

A Bias Towards Freedom: Freedom Breeds Choice and Innovation in Anaheim

By Mayor Curt Pringle



After years of public service in state government, I was intrigued by the opportunity to impact real change at the local level and decided to run for mayor of the City of Anaheim. When I was elected in 2002, I did so with a clear intent to pursue a market-oriented, freedom-friendly agenda that would create an atmosphere of creativity and competition; putting our city at the forefront of innovation and efficiency.

I am proud that Anaheim has earned a reputation as a “freedom friendly” city because of policies we’ve created that are orientated towards giving our residents and businesses greater choices, greater opportunities to succeed, and a greater ability to define and create their own slice of the American Dream.

Too often, those of us in public service believe that more government programs are the answer to all issues facing a community or state, when, in fact, too often government efforts just get in the way. As mayor, I’ve worked with private enterprise to bring more freedom and choice to the residents of our city in a variety of areas, including planning, technology and transportation.

Platinum Triangle

One of the greatest challenges that American urban mayors face is creating a dynamic urban core that attracts people, jobs and housing. Anaheim is no different than many American cities; we wanted to create an attractive area that encouraged job growth, attracted new residents and gave our tourists another reason to spend more time in our city.

As we studied the city, we realized that the best opportunity for such a community was the area around Anaheim’s Angels Stadium, which we believed could be turned into a new, vibrant neighborhood with housing, retail shops and restaurants that would both benefit from and support the stadium and the Honda Center, where the NHL’s Anaheim Ducks play.

When many local governments decide to embark on such a redevelopment project, they often try to accomplish their goal by using eminent domain, or the government’s legal power to seize private property for a purportedly public purpose, even over the objections of the property owner. When I became mayor, I called on my city council

colleagues early on to reject the use of eminent domain in our efforts to create new economic life in the stadium neighborhood, which we call the Platinum Triangle, or any redevelopment project in our city. As a result, the city council approved severe restrictions on the city's right to use eminent domain, restrictions that were recently placed into our city charter by a vote of the people.

Instead, the city council approved a plan for redevelopment that embraced the freedom-friendly standards we have become famous for:

- Development within the Platinum Triangle would be driven by private property owners. There would be no subsidies or other public incentives to achieve development goals.
- The mixed-use development opportunities could not turn existing properties into non-conforming uses or buildings. Property owners would still retain the rights to develop and use property pursuant to the underlying/existing zoning.
- Recognizing that the area was composed of dozens of individually owned parcels, the private sector would have to assemble parcels if larger sites were to be developed; the city would not use eminent domain to acquire property.
- Incentives would be created through market forces for those developers and land-owners who acquired property to break ground and build, not just continually flip the land for paper real estate profits.

Working with these broad goals, the city then took steps to streamline the development process and implement market-driven incentives, making the area even more attractive to developers. In some

cases, property values more than quadrupled within 18 months after the new zoning was in place (in other words, the City rezoned in order to meet market demands).

What we saw happen in our city was amazing. After the city passed its new flexible zoning requirements in August 2004, development plans by private firms were in place for nearly three-fourths of the 9,500 available residential units within fifteen months. Eleven separate developers sought city approval, purchased land from private property owners and began their planning and development of the area within the first year.

Lennar Communities, a private developer, has the largest presence in the Platinum Triangle. They have two separate projects, with one project accounting for more than 2,600 new residential units and more than 229,000 square feet of commercial/retail space. Prior to the creation of the overlay zone, Lennar owned no property in the city. Upon the establishment of the zone, they purchased approximately 30 properties (over 50 acres), all from private property owners, at market price, without government involvement.

With the flexibility the city provided, the area is blossoming with more economic activity than ever imagined. In fact, with the new housing and retail activities planned, there has been an increased demand for high-end office space.

With the large amount of redevelopment going on in this area of our city, I am often asked if any of the existing property owners in this Platinum Triangle area will continue to own their property and businesses after the area is built out. While many of the owners did decide to sell their properties, there are still building owners and businesses within the area that have been there for many, many

years. One business owner, who chose not to sell his property, will remain in the area and will soon have 20-story residential buildings nearby. That's just fine. In our view, it is the building owner's decision—not the City's—whether the business stays in the Platinum Triangle area over the long term or not.

What Anaheim's experience in the Platinum Triangle can teach is that redevelopment can happen without trampling on people's private property rights. Local government's desire to create new jobs and more economic activity should not come at the expense of those rights.

Technology

This era in which we live, in contrast to the past Industrial Age, is known as the Information Age. The economic leaders are not necessarily those with the factories that make everything, but those who can process and deliver ever more bytes of information. The economy is changing, but in many ways the government approach to information services is still rooted in 20th century models.

We wanted to change that in Anaheim. From wireless internet services, to cable television to cellular phone services, we're taking steps to make our city one of the most aggressive municipalities when it comes to ensuring our residents are connected. But we are not using the traditional command-and-control government approach to these services. We are looking to the private sector to help bring our residents the freedom and choice they want.

1. The nation's first large, municipal Wi-Fi network

We started with municipal Wi-Fi, all the rage with many government planners. At a time when many cities around the nation were pursuing government-run models of

municipal Wi-Fi systems, Anaheim decided to take a different path. Instead of a government-run system, we simply leveraged our city assets, such as streetlights and utility poles, and asked for proposals from providers to invest their capital and expertise in creating a citywide wireless network. In the end, the city signed an agreement with EarthLink to create a citywide wireless system for our residents and visitors. The city is not running the system, we don't own it, and we did not spend taxpayers' resources to establish it. Like any business in our city, we hope it succeeds.

In other areas, city officials are spending a lot of time wringing their hands about the digital divide. In some cities, the arguments about who will have access to a municipal Wi-Fi system at what cost are actively slowing down the progress towards total wireless coverage. They call Internet access a "right" and mandate providers offer free or reduced price service to certain income levels.

Again, Anaheim took a different path. We let EarthLink set the price at market rates, with no mandates. However, through private charity, we created the "Mayor's Tech Scholar" program which will annually award laptop computers to deserving high school students in our community. In last year's program, corporate partners such as EarthLink and others awarded 45 students—chosen based on a combination of merit and need—a free laptop computer, plus two years of free wireless internet service.

2. A new look at video franchise agreements

Anaheim's next step in our effort to create more freedom and choice for our residents was to evaluate our cable franchise system. Since 1979, the city of Anaheim has had an exclusive franchise agreement with various cable service providers, the

most recent of which is with Time-Warner Communications.

Now as far as I am concerned, whether it is through cable, satellites, or new concepts on delivering television services, most notably through telephone lines, the more choices the consumer has, the better. Let private sector companies compete in price, quality and quantity, and let consumers decide.

But standing in the way of this vision are franchise agreements and other restrictive policies from the 20th century in which government guarantees monopolies on content delivery within their city. When it came time for Anaheim to renew its cable franchise agreement last year, I had to ask the question: in this day and age, what exactly is the purpose of a cable franchise agreement?

Historically, of course, they had their purpose. Cities wanted to encourage cable companies to build out their networks in cities. The cable companies wanted to have their investment in infrastructure protected. So cities guaranteed the companies exclusive rights to provide these services in the city.

Of course, any government program usually comes with a tax. City franchise agreements always involve a franchise fee (tax) that the city charges and the company passes on to the consumer. But long after the initial investments in the cable build out were paid off, cities and cable companies maintained exclusive rights of the franchise agreement and, of course, the franchise fees.

So as we negotiated the renewal of our cable franchise, we looked to bring more competition to Anaheim through an agreement with AT&T, our area phone company, to provide video contact and to eliminate the franchise tax for both providers.

At the same time we were looking at

changing the structure of our franchise agreement, the state and federal government were also looking at opening up the delivery of video product. In 2006, the California Legislature passed legislation, which the governor signed, to allow phone companies to create statewide franchising mechanisms, eliminating the need for these companies to enter into individual municipal agreements to deliver video services in the state. At the federal level, the House of Representatives passed a bill to create a national franchising structure, but it was not approved by the Senate.

Also, the Federal Communications Commission was considering video franchising reform and the city of Anaheim weighed in with a rare municipal perspective that competition has been stifled in the world of video services due to government regulations. In our comments, we wrote, “To the extent that government needs to be involved in the marketplace in order to be responsible stewards of the public interest, government leaders at all levels should be working to create a regulatory environment that can nimbly respond to market changes that result from some new exciting technological breakthrough.” We asked that the FCC implement reforms that allow the American consumer to benefit from increased competition in the marketplace, enjoying new delivery methods and potentially lower costs for those services.

As a result of these changes and our desire to give Anaheim residents the benefit of increased competition, we decided to invite Time Warner, AT&T, Direct TV, Dish Network, and any other willing provider, to operate and compete for our citizens’ business.

The City enacted an agreement with AT&T, the year before the statewide

franchise legislation was established for the delivery of Internet Protocol Television (IPTV) to Anaheim residents. We believe this agreement is a model that shows the kind of local flexibility that an updated regulatory climate would further foster.

As part of the agreement, AT&T agreed to offset the city's cost of impact on local infrastructure, as would any private enterprise wanting to lay fiber or make any other investment that involved digging up city streets. However, AT&T will not be required to pay a city franchise fee, nor will the company be promised, either in writing or in effect, an exclusive right to provide Anaheim residents with IPTV. By the end of this year, nearly 100 Anaheim neighborhoods will begin to receive service from this new technology.

3. Can you hear me now?

Continuing our effort to encourage competition and improve technology services for our residents and visitors, I recently announced a citywide wireless service coverage initiative to ensure all major cellular phone companies are able to provide full coverage through Anaheim's 50 square miles.

I have asked city staff to work with the major cellular phone service providers to determine where coverage areas may be lacking and identify ways the City may be able to help expand their services within the City limits. Too often, cities stand in the way of cellular carriers building towers and deploying their networks with restrictive zoning and siting processes. Anaheim takes just the opposite tactic.

We have already employed some unique tools in providing access. We have established a model agreement for cell providers to put antennas on sport

field light poles in city parks. We have a model agreement to allow cell providers to establish small cell antennae on city streetlights in challenging areas. And we have streamlined the processing of cell tower permits.

My goal is ensure complete and total coverage with all major providers by the end of 2007.

4. Anaheim residents are the winners

In today's world, people want to be able to complete a thought on their cell phone without having their call dropped. They want to open their laptop computers in a park or coffee shop and check their e-mail. They want to decide which video service provider—and which product—they use to bring content into their home.

Government's role in this new world is to ensure that the infrastructure these companies need is up-to-date and that government rules and regulations are not slowing or preventing technological advancements. Of course, it is appropriate for government to ask the private sector to pay a share of or, in some cases, all of the public costs for infrastructure improvements necessary to provide modern technology. But government should not be tacking on an ongoing fee simply because they have the opportunity to do so. In the end, private sector companies should compete in price, quality and quantity, and consumers decide what serves their needs the best.

Transportation

Like other Southern California cities, traffic is one of Anaheim's biggest headaches. But we have had the foresight to join with our neighbors and invest local dollars in transportation projects that have had major local benefits, such as the

widening of major freeways, like the I-5. There is no doubt that our commitment to improving our infrastructure has been a big part of our growth. And it will continue to be so in our future.

That is why Anaheim is moving forward with its own 21st century version of Grand Central Station—the Anaheim Regional Transportation Intermodal Center (ARTIC). This future-looking concept will bring together multiple modes of transportation in one location near the Platinum Triangle. Offices, residential units, hotels, and entertainment venues will be bustling around this transportation center, making it truly a hub for the entire Southern California region.

One of the exciting innovations we envision for ARTIC is an actual remote terminal to the Ontario International Airport here in Anaheim. At this remote terminal, a passenger could check their bags, clear security, and take a 15 minute high-speed rail trip that disembarks within the secure area of the terminal, ready to board their flight.

We envision an expanded Metrolink service, running 18 hours a day up and back through Orange County; a high speed connection taking only 20 minutes to Union Station in Los Angeles; a county-wide bus rapid transit system and even a new internal circulator, perhaps a monorail system, which connects key stops in Anaheim.

While Anaheim is ready to move with our plans on this project—this past year our transportation authority purchased land from the county for the future site of ARTIC—we have never received the funding we have needed from the federal government.

Well, we are tired of waiting. We believe

that this project can be made a reality through a partnership with the private sector. This year, Anaheim will issue a Request for Proposal in the fall of 2007 which will serve as a challenge to any and all developers, private equity financiers, and other interested parties. The RFP will ask developers and others to finance the construction of the ARTIC in exchange for development rights for a complex of offices, commercial, entertainment, hotel and other uses in and around the ARTIC. Rather than dictate their vision for this 17-acre piece of land, the RFP will ask interested parties for creative ideas on how to make it work.

Conclusion

Americans have long had a love-hate relationship with their government. Government can be most effective when it keeps the interest of the people first and foremost and aims to operate as efficiently as possible. These goals can be accomplished when our leaders are dedicated to keeping government regulation as streamlined as possible and recognize the value of putting free market processes to work instead of heavy-handed government regulatory programs.

That is what we have tried to do here in Anaheim. Our city was founded by innovators and dreamers who created a dynamic community that continues to grow and change. Our city government is dedicated to helping keep our economy strong, our streets safe and our neighborhoods vibrant through programs and policies that value freedom and innovation.

Curt Pringle is the mayor of Anaheim, the 10th largest city in California, and the former Speaker of the California Assembly.

Innovators in Action



Mayor
Rudolph Giuliani



Governor
Jeb Bush



Mayor
Curt Pringle



Governor
Bill Owens

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