

ICG Feb. 4, 2021, guest speaker Charles Marohn, Strong Towns, transcript written by Pam Petranek

Video link: <https://media.avcaptureall.com/session.html?sessionid=fcbcfcd9-880b-4e06-b1a7-e8c41aa7a5f4&prefilter=845,5958>

(0.10min) Charles Marohn, Strong Towns presentation:

Your community and the challenges you are dealing with, whether it is economic development...small business fallout from the pandemic...housing affordability...inundated with growth but not able to keep up...these are all challenges that cities across the country are facing, including my own. I live in a city 2 hours away from a city in many ways comparable to Seattle, that distance makes us close but gives us distance that creates a different culture and economic system....

What you are doing by getting all of your governmental jurisdictions together is a very unique thing, & I am grateful that you have invited me from Strong Towns to be part of that conversation. Strong Towns supports a model of development that allows cities ... to become financially strong and resilient. We have a website to provide a lot of content and a lot of steps you can take to create action.

Complex, Adaptive Systems: Framework for entire conversation... like a rainforest order that adapts over time and change emerges...like humans...

Versus Complicated, i.e. Rude Goldberg Machine...that can break and stops working.

Incremental growth of cities over thousands of years...

Public Infrastructure: "The community has half a million dollars invested in this street...where is the wealth that is going to take care of that street? It used to be there....it's gone now."

Why did we switch from a development pattern that was complex/adaptive to the complicated growth strategy?

History: Great Depression, WWII fighting a war--sending millions of people overseas to kill and to die, and put millions of dollars into industries of destruction, then reshaped growth by building infrastructure...massive outward hyper expansion.

(28 min) **Growth Trade Off:** 1949, pop. 33,500, 5 ft of pipe per person vs. 2015, pop. 121,000, 50 ft of pipe per person = 3x the population created 10x the infrastructure liabilities. Did this produce more prosperity? Median household income: 1950, \$27,500 VS 2015, \$45,000 = 1.6x. Summary, population growth 3.5x, pipe liabilities 10x, fire hydrants 21.4x, personal income 1.6x. We experience growth, but actual wealth creation/prosperity is missing. Examples of costs and revenues for maintenance---how long it takes to recoup public expense from tax base? Industrial development without tax exemptions & subsidies, full tax = 29 years to break even.

(34 min) **Growth Ponzi Scheme**---the illusion of wealth---life cycle cash flow runs far into the negative, destroys local wealth.

Development of Old & Blighted vs. new & shiny, pop-up shacks vs. the one big thing. Old pays far more taxes for the same level of service from city, \$1.1 million vs. \$600,000. Where is the most valuable part

of the city...value per acre...repository of wealth...most financially successful parts of city...complex adaptive retains value...but postwar period was less productive...outperform everything else (urban 3 diagrams)...what looks “poor” -- old & blighted -- are cash-flow positive vs. huge losers for community. Big box stores and suburbs are negative cash flows. What do we maintain, what do we walk away from? (50 min) *Economic development & job creation? It’s very easy to achieve a certain level of success today, if we are willing to put our community in financial jeopardy in the future. Current important conversations about climate change & long-term financial stability & fragility of place, the things that are often jeopardizing those things in terms of those measurements, are the things that are making you financially fragile. There is a strong alignment with things that create high quality of life and places that work out financially really well & are good for people like walking, biking, lower carbon emissions, etc. There is a strong alignment between the goals you have and the financial outcomes you are seeking. One insight: minimum threshold of viability you have to have to pay for what you have i.e. street out front... build your house narrow and deep to minimize the cost of the collective space obligations & optimize the number of partners/people that would share that burden with you. Versus building shallow and broad rambler houses, which end up multiplying the costs of services.*

(55 min) *Big box store (Walmart, & jobs it produces) = huge liabilities!*

Versus downtown core i.e. “Jimmy’s Pizza” = off-the-charts productivity, building block for success!

Where do the profits go? BIG = Extraction from a community vs. Jimmy is part of creating an economic ecosystem that passes money around & creates more jobs in our community, producing wealth for the community without all the burdens.

(58 min) **Three things we can do in Port Townsend right now**, to create business growth, to handle the rush of people moving in, and do it in a way that builds wealth in our community.

1. **Get the complex adaptive framework in place.** We have it here. We just need to thicken it up, with some love & get the complex system back in motion! We need to **Allow the Next Increment “By Right”**. “By right” means I walk in 9am with a complete building application, I walk out at noon with a permit, and at 1pm, I start building. We should allow everywhere at all times thickening up of neighborhoods: No neighborhood should experience radical change. No redevelopment...but no neighborhood should be exempt from change. Don’t try to lock in time under an amber glass where 95% of city never changes, and 5% has unrecognizable radical change. That model distorts property values, produces dysfunctional economic market, crowds out small players, and only allows big players with big change in, very unhealthy destructive way to grow. We need to have systems that evolve and adapt and provide that opportunity everywhere.
2. **Lower the Bar of Entry.** Even though there is a rush of demand to be here, we have to intentionally lower the bar of entry. We have to allow people to start with almost nothing/very little, and by being part of our community, create wealth and end up with something. For example, a 600 square foot house that my grandparents had used to be called a “house”, and now it is called a “tiny house” with a variety of additional requirements. A starter home used to be what you started out with, and would add onto over time. Now the starter is a 30-year mortgage on a 2200 sq. ft. house or you don’t get to be part of society today. Many people are sidelined through this process. Let people start out with smaller homes and start to build wealth in our communities. Example of “storage shed” rentals for start-up entrepreneurs; for someone trying to figure out how to be of

service in the community and make a living doing it. The vacancies in the downtown were a bar of entry that was too high, it was too high of a burden, you were already risking too much as an entrepreneur to add all the other costs on top of it, (*Pam's note: remember the terms "shed boys" & "tailgaters"?*) This provides incubator space for people to get started at low risk, and then many will graduate and fill up the downtown etc. with businesses. We can create these places very affordably and invite people in to be part of our entrepreneurial community!

3. **We need to change the way we do public investments.** Our cities have had 70 years of a horizontal growth pattern and we are functionally insolvent at the government level, too many promises and not enough capacity to meet those promises. We have things we cannot fix based upon our tax base. What our obsession needs to be is not how do we build more, but how do we make better use of what we have? How do we thicken up our communities, so this emaciated development pattern starts to get some "meat on the bones", so that we create the financial productivity to meet these obligations and to build prosperity! We need to shift our development pattern from building new, to thickening up. We do that by responding to how people use the city. **Public investment process for a Strong Town needs to replace our current process of build-build-build.** It needs to become the standard at which we operate right now:

1. **Humbly observe where people in the community struggle;** with humility and without preconceived notions, using the city as it has been built, walk and listen to people narrate what is difficult.
2. **Ask the question: What is the next smallest thing we can do right now to address that struggle?** Resist the temptation to solve it for all time, don't ask what is the big project that will fix everything, not the next big grant or state/federal funding we can get! Ask what is the thing we can do right now with straw bales & cones & duct tape & paint, to make this struggle that I am observing, a little bit easier?
3. **Do that thing. Do it right now.** Don't form a committee to study it. Don't set it up for a public hearing. Don't hire a consultant. Just go out and do a very small thing.
4. **Repeat.** Cities are something we build together. A complex adaptive framework. Allow people in our community to direct, through their actions, what our highest priorities are. We will go out and see where people struggle, we will respond to that, and people will respond to our response, and then we will address the next struggle, on & on. In a feedback loop that will have us making the lowest risk, lowest cost, and highest financially returning investments that we can make, in a system that will be building prosperity as we go.

Examples of what works with small incremental investments producing huge benefits that improve the quality of life. We can do this today and build a lot of prosperity for people, if we can shift to the power of this style of incremental bottom up investment.

Website: www.strongtowns.org , versions of this presentation, 2 or 3 articles a day on a variety of topics to build strong towns, action labs to create next steps & build momentum.

QUESTIONS AND ANSWERS

(1.16 min) Public

Q- We have a critical industrial area--the boatyard and primary commercial area downtown, & both of these are at long-term risk due to sea level rise. Do you have lessons learned from the east coast communities that you can pass on?

A- Chuck: No, not in the U.S. The Netherlands & Venice are under water, but they've managed to make it work. I don't have the magic potion to answer that problem.

Q- How does the paper mill using 90% of the water rights help our town become strong?

Chuck: Traditionally our sewer and paper mills were built on what we think of as prime land, and we look at it today and think it's absurd, but they valued the land differently back then. But if you are asking, "How do we take this stretch of land and develop it?", that is not your low hanging fruit. It's not your Jimmy's Pizza.

Q- We are at particular risk to climate change with the bulk of our downtown on the water's edge. How would you approach "thickening up" with that in mind??

A- Chuck: I don't know the answer, but I know how I would think about it: upside reward & downside risk. I would be modestly making improvements, hoping that momentum would give me the capacity to take care of problems as they show up. We haven't abandoned Venice, even though it is underwater & it struggles, it is still a place people want to be & they have found ways to make it work. If the question is, "Do we invest in this place or not?" I would not invest my last dollar, but I would certainly thicken it up and allow incremental development. Unless you are convinced this is a losing strategy and then look at Grand Forks & Fargo, where they have periodic floods that are more frequent & severe than in the past, and they are proactively abandoning the areas of flooding and rebuilding other areas. It is a risk reward that you have to evaluate how committed you to a place and the costs of staying vs. shifting might be.

Q- (Brian Kuh of EDC) How do we balance the dichotomy of current COVID recovery requirements with the long-term focus of bottom-up economic approach?

A- Chuck: That's a strange one; I don't really see the need to balance, it's not a one or the other. What we have to do is let local small businesses have room to adapt and figure this out. Here is an analogy; If I am managing a stock portfolio, I feel like what cities most often struggle with is, should I buy one big stock in one big company, or two major companies, and ride that out and hope it creates a lot of wealth? Or should I diversify & buy a whole bunch of little companies-little bets with the knowledge that some won't do so well, but the overall mix will do really well. As a small town, a bunch of little bets is really helpful for us,

because if something doesn't work out over here, we have other things going on over there. That is hard to get our minds around because we think our problem is generating momentum, but we are trying to generate momentum off a scale that is too big. When we generate momentum at a smaller scale, a bunch of little projects and small-scale stuff, we generate a ton of momentum. When we insist on working in big steps we struggle. If I'm looking at COVID recovery, at restoring my down town, dealing with affordable housing; I want to have many small things going on in many different places, because I want to hedge my bets, I want a broad portfolio, with a lot of upside, and limited downside. That is how I want to structure everything I do in the community.

(1.26min) Questions from County Commission

Q- Kate Dean: Washington State has one of the strongest GMA in country. Jefferson County has one municipality, Port Townsend, which has very high land costs, and one unincorporated urban growth area, called Port Hadlock. Without an urban level of services, Port Hadlock still has rural zoning which means it's not allowed to thicken up. We have businesses that can't expand, and housing on large lots or acreage, and density can't be increased. We have been trying for 15 years to build a waste-water treatment system in the core area to provide urban level of services and increase our ability to create density there. We have housing providers who own land there already & want to build affordable housing at a density that reaches an economy of scale. We have businesses saying they want to hire more employees and use their land that is currently constrained by septic systems. With rural density, building a sewer doesn't pencil out financially so we need a lot of subsidies for the capital costs and we are aware that the monthly sewer bill will be a big expense for low income residents and businesses. I'm aware of your warnings about investing in big projects like this and yet the cost of doing nothing has been economic stagnation and nowhere to build affordable housing. What would you recommend given these constraints of GMA?

A- Chuck: It's a very good question! I know what I would do (smile). The problem you described is a problem of being in the middle; 5 acre lots, rural lots with septic systems are notoriously difficult to provide services to. In fact, when we do the modeling you described, what we see is these are the most insolvent places. They are the most difficult to provide service to. I feel like the question, if I could phrase it in Strong Towns terms is; "We know we are in trouble here, we are seeing lots of negative impacts, affordable housing being one, environmental issues around septic systems being another, and we feel like the only option we have is to "go for broke", to double down, to "ten-X" down, on a big sewer system in the hopes that will fix this problem." I don't think it will fix that problem. I think it will cause more problems for you. If you split up the problems in different ways and try to deal with them in that "what's the next smallest thing we can do" mentality, what you

would see is affordable housing will not be solved with a big sewer system. It will create as you said, big bills for people, large upfront costs, big developers that will work in big increments which will lead to high property values, an upward reinforcing ratio. Going back to that base level and saying, “how do we get the equivalent of Jimmy’s Pizza, how do we get the equivalent of start-ups”, would be a different way to approach that. In terms of septic systems, you have the same thing. I worked with a city that was debating this back and forth and we decided that the sewer system would not pencil out, it was a “huge leap in the dark” and we were just going to be very aggressive with the septic system administration. We went out and did inspections, worked with people to help maintain them, we got people into new systems, we did ground water monitoring, etc. to help deal with the environmental aspects of this. Then we had to come to grips with the underwater financial structure of our local government. We have this many miles of roads, we have this many taxpayers, we have this amount of tax base, that means each of you would have your taxes go up by ten-X, fifteen-X, twenty-X, to make this obligation or we are going to have to change what we do. That might mean some roads go back to gravel, you might abandon some, or give some back to residents and property owners. These are difficult conversations and I am not suggesting this is easy. But I feel like the tempting path is to say, “let’s do a big subsidy, let’s take out a big debt, let’s get a big grant and do a big project, because that will solve our problems”. I think that in the end it will make your problems much worse. If I’m looking at the region, and looking at affordable housing, to me, Port Townsend is ready to build affordable housing. I don’t know if you are ready culturally and politically, but structurally, you could put on the current framework, 100,000 people in that city. You could do that in a way that is affordable to people. That would be for the region, what success looks like from a Strong Towns standpoint. I’m sorry, I feel like I’m giving you hard answers, but I am giving you what I got! (smile)

Kate’s response: I have been a fan of yours for a long time and I wish I could spend the rest of the hour with you going into the details of how limiting our growth management is, we are not allowed to build any multifamily housing. I would love to have you talk a little bit more in the next few minutes that we have, about affordable housing models that you have seen work, especially in less than dense urban settings like we have here in Jefferson County.

Chuck: Let me be clear. I have not seen affordable housing work in those types of settings, unless you are talking about really poor people on really poor properties, like trailer homes or abandoned places, and these are places that have other issues. How do we build affordable housing on big lots with lots of infrastructure? That’s a really hard thing to do because your fixed costs are really high. You tend to only see those with in rural areas with high levels of poverty, high levels of dilapidated housing that you don’t want to put people in. You are dealing with a very real issue, but you have the wrong framework and the wrong tools to address it. Let’s be clear. I get the GMA concept in theory, but I have never

been a fan of it in practice, because I see it winding up to be exactly what you are struggling with, which is, we have areas that kind of work, but they really need investment and need to thicken up, and we kind of ignore them, because the battle is out on the edge. It's a battle between, how much do we allow the junkie stuff that is bankrupting us to be built, and how much do we allow in this halfway rural issue stuff. To me, growth management would look like; urban and rural, i.e. 20 units to the acre, or 20 acres. GMA tends to moderate that in-between in a way that is environmentally destructive, bad for affordable housing, bad socially & culturally, and is also bankrupting us. I hate to be overly critical of the approach because I get the concept behind it, but to me it's fighting the enemy of post war development. The post war development enemy is not sprawl. If you read Strong Towns, you'll never hear us use the word sprawl. Sprawl is an enemy that is like a misdirection, it's actually like a cascading series of insolvencies and deep structural problems that this development pattern creates. It's a sugar high.

Kate: And you see GMA as a way of reinforcing that?

Chuck: I see GMA as the thing that creates the problems you have. Commissioner Dean, we should talk off-line someday, please!

(1.36min) Questions from City Council

Q- Pamela Adams: We have a big road project, Discovery Road, very well-traveled, brings people into town, very dangerous for bikers and walkers, and we have some funding from the government for improvements, we are talking quite a bit of money and some matching funds, so if we were not to do that what other ways would we fund it? It's a big project, ultimately a 5 million dollar project, how would we manage to make that road safe without grants, loans, and matching funds?

A- Chuck: It's a very good question. Corridors like that are notoriously difficult. I have a book coming out in September called Confessions of a Recovering Engineer. It's all about transportation and these kinds of issues. The first question we ask in a situation like this is, are we trying to build a road or a street? Are we trying to build something that moves vehicles at speed, or are we trying to build a platform for creating wealth? If it is a road to move vehicles at speed, the idea of making it safe means simplifying it down. I don't know what's there now, I don't know what you are contending with. If the idea of a road is that we aren't going to have people walking along it, we aren't going to have turning movements, we aren't going to have all the complexity. It's all those different things going on that creates a dangerous situation. If we want it to be a street, if we are actually trying to build wealth, then you have to slow traffic way down, and that doesn't necessarily require a 5 million dollar project. I don't know the specifics of this project but generally you can slow traffic down with some more modest things. There is a great book called, Tactical Urbanism that is full of "substitutions" for the big engineering study for the big project .

The idea is to talk about what are you trying to achieve as a goal, and then go out and try with cones & strawbales & paint & put in place a test to see if you can achieve that goal. Is the goal to move vehicles quickly, or is the goal to build a place and move vehicles very slow? I would start with that conundrum and build off that. A lot of times, we have a temptation to define our problems in terms of transportation, because “transportation” is where we can get money to solve problems. But almost all our problems are not transportation problems, they are other problems. I think if we can deal with those first, then look at maybe you do want to do a transportation project. But I wouldn’t do a transportation project to solve the issues that you are bringing up.

Q- Amy Howard: We have had a lot of downer answers from you! I am hoping...I am a huge fan of incremental improvement projects. Do you have a couple examples of the successful \$500 duct tape & elbow grease that has really worked and redirected a community, that you can tell us about?

A- Chuck: The Memphis one that I showed is probably my favorite one. What I showed you was an example from 8 years ago and what it looked like, I was there a year ago, and now that temporary stuff was so successful the city went and put in permanent curbs, separated bike lane, and took the temporary project and expanded it out 2 blocks in both directions to make the energy from that one little stretch and expand out further into the neighborhood. There are some suburban cities outside of Seattle... that are doing a really great job experimental tactical job of fixing individual streets and individual blocks. The challenge you have in the Northwest is there’s a level of affluence that is generally higher than the rest of the country. There is also a commitment to process that is higher than anywhere else in the country. That makes the tactical projects a little harder to do. If you go to places in the country that are poorer... you see a lot more projects....because there is a lot fewer barriers to doing them. They don’t have the dedication to having 20 public meetings for every tiny step you take the way you do here, that is not their culture, that is not their approach. They are poorer, so they tend to think it’s a lot less crazy idea if you are poor to take duct tape & cones. When you are wealthier, it seems beneath your process.

Q- Monica Mickhager: I have 2 questions and want to let you decide which way you want to go. Fascinating about land and building more in a small space. For our city, are you suggesting that we relook at our codes for building and have a much easier and simpler code if it’s going to be a starter home compared to something larger? Are you suggesting we look at zoning & lower our zoning requirements of square footage to put more houses on a certain piece of property? Ours is a 5000 sq. ft. minimum on most of our residential, with exceptions of course. My second question, and this is probably what I am waiting for in your next book, how does parking policy relate to Strong Towns?

A- Chuck: Perfect, I will take both of those very quickly. Yes, fix your codes. I think that we should stop talking in terms of density and stop talking in terms of lot sizes, especially in

areas that we are trying to thicken up, and take the lot and ask what is the next increment of intensity. If you have a very small lot go ahead and put a very small house on it. If you already have a house on it, make it a duplex. If you have a duplex, add an accessory apartment. You want a development pattern not to overwhelm the neighborhood, you want it to fit in with the neighborhood, and gradually thicken up. A form based code that is very simple that treats the next increment of intensity with the least amount of regulatory friction is the way to go. I would still regulate the heck out of my Walmart & regulate the heck out of anybody that wants to skip increments and do something huge, send them to 50 committees! You need to get real streamlined in terms of the small stuff that you want to see happen. I would eliminate all parking requirements. Understand what parking is in a community. Parking is the anti-wealth building, it is the anti-tax base. Your goal in building a wealthy place, a place that's so successful that no one "A" wants to drive, and "B" can afford to park, or "C" even bothers to own a car, because the place is so wonderful you aren't even going to need it. Obviously you are not going to get there for awhile and people will continue to have cars. Let them figure that out. Don't mandate it, don't require huge parking lots. Make it not the second thing you think about, but the tenth thing you worry about in any development.

(1:47) Questions from P.U.D.

Q- Commissioner Toepper: I want to thank Charles brutal honesty and his honest approach to economic development. I thought Monica made some good points about what the path forward might look like in our area. I would like to read a question from the county assessor, Jeff Chapman; how long do you see restaurant and lodging property values and rent, taking to recover from the pandemic, assuming it's mostly over by later in the year.

A- Chuck: I have no idea. I feel like you are asking me questions and you are expecting me to be like a mystic or a sooth-sayer. Who knows if there will be a third wave, who knows if the economy crashes, who knows if we just pump out stimulus money & that rescues everything. When we look out across the macro-economy we see a lot of instability building up, and the volatility is being suppressed. Whenever you suppress volatility, like when you have a long period of time without earthquakes you get a big earthquake, when you get a lot of little earthquakes it dissipates that energy. What we have done in the macro economy is we have suppressed the earthquakes, we have suppressed the volatility. A lot of the answer to that question short term depends on how much the financialization & froth of our market ends up effecting your local economy. In terms of your local economy, it shouldn't have that much impact at all! When we look at property values, we are seeing that they are completely divorced from what people have the capacity to pay, what people are making in terms of their businesses; it's been that way for a long time. How long will that continue, I have no idea! Can we get back to that? We are in financial looney land in terms of the relationship between the money people are making and the actual valuations

of properties. When we go back to 2008 and say that was a bubble, we are now in territory way higher than that, with an economy that is way worse performing than that, how does that make any sense---it doesn't! You ask me how does that work itself out? If I knew, I would be a billionaire! Nobody has any clue! My moral is build resiliency; lots of little bets in lots of places, because you want to be able to adapt to no matter what happens.

Q- Jeff Randall: I am getting your message as one that we really need to think about our investments in terms of how we are going to maintain them over time, because historically as a society we haven't done that. My question relates to one of the missions of the PUD which is to help connect broadband communications high speed internet. The temptation is to seek a lot of money to put in fiber all over the place which is about a 70 million dollar project for the whole county. What I am hearing you saying is what we have already done is more the right solution, which is a bunch of smaller projects, we put in 13 wireless hotspots throughout the county. Looking at the densest parts of the county, what is the cheapest solution to partner with other telecoms & what is the cheapest solution to get high speed broadband to various areas. Any thoughts on that?

A- Chuck: Yes, I have a good friend that I do a radio show with, and we have deep debates over broadband. I respect his opinion; he's a very smart man, but his idea would be to spend the 70 million and run it all over the place because broadband is a human right, especially in 2021, how can you be a compassionate society if you don't do this? I understand and get that. I also recognize technology, when moved into our house 4 years ago and got the premier connection at the time, and we just upgraded to one gig, and our bill lowered by \$70 per month. I don't even know what we had before, a 24-bod modem, compared to what we have now. I would be freaked out about putting 70 million dollars of broadband infrastructure around because in 5 or 10 years we are going to look at what we are doing today and say that is silly, that is ridiculous, why would we have done that? If I were running broadband as a 'nation', if it were my thing, I would really focus on having great service in our core cities. This gets back to the Growth Management strategy that Kate Dean and I talked about, which makes everything 'medium'; let's not have big lots, let's not have tiny lots, let's have medium lots. A broadband strategy today is like 'medium' everywhere. I would want the very best possible, most incredible in the world, in my city. Let's get good library access, let's get good wifi in the area, so that anybody can come and be part of our city and access that. The idea that we would have 'medium' in our city so that we could have 'mediocre' everywhere else, and commit to a technology in an industry that is moving very quickly, would not be an approach that I would want to take.

(1:54) Questions, Port Commission

Q- Bill Putney: I appreciate you coming to spend time with us and I have read your book. I think it would be instructive for you to spend a week in Port Townsend. If it appeals to you,

I will find a way to comp you a hotel room. You are speaking to port, city, county---the economic development arm, and the PUD that supplies power throughout the county. JC is 1900 sq miles, with a pop. density of 17 people per sq. mile. Since the GMA, we have one family dwelling on 5-20 acres, and are taxed like agriculture w/o any agriculture activity. Do you see a way out or do we just have to carry on?

A- Chuck: The development pattern you described is a financial disaster. I can say that in front of all of you and the people on the radio, and I don't say that with any glee. If you look at 5-10 acre lots, and if you just look at the roadway costs to maintain that road, tax rates at agricultural or even residential will not collect enough tax. And then you layer on top of that, police and emergency services; you have a development pattern that is not productive enough to sustain the services that people expect. There is no way to solve that equation beyond massive increases in people's taxes, massive decreases in the services, and there is still a gap in that equation. I would recommend that you actually figure out those numbers. They are not that hard, you can do it back of the envelope and get it relatively 90% close, to see how big the gap is. As a first strategy, stop doing those things that make the gap worse. If you can take the first step and say, 'this is a real failure for us, we are no longer going to do that.' I say this with all deference and respect, it's like the first step for an alcoholic who has hit rock bottom; 'I am not going to do this anymore, this is a bad habit, this is really hurting me, get me on a 12 step program.' The first step is to admit you have a problem. That is the first thing you have to confront before you can start asking the question, 'how do we dig out of this'. The way you don't deal with it or try to dig your way out of it, is to say, 'can we do a big sewer project, can we do a big 'this' project, can we add more people'. Maybe those are solutions, but until you have dealt with the underlying problem, which is; you are building in a way that is bankrupting you, those are not real solutions.
