

## C2C Ep.18

[00:03:02] Welcome. Welcome. My name is Lily Weinberg.

[00:03:07] And welcome to Episode 18 of Coast to Coast. As you all know, coast to coast looks at the future of cities during this really dynamic time. We've examined everything from public spaces. We've looked at race and equity in our communities, resiliency and mobility. On this last episode that we had was really important to me as as a parent. We looked at how schools are leveraging green spaces during Cobbett 19 to create a safer environment for for kids and really looking at the future of that. But what's really key for every discussion that we have is we want to have you all our audience leave with clear, tangible takeaways as practitioners. So with that, I'm really excited about our conversation today will examine how city leaders can quantify social impact, the social costs and benefits to prioritize impact in their cities. We'll look at how we can think through revenue generation measures while supporting a more inclusive and equitable budget. And practically speaking, we'll look at how do we do this with budget constraints. So I want to welcome Gabe Klein.

[00:04:22] How's it going? Good. Great to be here today.

[00:04:25] I'm so thrilled that you joined us today for our audience. We don't we all know Gabe. Right. And Gabe is the co-founder and president of City Phi and is really you are uniquely situated to talk about this topic because you've managed large city budgets during the Great Recession. So in Chicago and D.C., so you really know what it's like to have budget constraints and really know what it's like to have to prioritize specific decisions. You know that looking at the social impact. So I'm excited to have this conversation and to get your insights. And so with that and the way this is gonna work, Gabe, is we're going to have 15 minutes for an interview and then we're going to open it up to live questions from our audience. So for audience members, please put your questions in the Q&A box for folks that are watching on Facebook or Twitter. It's hashtag Night Live. So with that, let's get started. OK. So so I would like to start the conversation with some context setting so you can tell us a bit about how you think about quantifying costs and benefits and cities.

[00:05:35] Yeah. So in some ways it's complicated. In other ways it's very simple. Right. When you make an investment in something, there are immediate short term benefits that most people see that the constituency. But really what's important is what are the long term social costs and benefits? Meaning let's look at like a 30 year timeframe versus what we do in the stock market or what we do in our startups, which is often 90 days. Right. Or even in our in our budgets, within cities, it's often year to year. Sure.

[00:06:11] You have, like a seven year or 10 year infrastructure project list.

[00:06:18] But the fact is that when you build a road. Right, the impacts are felt or felt sometimes for generations. Right. So it's it's easy to make decisions in government. And to be honest, in the corporate world based on politics, internal politics, politics with the public or based on what seems like the right technology at the time, the sort of hot thing. But when you get down into it and you figure out what are the health impacts for people that live in the community where that street's going in, you know, how does it give people not just mobility but upward mobility in that neighborhood? You know, what's the air quality? You know, all those questions. And so I think that what we try to do is give cities, give

companies a framework to figure out how to tie back to their values versus starting it like tactics and resources, which is as humans, it's tempting.

[00:07:20] Right. And so I want to link to two articles that your firm has written about quantifying and social impact and how to really think about that, the costs and benefits. And one of the points that you make in the article is that this could be this could be challenging to do, especially for the future. You know, the feature looking and really quantifying that this social piece. And so so you pulled out an example in Miami around transit and the various transit options. Can you talk? Talk me through that a bit?

[00:07:53] Yeah. Yeah. We worked with Miami on Air Mobility Plan last year that actually should be coming out any anytime now. And one of the things that we looked at were these eight smart corridors. And they've been wanting to build these for, I don't know, a couple decades. Right. And they've had problems explaining to different stakeholders and I would say particularly the business community. Why is this investment the right thing to do? Does it give high return? And originally it was going to be light rail. Then it was to be bus rapid transit. Personally, I'm agnostic on that. What I care about is how does it benefit the city writ large and the communities that it operates in. And so how can we make better arguments to all these stakeholders by quantifying better investments in not only in the transit service itself, but all the ancillary improvements that would make the court order better? So what happens when you put a bike lane in there? Jason, what happens when you add electric vehicle charging stations either for the busses or for other types of people? What if you put a ride hill hub there? And so what we found is that the actual return on investment was approximately 24 X over a 30 year time period just for the smart corridor investment, which is important to convince people this is the right thing to do and to do that we did. Just look at the internal, you know, fixed costs. But we looked at the long tail of like external variable costs, like pollution and congestion. And it was really interesting because with a few additions of other ancillary services, you could get a three to six X kicker on top. Bring it up to like thirty-three times. And these were inexpensive improvements that can be made.

[00:09:48] I saw that. Yeah. I mean that is that's a powerful turn on. That's so. So that's very powerful when you have those numbers on that. And we talked about this before the show. So yes, the numbers are really important to be able to quantify that.

[00:10:04] But then it's also there's something about language and the choice and the way that you communicate that. Do you have any thoughts on that, again, around choosing the right words when, you know, presenting these ideas and thoughts?

[00:10:19] Yeah, I mean, I think which is why we often walk our clients through this waterfall. Like, let's start out with values and your vision mission and then let's get down to your goals. Right. And your strategies. And I think the problem is when you start to low in the food chain, you don't use the right language. And I think that the values and the vision of mission should stay the same.

[00:10:41] But you have to tailor the message to the audience that you're talking to.

[00:10:44] And if you're talking to the minister in the neighborhood versus the biggest corporate employer in the neighborhood versus the family and neighbors, they'll be utilizing that service. They want to hear different things. They want it to tie back to it being good for society, good for the community and good for them as stakeholders. But they react to different terminology like our why is not going to be important necessarily to the

minister or to the family, but to the corporation. It is to and then to the citizen as taxpayer. It is. And so we talked before this. Like when we did a lot of the experiments here in D.C., in Chicago, we call them pilots, not experiments. And we let the community know that we wanted them to participate with us. And if they didn't like it, we'd take it out and they could help us improve it. Then you've got participatory government going on and you've got people feeling like they aren't just telling you what they want. They can actually play a role in the entire process. And I think that's a big difference.

[00:11:48] Absolutely. So so tailoring it to the audience.

[00:11:52] That is a very basic principle, but is often missed. And so so thanks for it for the reminder on that. So I want to pivot a little bit and to this moment in time. Right. So. So we started out talking about the social impact and being able to measure that and making tough decisions with with budgets. So this is incredibly relevant during that meeting, which is really exasperated the inequities in our communities. But it's it's also hard to think about, you know, balancing the budget and really prioritizing on equity and during budget constraints. So can you talk a bit about how cities should be thinking about their budgeting during this really stressful time?

[00:12:38] Yeah, I mean, first of all, I feel for all of our city partners, city leaders. You know, we are many of us live in towns or cities. And the operational responsibility that these folks have right now is incredibly challenging. And when you talk to them about, like strategies for the next five or 10 years, a lot. And we're saying, look, I'm just trying to hold things together for the next three months.

[00:13:00] And so I think, you know, emotionally, it's taken a toll on people. But I do think from the standpoint of equity, resilience, environment, I mean, this is a very painful time.

[00:13:15] And thinking back to like the the Kubler Ross model for Change Management, where you basically and you can Google that, but it it shows that there is a lot of pain often before there's a lot of innovation. And I think what we're seeing is we've had to expose a lot of mistakes, a lot of bad decisions in the past, not only in this country, but globally. And while it's terrible and hard to live through, whether it's budget opportunities to spend our money differently and better, where it has real impacts, whether it's Baiki equity into everything that we do versus sort of these one shot bandaids, I think there is a real opportunity. We might not feel it right now because we're under the gun, but I'm starting to see a glimmer of hope in cities that. Wait a second. You know, life is going to go on. We're going to get through this. A lot of the revenues will come back, but we can't just do what we've been doing before.

[00:14:17] Right. And so I want to link to your op-ed in the Washington. Just which was incredibly powerful on around systemic racism and and so I think that that one of the really important things that has occurred during the racial reckoning that's occurred in our country and during Club 19 is exactly that the racial reckoning that we're having this conversation and that we are talking about the major inequities in our cities. So, so I want to tease this out a little bit more with you. So you say you've managed major city budgets during the recession. So how does this work practically? I mean, how can we be thinking about prioritizing, you know, equity when we have to have, you know, major cuts yet?

[00:15:06] Well, first of all, we have to admit that there's a problem, right? It's like having a drug addiction rate until you admit that there is a problem. Historically, it's very hard to fix it. You know, I come from a long line of civil rights activists, actually, in my family. And so

for me, growing up, I was always very cognizant of this. But I think for a lot of Americans in particular, this has been IAP this year and a lot of people that are not callous people. These are good people. We're literally just not aware because they were living in a bubble.

[00:15:37] And so what I tried to write about is I want to give people understand the historic aspect, particularly in our urban areas of redlining and of driving highways through people's neighborhoods like black in Detroit and disenfranchizing people closing black businesses. So there's been a lot of discriminatory housing policies. There's been a lack of access to services. And that's also resulted in a lot of communities feeling like they had to become car dependent, which means that we're creating neighborhoods where you have to spend eight hundred thousand dollars a month just for your basic transportation, which is inequitable.

[00:16:27] Never mind the impacts from poor air quality. Right. And so I guess what I'm trying to say with this piece and then in my response to you is it's not enough just to spend the money differently. We have to address the policies that have baked in inequality vs. equality into the system. And if you don't change the policies, if we just keep spending money on building big roads through people's neighborhoods versus investing in creating mobility networks that are safe and healthy, we will end up with the same problems over and over. Even if our intentions are good.

[00:17:05] So so I mean, so there's a couple things. One is acknowledging and admitting that this is going on.

[00:17:12] But then at two, it sounds like in order to have this systemic change, you really need to have a strategy first and a plan to be able to do that rather than just looking at the budget and the line items set in.

[00:17:27] And you have to have people at the table that are experiencing it. Right. Whether it's community meetings or whether it's the agencies like my dhoti or the D.C. duty that I ran, you know, half of our executive team was African-American and then half was also female. Right. And I didn't design it that way. I hired the best people for the job. And the best people represent the communities that we're serving. Right. Because I tried to change the culture like it's don't feel like you have a monopoly because you're in government, like you're there to serve as people, just as if their customers like you would in the private sector. Sometimes I say government should treat people like the private sector does. It gets misinterpreted. What I mean is we need to give people that level of service and respect. And I think it starts by having the right people at the table as well.

[00:18:22] That's right. So tell me a little bit about how cities can be thinking about revenue generation young this time, and how do you see that as an opportunity?

[00:18:32] Yeah. Well, there's so many ways. I mean, for one thing, you know, we've made a lot of decisions historically about where money is spent based on politics or based on, you know, the power of one person for those of us that have studied. Robert Moses in New York City. And so I think, by the way, if you hear a kid screaming in the background, a touch of his father.

[00:18:59] My dad scratching on the door said, don't worry about it. Okay.

[00:19:02] Okay. But look, I think there's an opportunity to draw a line in the sand, whether it's with local revenues, revenues that cities and regions are getting from states or federal

money and say we're going to create a framework to invest this money around, not just even Cubans centered design, which has been very important, let's say, the last 15 years. We can design our own people. But embracing truly regenerative cities, a circular economy where we eliminate unnecessary waste, looking at how all people, animals, nature benefit from the decisions. And the reason that we're so focused on quantifying it is because historically, people like that sounds sort of hippie dippy. Right? Right. Like, you know, like there's been this false equation in terms of like, you know, building roads and highways is real and building transit and other things, bike lanes, sort of fluffy. We want to show that there's real fiscal long term benefits. And I would, as an example, say I feel the same way about pre-K, even though it's not my area. But I know that if we make investments in Headstart, if we make investments in kids when they're young, give people free college education. We don't need to build jails like we do. Right. And so it's the same thing on the infrastructure and transportation side. And there are very low cost investments that we can make that will change the way our communities feel. Make them safer and even illuminate more traditional crime, not just traffic issues.

[00:20:42] Yes, sir.

[00:20:44] So tell me a bit more about your experience at any lessons learned from when you were in D.C. and Chicago during the recession and and when you are working at, you know, working around prioritizing impact and for transportation. How did you think that through and during during the budget process?

[00:21:11] Well, first of all, I didn't answer your last question fully. I mean, there are a really pragmatic solutions that you can put in place. Like, for instance, back in 2009, 2010, the parking meter system was terrible. In Washington, D.C., half the meters didn't work. The science was confusing. Just putting in pay by phone. You know, I was 10 years ago change the quality experience added about 80 million dollars of revenue for the city immediately allowed us to invest in our neighborhoods. So there are services like that that are just win, win, win right there. These are new services uniquely competing and get something that was there before. But also, I would say during that time, I also learned that stimulus, which was really crucial to getting our economy back on. I started actually the day after Obama was. Ushered into office and I found out our budget was going be doubled that year. And I mean, our our our federal budget. Wonderful. But what we learned is that just funding projects to get the economy going. And there were some great projects that were built, but there were primate's weren't necessarily current thinking back human centered design. They were still sort of, you know, focused on spending money on roads. And so, you know, I think we need to be ready for a stimulus this year in 2021. And we need to get ready by taking our projects that are, you know, our capital products. They're 80, 90 percent design and go back and look at those and make sure they reflect this fully loaded social cost benefit. Make sure they reflect the current mayor's goals for all communities in the city, not just some. Let's make sure we're going to benefit everybody.

[00:23:01] And even if we have the time now thinking ahead, let's even give people a chance to weigh in on some of the latest technologies or policy shifts that they'd like to see. So I think we know we're going to have to move fast to share a lot up after a few years of disinvestment in our cities. And let's be ready for it. That's definitely one lesson.

[00:23:25] That's a great line and it's very practical being ready and relooking at those at whatever you're ready to. You know, those projects that you're ready with and making sure that there's also an equity line is there, too. So I think that that's that's really good advice. And so I just want to end with one more question on you. You alluded to this and Gabe



and Ann and what crisis brings innovation enervation right. And back, but future looking with this crisis that we're going on. What are some of the opportunities that you think could happen and are setting up? What what what do you what do you think? And are you seeing anything interesting?

[00:24:08] Yeah, yeah, that's a great question. And I mean, it's funny. Some people will brand a bit of a futurist, I don't know, say like that term, because I really believe in, like, you know, basic fundamental equity, great design and sustainability. But having said that, you can use enabling technologies to power these outcomes that we want. And like we're doing some great work right now with the Knight Foundation and for cities, Miami, Pittsburgh, Sansei in Detroit around autonomous vehicles like how do we create a feedback loop so that people, communities of color, for instance, have input into how these technologies play out in their communities. And then we get that feedback to companies that are formulating their business models and the technology companies that are building these tech stocks. So I think that's really interesting work. There's a lot of great work around data and how we create more open data for transparency for everybody, but also to create more businesses, more locally owned, more locally powered businesses. So I think there's there's a lot going on out there that's really, really positive. And I think, again, we're on the cusp of doing many more great things in 2021.

[00:25:32] And I think that that's I think that's true. And I'm optimistic that that will happen. I want to jump into some of the questions that we have from the audience. So so the first one is around. There's a lot of unknown.

[00:25:48] So a lot of a lot is changing in our cities. And there's an unknown about the future. So how can we even have a cost benefit determination about anything having to do with urban improvement? Right now, with these unknowns. Do we need to wait for four things to be better now?

[00:26:09] Well, that's an absolutely excellent question. This is basically what we do is we we work in the urban change management space and we future proof, meaning we create on and off ramps for our city clients or companies based on where we see the trends going. But all based in the foundation of triple bottom line or quadruple people, planet profit and progress. Right. So if you create those values at the top and you say, I want to create sustainable, equitable, wonderful transport systems, for instance, then that will guide your decision making, whether you're a wammo or whether you are the city of Los Angeles. And when people are operating in that type of framework, then bringing public and private together to make decisions that are good for their business, but more importantly for society and for people becomes much, much easier. And so we find ourselves often bringing together really forward thinking companies that get it with city that need the services. So to this person's question, you can never know the future. And in some cases, you don't want to