

CLIMATE PROSPERITY STRATEGY

Simulation Exercise

*Rockefeller Brothers Fund and Global Urban Development,
National Meeting on the Economic Benefits of Climate Action,
Pocantico Hills, NY, November 26-28, 2007.*

You are assigned to work with a team of experts developing a “Climate Prosperity Economic Strategy” for the metropolitan region of Ameriplace, USA. This metropolitan region (a Primary Metropolitan Statistical Area according to the U.S. Census) has a total population of three and a half million people, covering eight counties in two states, Arcadia and Pantopia, divided by a major river, the Rubicon. The central city, Ameriplace, has a population of 600,000, down from a peak of 850,000 during the 1960s. The City of Ameriplace is located in Urbana County in the State of Arcadia. It has a major river port, as well as an entertainment-oriented waterfront. It also has Amtrak, freight rail, and interstate highway connections, with half a dozen bridges spanning the Rubicon River. The region is well served by the Metro Ameriplace International Airport, a hub for two major airlines. The airport is located on the periphery of the region in the northwest corner of Edge County, also in Arcadia.

Six of the counties – Urbana, Lincoln, Green, Jefferson, Rubicon, and Edge -- in the PMSA are in Arcadia, which is organized around large county governments. The other two counties, Suburbana and Elitesprawl, are in Pantopia, which is organized around township governments. The Pantopia corridor of the region is predominantly a high-end residential suburban area, with lower taxes than on the Arcadia side, and a dynamic growth pole of office parks and shopping centers centered on the Rubicon Mills Mega-Mall in Suburbana County, the second largest shopping center in the US, which serves as the main anchor for one of the nation’s best-known suburban retail and commercial office complexes.

The metropolitan region has a light rail transit system serving the City of Ameriplace, Urbana County, and Lincoln County on the Arcadia side. It is an aging system that does not serve the airport area or the Pantopia communities. The lack of adequate bus service is a major problem for workers trying to get to jobs in Edge County and in Pantopia, and housing is very expensive in both of these areas. Two years ago a regional ballot initiative to raise the sales tax by one cent in all eight metropolitan counties in order to finance a substantial expansion of the light rail system into Edge County and Pantopia was soundly defeated by a strong negative vote in the outer suburbs.

Ameriplace is still the economic center of the region, with a large downtown filled with business, professional, and financial services. The largest private employer in the metropolitan region is Ameriplace Bank, whose world headquarters is located in the heart of the city’s downtown. Ameriplace Bank is currently ranked as the fifth biggest financial institution in the US. More than one-third of the metropolitan region’s office

space and hotel rooms are still located in Ameriplace's central business district, which also has an aging and relatively small convention center, an old major league baseball stadium for the Ameriplace Road Runners, and a newly emerging waterfront entertainment area, that was initially built as an urban renewal project when the city's commercial port facilities were containerized and modernized in the 1970s. Part of this project involved building a major arts center, which houses an excellent symphony orchestra, a nationally acclaimed art museum, an award-winning repertory theater company, and a magnet high school for the arts. This project also included construction of several high-rise luxury apartment buildings and a group of upscale townhomes, though in general there is not much housing located in or near the city's center.

In addition, Ameriplace is home to a world-class research and graduate teaching institution – Smart University – and several other major public and private colleges and universities, as well as the world-renowned Smart University Medical Center, and three other large health care institutions. Smart University is the second largest private employer in the metropolitan region. Until the 1980s, Ameriplace was well-known worldwide as a manufacturing center specializing in machine tools, but it has lost thousands of industrial jobs and many manufacturing and wholesaling businesses since then. The downtown area is now surrounded by numerous aging and abandoned factories, machine shops, and warehouses. On the other hand, there has been steady growth of employment in the medical products industry during the past two decades, which is centered on the north side of the city near the Ameriplace Hospital.

Near the Metro Ameriplace International Airport in Edge County is a rapidly growing biotechnology sector, anchored by a major multinational pharmaceutical corporation, Viagra Inc., headquartered in a giant office and research campus three miles from the airport just over the Edge County line in Green County, which is where the new NFL football stadium for the Ameriplace Coyotes has just opened.

There also is a fast-growing telecommunications center on the Pantopia side in Suburbana County, primarily in Bluebird Township, formerly an agricultural services center but now the home of the NextNet Corporation. A variety of information technology and telecommunications firms, both large and small, are clustering near the NextNet complex, located just a few miles from Rubicon Mills Mega-Mall. Smart University has satellite campuses near both Viagra and NextNet.

There are thousands of unfilled jobs in the vicinity of the two suburban growth poles near Viagra and NextNet. At the same time, Ameriplace, with its large African-American and Hispanic-American population, as well as many older displaced former machine tool workers, has a much higher unemployment rate than the region as whole: 6.5 percent in Ameriplace and 3 percent for the metropolitan area. Unemployment in certain high-poverty Ameriplace neighborhoods, as well as in several suburban communities in Urbana County and adjacent Lincoln County, is in the double digits.

Traffic congestion, especially in Suburbana, Elitesprawl, Edge, and Green counties is becoming a major complaint, and the region is experiencing rising air

pollution so severe that it was recently placed on warning by the US Environmental Protection Agency (EPA). The most recent annual survey now lists Ameriplace as having the fifth worst traffic congestion in the nation. Regional suburban land development and vehicle miles traveled (VMT) per capita have grown dramatically in the past two decades, both far exceeding the rise in metropolitan population. Emissions of carbon dioxide and other greenhouse gases also continue to rapidly rise. There have been several serious growth management proposals in Arcadia's state legislature for land-use regulations and spending reform to curb exurban sprawl, preserve agricultural land, and reinvest in urban communities, but none of the bills have come close to passing, despite moderate support from the Governor.

The Governor of Pantopia strongly advocates building a new interstate highway as an outer beltway around the Ameriplace region, an issue that is very popular on the Pantopia side of the region, however the Ameriplace business leadership is deeply divided about this transportation initiative, and the Governor of Arcadia tentatively opposes it, proposing instead a regional transportation study commission that will consider all possible alternatives, including public transit.

Water pollution in the Rubicon River is a big problem due to both upstream runoff and chemical waste. While there is riverboat gambling on the Arcadia side and recreational boating is popular from several marinas in the area, swimming and fishing are legally prohibited due to environmental health hazards in the river. Flood problems have been steadily increasing in recent years, in part attributable to changes in climate due to global warming. Some insurance companies are now refusing to cover waterfront properties, causing property owners to rely on federal flood insurance, which prohibits rebuilding in place after a flood. Government officials are now considering new land-use controls and infrastructure plans to protect the region's fresh water supply and limit flood damage.

Ameriplace is served by its own municipal utility, Urban Energy, which draws much of its power (and fresh water supply) from a city-owned hydroelectric dam on Paradise Lake in Green County. Urban Energy has proposed building a large wind turbine farm on city-owned land near the Ameriplace Airport in Edge County, but this proposal has aroused stiff opposition from a vocal group of nearby residents. The Mayor of Ameriplace has advocated launching a major citywide curbside recycling program along with an ambitious effort of retrofitting municipal buildings and facilities with solar panels and energy-efficient insulation, lighting, heating, and cooling systems, however the City Council majority has not yet supported either budget request.

The rest of the metropolitan region's power is supplied by Ameriplace Edison in Arcadia, and by Bluebird Electricity and Gas in Pantopia. Ameriplace Edison has been trying without success for more than two decades to obtain permission to build a large nuclear power complex, and they now believe their chances have improved due to rising oil and natural gas prices and growing concern about carbon emissions. Bluebird Electricity and Gas, on the other hand, is pushing very aggressively to construct two new "clean" coal-fired power plants, both of which have already received state government

approval, but construction is presently delayed pending resolution of several lawsuits initiated by environmental groups.

Ameriplace has a very troubled public school system that has been taken over by the Mayor with the support of the state government. Crime has gone down recently under an innovative and energetic new Police Commissioner, and while the housing stock is old and there are thousands of abandoned homes, the architectural style and community planning of the 1920s has come back in fashion, and there are significant pockets of renovation near the downtown, the university, and an old industrial area where a large brownfield site was recently reclaimed as “Tech Village,” a mixed-use loft housing, retail, and “flex space” commercial development that has become a magnet for young web-based entrepreneurs locating there and in the surrounding neighborhood.

Led by the Mayor with strong support from the Governor, Ameriplace has been very aggressive in trying to both stabilize and revitalize its many troubled neighborhoods. It has a federal Empowerment Zone, two state Enterprise Zones, a federal Homeownership Zone, two HOPE VI public housing redevelopment projects underway, a community development financial institution called NeighborBank, a multi-bank lending consortium, and seven major community-based development organizations supported by a group of local foundations and corporations as well as national groups such as Living Cities, LISC, Enterprise Community Partners, NeighborWorks, and ACORN.

Last year Ameriplace successfully offered major economic development incentives to lure Robocom, a multinational machining corporation, to build a new factory in the federal Empowerment Zone/state Enterprise Zone. The major economic and community development focus is on generating commercial activity and high-density development around the light rail transit stations and along Martin Luther King Boulevard, promoting affordable homeownership, and retaining and attracting machine tool companies in the older industrial section of the city, tied to job training apprenticeship and manufacturing modernization programs offered by the Ameriplace Community College, the recently established Workforce Investment Board, and several labor unions.

Politically, the city of Ameriplace, along with Urbana and Lincoln counties are heavily multi-ethnic and “blue collar” Democratic, and there is also a substantial white and black middle-class and fairly progressive Democratic population in the city and the two counties. The Governor of Arcadia is a Democrat, and he is also a former Mayor of Ameriplace. Edge and Green counties, on the other hand, are predominantly white and Republican, though there is a growing Asian-American community in Edge County. Pantopia is very heavily white and Republican, and the current Republican Governor was a one-time Bluebird Township Councilmember. He is considered to be a potential Republican presidential candidate in 2012.

The Greater Ameriplace Chamber of Commerce and the Greater Ameriplace Council of Governments (GACOG) cover all eight counties in both states, but each of them are relatively weak and divided, especially GACOG, which is the officially

designated Metropolitan Planning Organization for federal transportation funding. GACOG also handles regional air quality issues and negotiates with the federal EPA. Other regional entities include the bi-state Ameriplace Port Authority, and the Ameriplace Airport Authority (which only represents the six counties on the Arcadia side). In addition, there are several metropolitan activist groups, including the Citizens' Planning Association, most of whose membership comes from Urbana and Lincoln Counties, and 1000 Friends of the Rubicon, the leading environmental organization, the Ameriplace Smart Growth Coalition, and the Ameriplace Climate Action Network.

At the moment there is an upcoming regional economic opportunity and potential land-use conflict. The U.S. Department of Defense recently announced that the Gary Cooper Air Force Base, located in Pantopia at the far edge of Elitesprawl County, would be closed by the end of 2008. Most of the 2,400 military and civilian personnel who currently work there will be relocated to an air base in Florida. There is huge metropolitan-wide debate in the Ameriplace region as to what should be the future use of this large facility, with proposals including: a commercial airport, a cultural and recreational theme park, low- and moderate-income housing, upscale housing, a job training center and education complex, a zoo and regional park, a shopping mall, an office park, a research park, a university campus, an industrial park, and the terminus of a new intermodal transportation center to extend the light-rail system from Arcadia into Pantopia.

ASSIGNMENT

Your assignment is to create a Climate Prosperity Strategy for the Ameriplace region, including formulating the major goals, selecting the key industry clusters/networks, identifying the fundamental assets and competitive advantages, and resolving the major implementation issues. In addition to defining the key elements of your economic strategy, you need to specify how to “sell the idea” and build consensus in support of your strategy, as well as how to fully integrate or “mainstream” the strategy within all regional institutions and constituencies: every level and type of government, the entire private sector, and the complete range of labor unions, civic and community organizations, voluntary associations, communications media, and faith-based groups. Your Climate Prosperity Strategy must have regional environmental protection and improvement, including a 30 percent reduction in greenhouse gas emissions by 2020 as vital components. Your strategy should be clearly designed to mitigate the environmental and economic harm and rising costs that will be the consequences of climate change. At the same time, your strategy should demonstrably plan to generate significant economic benefits in terms of future jobs and income growth, as well as overall strengthening of productivity and competitiveness, which will be a result of the substantial cost savings and increased innovation from investing in more environmentally sustainable regional production, consumption, and distribution patterns. Your strategy also should focus on promoting regional equity and inclusiveness, such that every family, group, and community will have the opportunity to share in the potential benefits from enhancing Climate Prosperity and Quality of Life.