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Murray Frost  
*University of Nebraska at Omaha*

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A Framework for Discussing SID-Related Problems

Dr. Murray Frost

Center for Applied Urban Research  
University of Nebraska at Omaha

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## A Framework for Discussing SID-related Problems

The purpose of these introductory comments is to set a framework for the examination of SID-related problems.

In preparation for this task I examined the 1975 study conducted by CAUR.<sup>1</sup> The first chapter contained an examination of alternatives to SID's. These alternatives were derived from a typology of development concepts based on: 1) who made the decisions about public improvements or development and 2) who financed them.

If each of these dimensions are divided into public and private, then four types emerge: 1) where the decisions are made by the private sector and the financing is private, 2) where the decisions are private but the financing is public, 3) where the decisions are public and the financing is public, 4) where the decisions are public but the financing is private. (See Figure 1.) These are ideal types and obviously mixing public and private within a variable is possible. Laissez-faire is the model for type I; the SID process at its height is an example of type II; governmental projects are examples of type III; and public regulation of the private sector is a mild example of type IV.

Figure 1  
Types of Development Concepts

Development Concept Type	Decisions About Improvements are:	Financing of Improvements is:
I	Private	Private
II	Private	Public
III	Public	Public
IV	Public	Private

Keeping this model in mind may be useful because the SID concept is almost unique. Very few states have anything like it and only Nebraska uses it so

extensively. The Omaha metropolitan area might be different if SID's ceased to exist, but it would not be the end of the world (or even the end of quality development in Omaha).

I then examined a paper I presented to an academic group in 1978 entitled, "The Bias of Decentralization: The Sanitary and Improvement District in Nebraska."<sup>2</sup> It repeated the framework just presented but also presented two others.

The paper began by pointing out that all governmental structures (and actions) have some bias--i.e., they help some at the expense of others. It then suggested that one way of examining SID's was to answer the basic question of politics--who gets what, when, how (the title of a book by Harold Lasswell published 49 years ago).<sup>3</sup> Who are the interests? What do they gain or lose? When? And how does it happen? I think if we keep asking ourselves who gains because of SID's and who loses because of them, we can add to the objective discussion of SID problems. Then each of you can make the value judgment of whether this is the way it ought to be.

Permit me to flesh out the "who" and the "what" a bit further than was done in that earlier paper. Who are the interests involved in the SID process? The original conceptualization that led to the idea of this conference saw three major interests: 1) the developers and the "SID industry," 2) the cities that have zoning jurisdiction in the areas where SID's exist and/or are likely to annex the areas, and 3) the residents who live in the SID's.

Further consideration, however, suggested these are not homogeneous interests. Developers may have interests that are not totally in congruence with the interests of the bond houses, the attorneys who specialize in SID's, the engineers who are hired to plan the infrastructure, the contractors hired

to construct it, or the investors who buy the bonds and warrants.

Similarly, all cities are not alike. Omaha's interests vis a vis SID's may not be the same as Bellevue's and are even more likely to diverge from Papillion's or still smaller cities.

In addition, conflict may occur within a city's governmental structure. The desires of the Planning Department may not be the same as those of the Finance Department. Elected officials (the City Council and, in Omaha, the Mayor) may not agree among themselves or may have different perceptions from the civil servants or appointed heads in the relevant departments. Both leaders and residents may speak in the name of the same entity (either a city or an SID) and yet have very different values and perceptions.

Finally, SID's and their residents vary also. Some SID's (and residents) want to be annexed while others would like to remain independent and perhaps take on the additional responsibilities of general purpose governments. Some SID's are healthy while others are in financial trouble. Some are strictly residential while others may be totally commercial (or have a mixture of land uses). These differences mean that a single problem--or a single solution--will not fit everywhere.

What can these interests gain or lose? Obviously, the costs and benefits can be economic--measurable in dollars. They may be direct economic costs, such as taxes to SID or city taxpayers. It may be direct economic benefits, such as profits to developers and others in the SID industry. Sometimes what is gained or lost, although measured in dollars, is an indirect impact of the SID process. For example, SID proponents argue that the process has resulted in cheaper housing while critics maintain that the process has resulted in higher property taxes.

The gains and losses are not limited to outputs and impacts measured only

in economic terms (dollars). The outputs--the "whats"--may reflect other values. For example, both sides in an annexation conflict may ignore economic rationality and act on the basis of motivation to control their own destinies. This may reflect a desire to exercise power (or to resist others' power). The feeling of helplessness an SID board may have when it battles a city or well-organized interest group may influence its actions as much as economic factors.

Status--as well as wealth and power--may be what is at stake, at times, in the SID process. Sometimes, as businessmen and public administrators know, a kind word or sympathetic gesture can accomplish more than a direct order or an economic reward or punishment. Could some SID-city conflicts be eased by the simple gesture of open communication?

The second framework presented in that 1978 paper suggested a set of values by which to judge whether the SID concept is a good one. It put forth four values: 1) effectiveness--does the system accomplish what it was established to do? 2) efficiency and economy--does it do this at minimum cost? 3) equity--how fair is the system?, and 4) citizen access and control--do the citizens control the decision-making process, or at least have access to the process?

This set of values is not the only one, but it suggests some measuring sticks to be used when evaluating a proposed change in SID's--will it make them more effective, more economical, more equitable, or contribute to public control?

Finally, I would like to offer one other variable to be kept in mind while wrestling with the problems of SID's. I believe thinking of the SID process with a time dimension in mind will be helpful. The SID process can be conceptualized as a life-process with four distinct stages. For example, the

SID law currently recognizes some stages, with election procedures changing after four years and again four years later. The first stage is the birth or formation of an SID. The second is infancy/childhood or the early stages of an SID's life (this could be expanded further into a development stage prior to any sales or residents and a later development or fill-in stage). The third is maturity and the fourth is death--either through annexation or dissolution. These stages of the SID process may help you think of problems.

Obviously, these different perspectives can be combined into a single framework or matrix. For the sake of simplicity Figure 2 presents a matrix composed of a list of interests ("who") and a classification of gains and losses ("what") with a separate list of the stages of an SID's life ("when").





## FOOTNOTES

<sup>1</sup>Center for Applied Urban Research, The Sanitary and Improvement District as a Mechanism for Urban Development (Omaha: CAUR, 1975).

<sup>2</sup>Murray Frost. "The Bias of Decentralization: The Sanitary and Improvement District in Nebraska" (Paper presented to the Midwest Sociological Society, 1978).

<sup>3</sup>Harold Lasswell. Politics: Who Gets What, When, How (New York: McGraw-Hill, 1936).