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Research Library,
Resources

LEADERSHIP NETWORK
Member Directory
Meetings, Local Action

ABOUT CEOs
History, News,
Press Center, Contact

Search

[home](#) > [research](#) > [best practices](#) > [new metropolitan alliances](#)

[◀ previous](#)

[next ▶](#)

The New Metropolitan Alliances: Regional Collaboration for Economic Development CEOs for Cities and Northeastern University and the University of Illinois at Chicago, Spring 2002

Executive Summary

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Overview

In this report we provide an initial scan of development-focused regional alliances. We begin with a brief assessment of the growing interdependence of cities and their surrounding suburbs, highlight some of the political, constitutional and economic barriers that make regional collaboration difficult, and conclude with a summary of the lessons to be learned from present experiences in city-suburban alliances. The report is based on an analysis of over one hundred traditional and emerging regional collaborations in the thirty largest metropolitan areas in the country and five in-depth cases that more clearly identify the challenges to regional alliance building, the strategies employed to meet these challenges, and the outcomes to such strategic

action.

Project Rationale

As we enter the new century, the nation's cities face a new reality and challenge. Recent Census data reveal that as the distinctions between urban and suburban economies are becoming more transparent, so are demographic distinctions within regions becoming more blurry. The uneven conditions of poor "minority-majority" cities surrounded by wealthy white suburbs are no longer a common reality. While cities have recently enjoyed increases in population and decreases in crime, older suburbs are facing increases in crime, unemployment, and poverty formerly seen only in inner cities.

Cities and their regions have developed complex interdependent economies with fates that are inextricably linked. As a recent study by Robert Weissbourd study confirms, the economies of cities and suburbs now move in tandem, not opposition. To illustrate this claim, he shows a correlation in wages among cities and suburbs -- suggesting that if a city is doing well, a suburb is doing well, and vice versa. Economic distinctions between cities and suburbs are eroding as the era of global trade redefines regions as economic units.

As recently as five years ago, most leaders of urban and suburban entities would have seen each other as combatants in a zero-sum game. Recently, the nation's most innovative and astute political and business leaders have created structures that recognize the fundamental interdependence of cities and the surrounding suburbs. While the structures may vary, what they have in common is a recognition that in order to ensure a better future, regional cooperation and alliances are essential.

Not A New Phenomenon

The development of regional agencies is not a new phenomenon. Throughout the 20th Century, multi-jurisdictional intergovernmental agreements and special districts have expanded beyond the boundary of any one municipality in a metropolitan area. In addition, most metropolitan areas are served by regional systems of water, sewers and transit – all of which benefit from economies of scale that far outweigh the benefit of local control over municipal service delivery. Partly in response to federal mandates and funding opportunities, other forms of planning agencies have also been created such as Councils of Government (COGs) and metropolitan or regional planning commissions. The strength of these agencies has usually been directly proportional to the external funding they control. When federal policies changed and the mandates were unfunded, the authority of these regional entities faded. Neither their power nor jurisdiction were constitutionally defined and their authority was, and remains, advisory rather than binding.

What's New

The mixed history of regional action to date has not necessarily been shaped by economic and political imperatives driving new city-suburban economies. However, a host of new city-

suburban alliances have emerged, built in part on past structures and regional entities and in part on new modes of engagement, resource mobilization and recognition of the growing interdependence of city-suburban economies. Most of these new alliances involve collaboration among partners that have not worked together before, or in the same way.

Barriers To Regional Action

While the data and demographics support the increasing city-suburban interdependence, the barriers to regionalism in major metropolitan areas are real and include:

Local control over land use makes it extremely difficult to arrive at cross-jurisdictional agreements about land development, regulation and use alternatives, even in regions with flexible annexation and municipal boundary agreements.

Rigidity of political jurisdictional boundaries presents legal and practical hurdles to organizing across governments.

Increasing devolution of state power to localities under home rule means that services are decentralized and fragmented, further exacerbating jurisdictional concerns.

Resistance to tax sharing creates fiscal encapsulation among political jurisdictions. In the final analysis, local politics is "tax politics" not "policy", regional or otherwise. Municipal leaders try to keep taxes low and the provision of services as transparently focused as possible on the local citizenry.

This short list of barriers makes it clear that although the city-suburban region may be the "new unit" of economic activity and the citizens of the metropolis may live cross-border lives – living, working and playing in a host of municipalities on a daily basis –without leadership, regionalism will remain a theory of planning without meaningful regional action or real application.

Case Studies

After exploring over 100 examples of these alliances throughout the country, we have selected five cases to illustrate the key ingredients in the formation of regional alliances. The case studies focused on two types of alliances with clear links to economic development: (1) political and civic alliances and (2) sectoral economic development strategies and regional training partnerships. The alliances of regional action selected here are particularly interesting on two counts.

- First, they are cases of how both new political and more established, business-based, civic alliances can be built to overcome the jurisdictional barriers of metropolitan politics as well as add new levels of civic investment and regional collaboration in the private sector.
- Second, they are also examples of how traditional types of alliances (COGs, chambers of commerce, economic and workforce development commissions, and fiscal and functional alliances) are transforming themselves to address new strategic demands of economic

development (including regional clustering and sectoral change in such areas as biotechnology).

1. The Metropolitan Mayors Caucus (MMC) was created in 1997 after Chicago Mayor Richard Daley invited the other 269 mayors of the six-county metro region to form a mechanism through which to identify common regional problems as well as potential solutions.

- **Challenges:** No matter how regional the lives and economy of the Chicago metropolitan area have become, the reality is that the region is still governed by over 1200 units of government. This fragmentation of the region is further exacerbated by a divisive “us versus them” politics at the local level and a partisan anti-city politics at the state level. Chicago’s MMC has chosen to address these conditions by collectively responding to air quality compliance, shared utility purchase agreements, and economic development as major issues of regional alliance.
- **Strategies:** The MMC utilizes a pre-existing network of nine sub-regional COGs to build a political alliance that represents all 270 municipalities in the Chicago metropolitan area. With membership limited to “mayors only,” the MMC uses a consensus model of decision making to confront the jurisdictional barriers of municipal fragmentation and arrive at task-force driven regional policies and actions. The Caucus works through a process of peer-to-peer interaction between the top local political leadership in the region– creating a new pragmatic approach to “municipal regionalism”.
- **Results:** The MMC’s Clean Air Task Force has led to the creation of a “Clean Air Counts” initiative and a regional dialogue on clean air and redevelopment. The Chicago MMC also has negotiated long-term energy rates from the region’s electrical utilities for its municipal members. In 2000, when the energy deal was struck, it included the largest purchase in the U.S. of renewable energy by a non-utility customer and represented a significant regional advance in the campaign for air quality. The MMC also represents a new, forceful lobbying mechanism for municipalities with the state legislature. The MMC has also created task forces on affordable housing and balanced growth.

2. The Milwaukee Jobs Initiative (MJI) is one of six programs participating in the Annie E. Casey Foundation’s \$30 million 8-year Jobs Initiative. Started in 1995, the Initiative helps local government, community organizations, and educational institutions create a workforce development system that targets well-paying jobs with benefits and advancement potential. The MJI links inner-city workers to manufacturing jobs throughout the region.

- **Challenges:** The MJI was created to reduce the gap in unemployment rates between the city and suburbs.
- **Strategies:** The Initiative focuses on recruiting and training inner-city residents for jobs throughout the metropolitan region in order to reduce the gap in unemployment rates between the city and suburbs. In addition to manufacturing, it targets printing, health care, automotive/transportation, information technology, and hospitality.
- **Results:** To date, more than 1,100 workers have been placed in manufacturing jobs with an average wage of \$11.00 per hour and Milwaukee is building a new \$50 million technical high school to meet the ongoing need for workers in the skilled trades.

3. The San Diego Regional Biotechnology Initiative is a cooperative effort of six organizations to respond to the needs of existing biotechnology and biomedical firms and to attract new firms to the region. The partners in this regional alliance- a regional association of governments, a regional economic development organization, community colleges, a university, and the industry association- are in fact the "usual suspects" yet each organization is assuming new roles and responsibilities to achieve a common goal. It is an uncommon level of cooperation and joint planning that extends across jurisdictional boundaries.

- **Challenges:** The economic development challenge in San Diego was to help defense-related industries convert to other products and services and to expand a high tech base into a thriving sector.
- **Strategies:** The San Diego Association of Government's (SANDAG) analyzed the regional economy and recommended an economic development agenda that targets nine high-tech clusters as the focus of its economic development activities. The partners in this regional alliance—SANDAG, a regional economic development organization, community colleges, a university, and the industry association are creating joint programs and initiatives to meet the needs of the biotechnology and biomedical products industries.
- **Results:** The number of biotechnology firms in the region has expanded and a workforce for biotechnology is being created. Community colleges are revamping curriculum to meet industry needs. Programs are being developed to encourage high school students to consider careers in biosciences. Universities are assisting their faculty in marketing products of their research. Biotechnology companies are receiving technical assistance. State policy is better supporting the needs of the industry.

4. The Bay Area Council in San Francisco is a purely private-sector business-sponsored public policy organization involving the CEOs of over 275 corporations within the Bay region and dedicated to "promoting economic prosperity and quality of life in the region". Created in 1945, the Council mobilizes business leadership to address key economic issues facing the Bay area, including sustainable economic development, education and workforce preparation, and telecommunication and information technology.

- **Challenges:** To create multi-stakeholder regional alliances to address workforce and economic development issues facing the Bay Area's employers- especially the supply of affordable housing in the region.
- **Strategies:** In the Bay Area, affordable housing and sustainable development have proven to be regional issues around which broad consensus can be reached by environmentalists, business interests, government agencies, and nonprofit community development organizations, and where the ability of the private sector to raise capital ensures that employers will play a key role in fashioning solutions. As a result, the BAC helped create the Bay Area Alliance for Sustainable Development, a consortium of 40 organizations and five government agencies, in order to develop consensus on regional development policies. It also established the Community Capital Investment Initiative to generate private-sector funds for affordable housing.
- **Results:** The Bay Area Alliance's draft policies on regional sustainability have been adopted by over half the local governments in the region and the Bay Area Council raised

about \$100 million of private funds for affordable housing and redevelopment in the region's poorest 46 neighborhoods.

5. The Jane Addams Resource Corporation (JARC), a nonprofit community development corporation created in 1985, was organized to preserve and strengthen the industrial base of Chicago's Northwest side. Since then, organization's reach has expanded to meet the training needs of manufacturers throughout the region. In 1999 JARC helped to create a regional organization to provide training and technical assistance to manufacturers throughout the Chicago region. This case illustrates how locally based initiatives can join forces to have impact on a regional scale.

- **Challenges:** The industrial retention challenge for JARC was to establish relationships with existing employers in the region to identify their needs, to develop responses that would make it economically viable to stay, and to create job-training programs to meet their needs for skilled labor.
- **Strategies:** JARC and other leading community-based training organizations as well as City of Chicago Mayor's Office of Workforce Development, the City Colleges of Chicago, South Suburban Community College, the Northwest Suburban Manufacturers Association formed the Regional Manufacturing Training Collaborative in 1999.
- **Results:** JARC has grown into a leading provider of technical assistance and job training to metalworking firms throughout the Chicago metropolitan area. JARC's training is helping to keep high-paying manufacturing jobs in Chicago and the metropolitan area. The pilot training program started in early 1991 with seven workers and currently serves 280 workers and 30 companies per year. By 2000, JARC had trained more than 1,200 workers in at least 70 companies. Since 1997, the program has had a completion rate of over 90 percent. The Regional Manufacturing Training Collaborative has received funds from the U.S. Department of Labor to expand its services.

Lessons

The new civic, political, and sectoral alliance case studies suggest important lessons for civic leaders wanting to promote more metropolitan collaboration within their regions:

1. Focus on issues where communities' interests are aligned. Issues like affordable housing, the environment, sustainable development, and smart growth provide successful and effective issues around which private and public sector leaders can reach consensus. These topics are regional in scope, yet can reflect the parochial economic concerns of business leaders, especially their ability to attract and retain high quality employees, and the equally parochial land use control and quality of life concerns of local officials.
2. There is no substitute for leadership. While it may seem obvious, the alliances that engaged and sustained the participation of top executives were more successful than those that were staff driven.
3. Broad support matters. Having broad support (i.e. labor, business, community groups, city)

enhances the ability to gain bipartisan support and public/private funding for the regional initiative.

4. Keep divisive issues off the table. Trying to use regional alliances to address long-standing conflictual issues (such as citing of major facilities with regional benefits but with undesirable local impacts) often just preserves, and may even heighten, long-standing parochial discord.
5. Use existing structures when possible. New regional alliances do not necessarily require new organizations. Working within existing regional structures (e.g. established civic coalitions or political structures) is a good way to build successful regional alliances. Traditional agencies or structures can adapt to new circumstances and important relationships that are already in place.
6. Foundations can play an important convening role. Foundations are able to bring local parties together through incentives established in their funding priorities as well as their role as an "external" player.
7. Create an organizational structure that prevents any one organization from dominating. Given the history of discord among many of the interested parties, building trust and establishing a "level playing field" is often essential to sustaining the alliance.
8. Private sector expertise in raising capital can help finance regional alliances. At a time when governmental resources are constrained, the ability of private sector stakeholders to raise capital becomes important in sustaining regional alliances and their initiatives.
9. Find a common language with which all partners are comfortable. The rhetoric used by the alliances is critical --- especially when the partners include such diverse interests as business, labor and community groups.
10. Don't always go at it alone. Regional alliances can allow cities and their surrounding suburbs to more effectively compete in the global economy and better address the larger political forces in their state.

◀ [previous](#)

[next](#) ▶

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