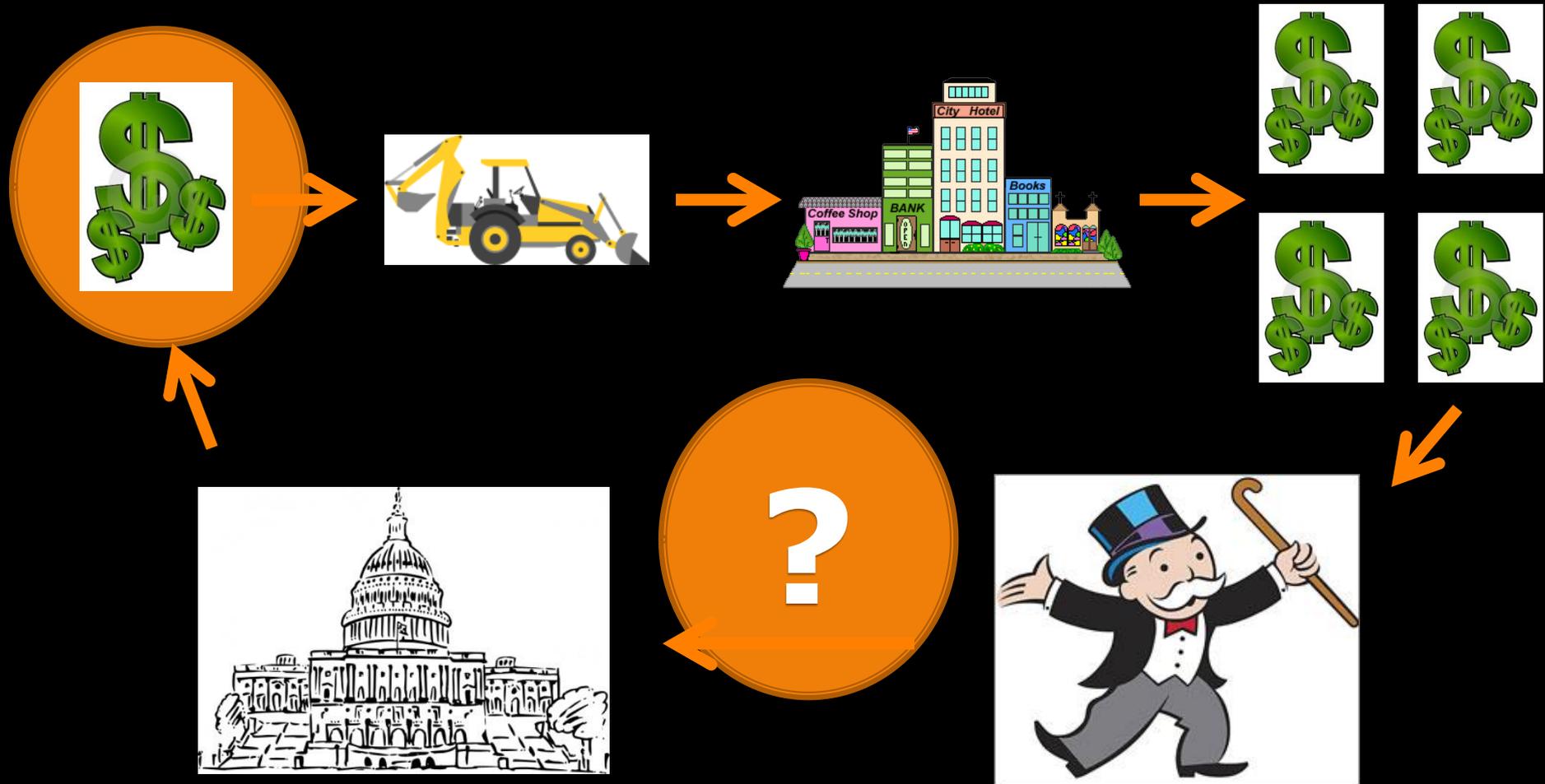
**Highway Oriented
\$0.6 million/acre**



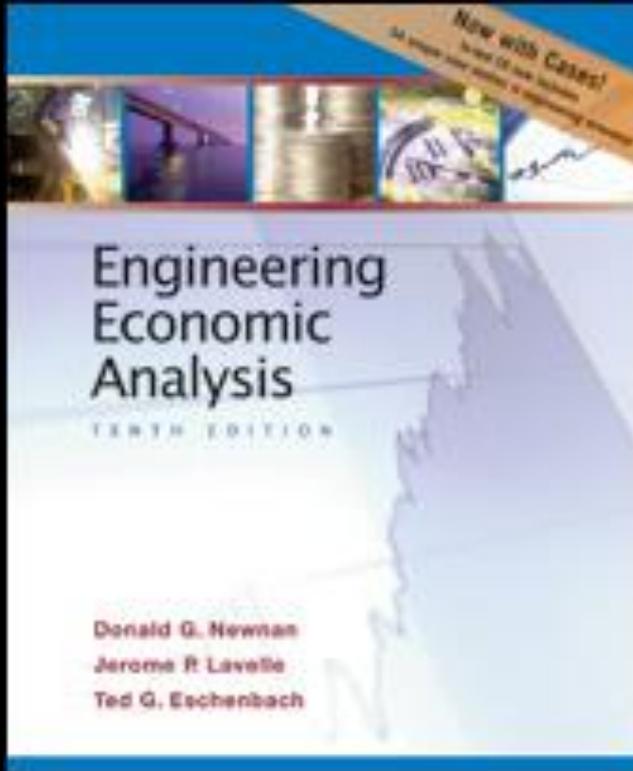
**Traditional Pattern
\$1.1 million/acre**

High Return Investments

Need to measure the public's REAL return on investment

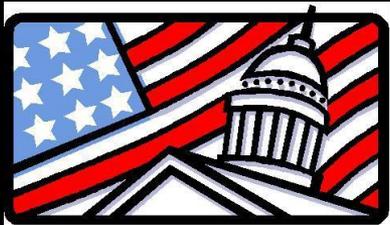


Need to account for the second life cycle costs.



Need to account for the second life cycle costs.

First Life Cycle

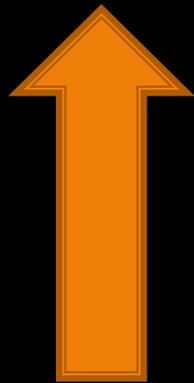
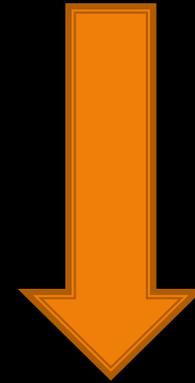


Second Life Cycle

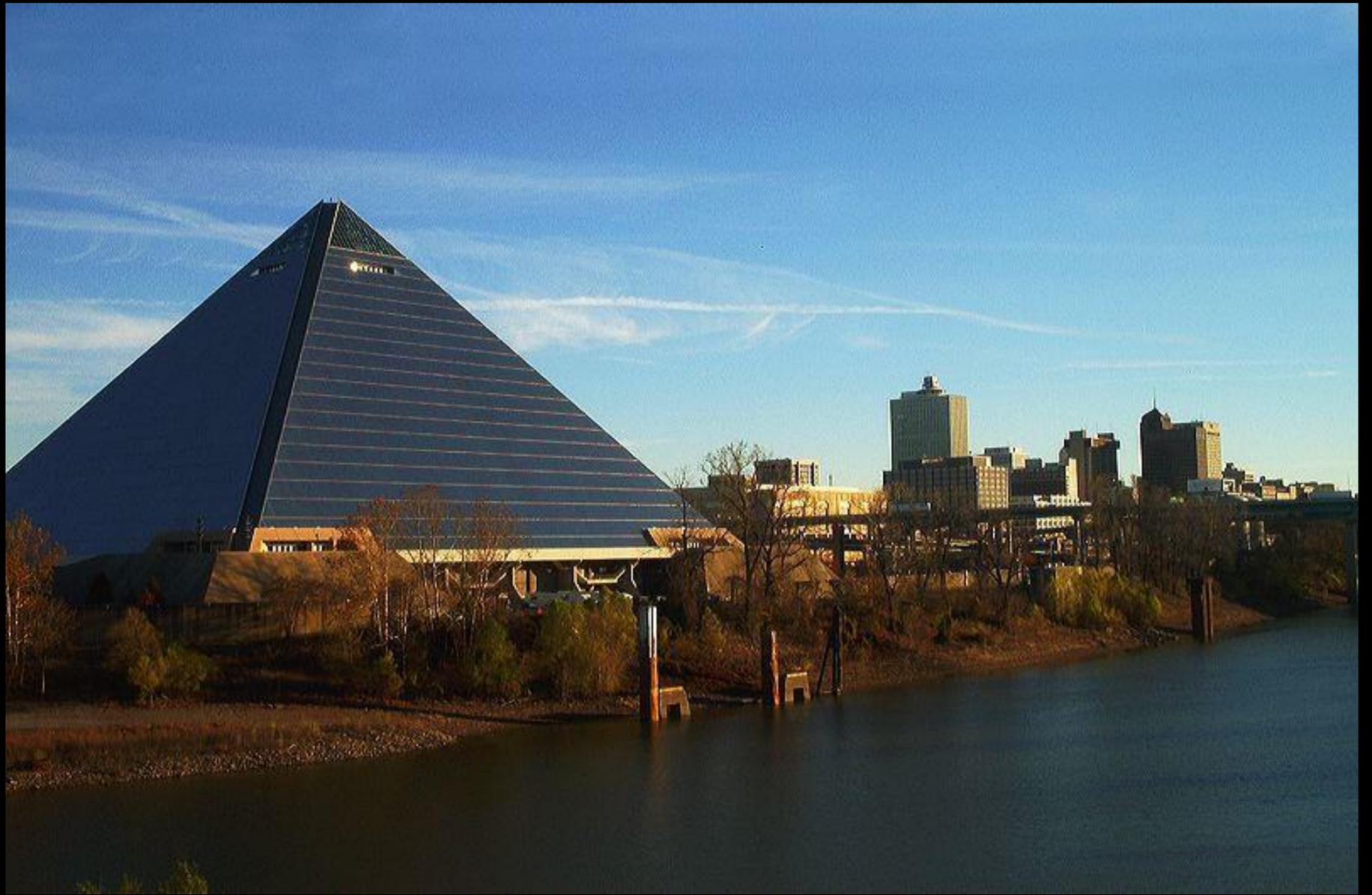


High Return Investments

Innovation that happens from the top-down tends to be orderly but dumb.



Innovation that happens from the bottom-up tends to be chaotic but smart.











Neighborhoods First

A low risk, high return strategy for a better Brainerd.



2014 Neighborhood Improvements Northeast Brainerd



prepared by
A Better Brainerd







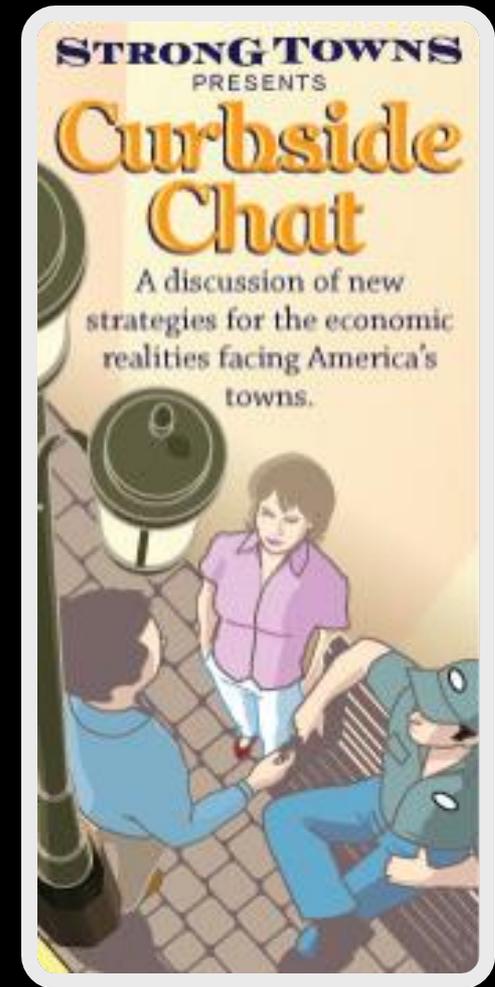






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Now Available...



www.StrongTowns.org

www.StrongTowns.net

