

## **We aren't buying what he's selling!**

### **A point-by-point response to Rocky Scott's January 21, 2005 essay**

By Dave Gardner, Founder and chair, SaveTheSprings

*Note: The January 21 issues of Cheyenne Edition and Woodmen Edition published two columns on the pros and cons of growth. The pro-growth column by Rocky Scott, president of the Greater Colorado Springs Economic Development Corporation, contained a litany of absurd accusations, deceptions and half-truths that beg to be dismissed. It was impossible in my brief rebuttal in the January 28 issues of these papers to address every point – silly or serious – made in Mr. Scott's column, so I'm making this available on the web. Mr. Scott's original column appears below, in its entirety. My corrections and responses appear immediately following each of Mr. Scott's points. – Dave Gardner*

#### **Growth – good or bad?**

#### **Creating victims or villains**

**Rocky Scott, Economic Development Corporation**

Did you move to Colorado Springs because a homebuilder built a house?

Of course not. No one else has either.

A recent survey conducted for Fox21 TV by professional pollsters MM&C revealed that the top three reasons that people moved here were the "presence of military bases", "outdoor recreation-lifestyle" and "environmental qualities". Picture someone now living somewhere else thinking "I want to move to another community. Let me think, where are houses being built? Oh, yes, in Colorado Springs. I'll move there." That's not logical.

[DAVE RESPONDS: You won't find growth accountability advocates trying to stop the construction of a house. We try to move this city in the direction of responsible stewardship of our resources. We encourage prudent policy to ensure our community's long-term success, viability and attractiveness. Our focus has been on ending subsidies and other growth-pandering policies we believe are destructive and frankly not very enlightened. These policies require our community and citizens to make sacrifices without their knowledge or consent, and they are frequently justified under the false premise they are to keep "houses affordable for our children."

The development and homebuilding industries end up being vilified because they lobby intensely and mislead our community with this house affordability ruse in an effort to preserve their gravy train. I don't personally consider them reprehensible – they do what most businesses do; they try to keep their costs of doing business low. But we don't have to buy their deceptions and continue poor public policy that shifts their costs onto us.

The policies they try to perpetuate insulate the market from true costs, and that means growth will happen regardless of whether it makes sense. Since growth is costing us money and we're rationing water, we'd be smart to discontinue growth incentives and make sure the market can respond rationally to costs and water scarcity.

The Southern Delivery System, for example, is needed primarily to serve the population expected to be added over the next 30 years. More electric generation capacity will also be needed if projected population increase occurs. Under current policies, that new population will not pay a dime in development charges to help build a power plant. Our utility bills will reflect the full cost of adding that generation capacity. Under current policies, the new population will pay less than half the cost of the water delivery system they require through development charges. The rest of the cost of the most expensive water project ever undertaken by our city will be reflected in our utility bills, which are just beginning a very steep climb. After that, should we continue to grow, we'll probably treat our own wastewater for reintroduction into our water supply system. The capital and operating costs for this are projected to be even higher than Southern Delivery System. And we'll fund most of that through our utility bills.

What's my beef with that? The market doesn't get to react to these costs, because the ratepayers are subsidizing a huge share of the cost. If SDS were to cost \$5 billion instead of the projected \$2.2 billion, would it make sense to build? What if the cost were \$10 billion? If the connection fees for new customers reflected these true costs, then the market could decide. And just think, if our area is as attractive as Mr. Scott implies, then what is the harm in letting families relocating from the coasts, where they sold \$750,000 houses, pay the true cost of utility infrastructure they require? That brings dollars into our local economy.

Mr. Scott would attempt to refute this idea with growth-industry rhetoric about making house prices unaffordable for our children. What's wrong with that logic? Let's not forget these utility expansion costs have to be paid; the question is whether they should be in our utility bills or in the development charges for new construction. Keeping new house prices artificially low by shifting the utility infrastructure cost to utility bills actually increases the overall cost of home ownership for our children. They *might* get a cheaper house, but then they will have to pay inflated utility bills that subsidize utility capacity for growth. And since those costs weren't paid up front in development charges, our utility borrows the funds, more than doubling the cost to our children in their utility bills. We might ask the military families, teachers, and retirees on fixed incomes shivering in the dark whether they like this math. There are better ways to help our children buy their first houses. Wouldn't you rather invest the \$300+ growth subsidy from your utility bill in something you know will benefit your kids – like a college education? After all, they may not want to buy a house in Colorado Springs, knowing their utility bills are subsidizing growth and that the community is on a collision course

with population growth and a limited water supply.]

MR. SCOTT: It's silly to think that preparing for population growth causes that growth, as our anti-growth community would have us believe. People pursue an improved quality of life and jobs, not homes. Homes are only built in response to population growth. Yet anti-growth activists blame builders and developers for population growth and blame the public sector for providing the services needed by the families moving into those homes and the employers that give them jobs. Blaming them is like blaming a schoolteacher for the growing number of school children in her classroom. Students must be taught and she does so. That's her role, just as the role of the development community is to provide homes and buildings to meet needs created by others.

[DAVE RESPONDS: We don't have to blame anyone. Let's just adopt smarter policies. We only have ourselves to blame – if we continue to buy the deceptions proffered by the growth industry to pick our pockets to lower their costs and incent population growth.]

MR. SCOTT: So, what should be our attitude about growth? The results of population growth are neither all positive nor all negative. Those who think the negative consequences of growth are more important than the positive consequences need to tell us how they would stop it. Reviewing the Fox21/MM&C survey, the top ten reasons that people stay in Colorado Springs are all the same as the reasons that people came in the first place, with one exception – proximity to Denver moved into the top-ten as a reason to stay.

[DAVE RESPONDS: Let's just start by discontinuing growth subsidies. Changing the formula will move growth away from today's net loss and toward break-even. And it will allow the market to respond to true costs. We have not proposed a fence, a gate, or a quota. However, when and if we are at a point where connecting the next new customer to our water system threatens the health and safety of current residents (by committing to provide more water than we have reasonable assurance of having during drought conditions), then we should discontinue water taps. It's as simple as that! Not rocket science.]

MR. SCOTT: So, population control advocates must be telling us that we need to remove the attractive aspects of the community, to stop population growth, by:

- Throwing out the military bases
- Removing access to outdoor recreation
- Intentionally ruining the environment
- Prohibiting the practice of "conservative family values
- Making the airport inconvenient, or closing it
- Throwing out all national international religious 'organizations
- Destroying the quality of K12 education, and eliminate our sense of community

[DAVE RESPONDS: I refer you again to the facts. See my last remark, above.

We continue to offer legitimate, realistic, serious policy options, not ridiculous moves like those Mr. Scott would like you to believe. Aside from providing a chuckle, Mr. Scott's list above affirms that we are making sense and our detractors are now scraping the bottom of the barrel for absurd accusations to toss at us. Growth accountability advocates work to protect our environment and outdoor recreation. We don't get involved in the ongoing family values debate. Closing the airport? Let's get serious, Mr. Scott; this is not a productive dialogue.]

MR. SCOTT: Also, Gardner and his antigrowth cronies must be saying that we should raise our taxes to put up a fence and post police forces around the city to prevent anyone in unless someone else first moved out. And they must be demanding that government deny couples the right to have a child until someone in the community dies.

[DAVE RESPONDS: Mr. Scott has time and again fought for higher taxes on the citizens of our community. And he lobbies for lower costs for new businesses. I can't recall any evidence of the economic development community putting energy into trying to lower the cost of living for the typical family. The policies they promote work a hardship on young families, military families, teachers and others. Mr. Scott lobbies for unrealistically low utility connection fees for multi-million-dollar companies, with the difference being made up through the utility bills of struggling families and retirees on fixed incomes. While growth boosters attempt to lay the blame for growth on procreation – with distortions of demographic data, I have crusaded tirelessly to spread the truth that birth rate is not a significant contributor to our local population boom.]

MR. SCOTT: Population growth and economic growth are not the same. Lack of economic growth is harmful to communities, whether growing in population or not. Population growth in a community will happen unless the community is, or decides to make itself, unattractive. Who would want that? If population grows, responsible communities accommodate the needs of the new people through economic growth and investment in public infrastructure. They pursue higher income jobs to allow families to make their housing and car payments, to enjoy their lives and to send their children to college. EDC was pleased to announce over 2000 new jobs for the community in 2004, ninety percent going to current residents, according to the employers.

[DAVE RESPONDS: I do question Mr. Scott's "90%" data. I have asked Mr. Scott many times for the data. It is anecdotal. It would be useful for our city leaders to have reliable data about this, with an appropriate definition of "current resident." "Economic growth" can be a good thing, when not an illusion achieved by playing a shell game with all the costs our community incurs in the pursuit of, and because of, that growth. Our community's experience over the past 15 years does not support Mr. Scott's thesis.]

MR. SCOTT: The average salaries of those jobs will be one third higher than the county average. Globally competitive employers provide those good jobs. They can only

succeed in communities that create and pay for good education systems, build good roads. and air travel infrastructure, provide water, electricity and gas, and wastewater services, that create and sustain competitive tax and regulatory policies and that retain talented people by creating and supporting arts, culture, recreation, and institutions that provide intellectual stimulation.

[DAVE RESPONDS: We all want these things. However I believe we should be realistic and honest about their costs and how they are funded. Only then can we actually achieve these without smoke and mirrors and unanticipated costs and consequences. Our EDC has claimed for years it is just trying to raise our per capita income. Yet its members set the pay scale that keeps us below the national average, and after years of EDC growth boosterism, has the result been a significant gain in income without a compensating increase in our cost of living here?]

MR. SCOTT: They don't, as our anti-growth activists do, oppose funding the improvement of roads and reduction of traffic congestion. Anti-growth advocates, led by Dave Gardner, opposed the successful election for that purpose last November.

[DAVE RESPONDS: We did oppose the tax increase to fund RTA, because it was a prime example of the growth industry shifting its costs onto the backs of the citizens. If new developments provided the revenue necessary for our road network capacity to keep up with the additional traffic they create, the RTA tax either wouldn't be needed, or could have been halved.]

MR. SCOTT: They don't, as Gardner and our anti-growth activists do, advocate a \$60,000 increase in the price of a new home needed by a neighbor's grown child, or a couple adapting to an empty nest, or the family of an incoming soldier, who risks his life for his country. The message is "make developers pay!" But developers don't pay those charges, homebuyers pay them. Homes won't be built for a loss, just like teachers and doctors shouldn't and won't work for free. The cost is passed on. The profit in the cost of an average home isn't even close to \$60,000. The preferred alternative to huge hookup costs is modest changes in rates that are paid by a community that receives benefits from its growth. .

[DAVE RESPONDS: I don't know where Mr. Scott got his \$60,000 figure, but if the true cost of utility infrastructure to serve a new house is actually \$60,000 more than is currently paid in development charges, why on Earth would we think it makes sense for us to pay that in our utility bills? That is exactly why we need to allow the free market system to work in this arena. Homebuilders will only absorb the true costs of utility capacity to serve their projects if they can still profit. If they can't, then they'll find a sensible, non-subsidized way to meet the needs of the market. It's not realistic to expect the discounts we currently give homebuilders on connection fees to be generously passed on to the homebuyer in this hot market. But it's very logical to expect the market to react and adapt when true costs are reflected in their fees. If these costs are simply too high for the market, then the

market reacts intelligently and does not require the capacity additions (new house starts slow dramatically). Or land speculators don't make a killing. Or the market reacts by designing houses and communities that don't require as much utility capacity. Now wouldn't that be something? As it is, with the market insulated from true costs by our subsidies, we still have bluegrass lawns going in. Is it any wonder?]

MR. SCOTT: Gardner and his group support increasing the cost of utility hookups, for companies that create our jobs, by a factor of ten, seriously threatening future jobs and economic growth.

[DAVE RESPONDS: Let's take a closer look at what Mr. Scott's Wal-Mart approach to utility connection fees does for job creation and our community: Utility rates have to be higher to fund the discounts on these connection fees, so the companies we attract with low initial costs aren't concerned about the long-term (higher utility rates going forward). It doesn't take an economic development genius to recognize this approach will attract bargain-hunters who'll be here today and gone tomorrow. The minute another community offers them a better deal, they will be gone, partly because of escalating utility rates, and partly because they have less invested in their plant due to discounted connection fees. Quality companies don't base their location decisions on short-term discounts. When we do the math, we need to evaluate whether the small number of jobs actually created by utility connection discounts are worth the over \$300 annually in every family's utility bills that goes to fund these discounts.

Let's be clear about who Mr. Scott and the Economic Development Corporation are. I'm sure they've accomplished many fine things for this community. But let's not lose sight of the fact the EDC is a private corporation funded and controlled by private interests. It was originally formed by developers, and it continues to be heavily controlled by developers. Don't doubt for a minute that the owners of Banning-Lewis Ranch have told Mr. Scott they want to sell three or four thousand lots a year as they develop, so he'd better get busy. There is nothing inherently evil about that, other than some dishonesty perhaps by EDC about their true motives. But our community has fallen into an easy habit of believing everything they tell us. They have a specific agenda, and our community is best served by some healthy skepticism about their dogma. Our City Council is caught in the middle, counseled on the one hand by the EDC and its "price patrol," insisting we must keep costs low and subsidize growth. "Job creation" is their rallying cry. But at the end of the day they are not held accountable for whether the citizens have profited or lost money due to all the expenses we incur in this supposed "job creation" activity. On the other hand, growth accountability advocates are trying to get the ear of Council, urging them not to blindly accept the growth doctrine without doing all the math. Over the years the growth boosters have been more prolific, better funded, and just better at lobbying and "educating" Council. That is changing. That's why we're here. But we do need your help. Mr. Scott and his fellow growth boosters are paid to lobby our elected representatives. Their

presence is felt week-in, week-out. When Council e-mail accounts or chambers are filled with growth boosters, and the everyday citizens are busy just eking out a living, Council assumes we are all just fine with the way things are going. And the growth industry gets its sway.]

MR. SCOTT: Economic growth is always positive. Higher incomes allow for better personal and family quality of life and for better public services through a higher tax contribution per person.

Population growth has positive aspects, whether controllable or not. It results in more choices for medical care, for arts, culture, recreation, shopping, entertainment, and education, among many other goods and services. Alternatively, for example, a patient in a small community who needs to travel a long distance to visit a medical specialist pays a price for the lack of population in his community.

[DAVE RESPONDS: In my humble opinion, most people who want the greater variety of choices offered by a big city select a big city in which to live. It seems reasonable to expect most people who choose to live in Colorado Springs do so because they evaluated the amount of variety and decided this is what they want. We did not move here (or choose to remain here), exclaiming, "Boy, I can't wait until this place hits a million in population!"]

MR. SCOTT: Population growth poses challenges as well. They must be addressed, much like we all need to take care of ourselves as we inevitably age. High quality growth must be a non-negotiable community priority. Quality growth requires appropriate regulation. It requires investments in roads, schools, utilities, parks and other public assets that accommodate the needs and desires of additional people, whether they come through birth or migration. Assuming the same level of parental involvement, the primary source of student success, under-funded schools with growing enrollment will produce graduates that can't offer the skills needed by the employers that drive our economy. Everyone is hurt by an unprepared worker, not just the individual. If she earns less, she contributes less in taxes to cover the costs of public services that she uses.

[DAVE RESPONDS: My point exactly. We are being asked to invest heavily in roads, utilities and schools in the name of growth. Let's see the profit and loss statement at the end of the day. The evidence suggests this investment is not providing a positive return to the everyday citizen.]

MR. SCOTT: Water shortages in Colorado and the West are cited as a reason to stop growth, a bad idea. A better approach is to charge all of us what it actually costs to use water, through our rates. The market will make the adjustments necessary, resulting in enough water for everyone through increased conservation, new technology; (increasing reuse and use efficiency) and the transfer of available water to its highest and best use (90% of water in Colorado is now used for agriculture. An 11 % increase in agricultural water use efficiency would support twice the population, not including the impacts of conservation. If water becomes too expensive for consumers to pay, growth

will get smarter and more efficient or it will stop.

[DAVE RESPONDS: Today our water bills include more than it costs for the water. They include the cost of growth subsidies to underwrite utility capacity expansions to meet the needs of new customers.

Mr. Scott's solution to our water supply limitations is taking water from agriculture – at first just a little. After our population doubles, what then? As we go down Mr. Scott's recommended path, will we not eventually just have to buy all the water rights out from under farms and ranches? And then we'll burn a gallon of jet fuel at who knows what price to fly a cantaloupe in from Chile. If that's your plan, Mr. Scott, lay it all out for us.

My point: this scheme is not sustainable forever. So we have every right and obligation to examine alternative approaches and determine whether it's wiser to switch gears now vs. after we've turned Colorado's Front Range into another Southern California. Make no mistake, if one looks far enough down the road Mr. Scott is choosing for us, we see Southern California. If we look even farther down that road, only certain water crises and eventual disaster can result. Does the fact Mr. Scott will be six feet under long before disaster sets in mean we should pursue this ill-advised approach for awhile, profit from it now (well, a few will profit), and then leave future generations to dig their way out?]

MR. SCOTT: There are people in our community whose view is that we should pay no more taxes, for any reason. They have a right to that opinion. If their opinions prevail, however, the failure to make needed public investments will have seriously negative consequences for quality of life. Taxes are a means to an end, not an end of themselves. Taxes taken from the producing part of society are a drag on its economy and should only be justified if they create; a public benefit that is more than the drag, they create. Government should be held strictly accountable for poorly spent tax revenue. But it is the citizens in this state and community who, living under a TABOR regime, must hold themselves accountable for inadequate investment in roads, schools, parks, utilities and other community infrastructure. And, as voters, they must hold themselves accountable for the actions of those they elect who 'fail to inform them of the consequences of underinvestment, in mindless deference to a "no new taxes" mantra.

[DAVE RESPONDS: Accountability advocates are not against all taxes. We do promote a "user-pay" concept that connects costs with behavior. That approach is quite fiscally conservative, and economists agree it leads to more rational market behavior. The above paragraph belies our EDC's bias. It is an organization dedicated to keeping costs low for businesses by shifting tax burdens and investment in infrastructure (transportation, utilities, schools, even convention centers) to the citizens.]

MR. SCOTT: Regrettably, many of the problems that are being blamed on growth are not the fault of population growth. They are the fault of those who chose to not make the investments needed to support additional people, when it is clear that population growth in an attractive community is inevitable in a community that doesn't want to destroy its quality of life to keep people out.

Those who say we shouldn't invest to support more people are, unwittingly, suggesting we should; deliberately pursue a lower quality of life. Ironically, the result of that lower quality of life may indeed achieve the preferred objective of the David Gardners of this community. Population would decline as people choose to leave for better communities. We will have "burned the village in order to save it".

The choices for Colorado Springs are simple: Grow prosperously by responsibly accommodating the population growth that is inevitable in an attractive community, or intentionally make the community unattractive.

[DAVE RESPONDS: The community is becoming unattractive under Mr. Scott's plan. The attractive features he brags about when attempting to lure companies to town are being used up as we grow. Southern California was once an oasis. Eventually it became overrun, so people left in search of the next beautiful place, Colorado. Eventually, if we continue to follow Southern California's game plan, we'll be as unattractive as Los Angeles. Then people will leave and head to Montana or Alaska. The real irony is that the only way we can preserve our quality of life is to have the intelligence to step back and examine our behavior and its results. We have to break free of the siren song of the mythical growth bonanza. Then we must have the courage to walk away from that destructive, hypnotic trance. We can preserve our quality of life and achieve true prosperity for all, not just for a few.]

MR. SCOTT: Gardner and his anti-growth allies are planning to offer us that choice. The people of Colorado Springs care enough about their quality of life and that of their children and grandchildren to reject his ill-advised populist message. They won't take a bite from that poisoned apple.

[DAVE RESPONDS: I leave it to readers to decide whose approach leaves a better legacy for our children: those of us willing to protect what we hold dear, who refuse to accept Mr. Scott's thesis that we must use up or overrun our treasures in the name of "economic growth" that in reality benefits only a few? Or those who would mine everything we hold dear today, saddling our children with escalating taxes, filthy air, scarce and expensive water, crowds, unbearable commutes, long lines and rudeness, treeless boulevards, and massive debt that can only be paid by continuing the pyramid scheme of growth? Many citizens would like to live out their lives here; developers can exploit our treasures and then move on to the next unwitting area.]

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