

## **Case Study Analysis of Susan Rosegrant's Wichita Confronts Contamination**

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### **Background**

In 1990, the city of Wichita, Kansas was confronted with a water contamination problem, located directly beneath the city's downtown district. The chemicals found in the water could potentially cause major health problems, including cancer. The worst pollution was sourced to the headquarters of camping equipment manufacturer Coleman, but the affected area included homes, banks, and other industry. When the Kansas Department of Health and Environment (KDHE) inspected the site, they predicted cleanup costs to be as high as \$20 million, and a timeline of as long as 20 years.

Things were not looking good for Wichita when KDHE identified 508 businesses that could be faced with paying large fines for cleanup (whether they were guilty of contamination or not). Financial activity ground to a halt as lenders realized that they might also be blamed for the hazardous waste that their client's property was built on. Wichita, which had already been in an economic slump, was on its way to becoming a ghost town.

### **Options**

The City Manager, Chris Cherches, knew cleanup of the contamination needed to be quick and that the costs needed to be assessed and assigned fairly. Unfortunately, the two KDHE-recommended options that the city faced in its pursuit to clean the

contamination were both arduous and costly. One choice was to force the companies responsible clean up their sites. ““The businesses contributed to the contamination. The businesses are basically responsible for cleaning up the contamination,”” city attorney Thomas R. Powell said (Rosegrant, 1992, p. 147). But this option had obvious drawbacks in that it would take too much time for all 508 parties to reach a liability agreement. The other option was even worse. If the city could come to no agreement as to how to remove the contamination the Environmental Protection Agency would do it for them, through a notoriously ineffective program called Superfund. An article from *Regulation: The Cato Review of Business and Government* critiqued the program:

The Environmental Protection Agency's Superfund program, begun in 1980 at the end of the Carter administration, has been widely criticized by policy analysts, political figures, and environmentalists... Much of the criticism reflects the fact that so many sites remain untouched, with little or no cleanup even started, while the government and the ‘potentially responsible parties’ (PRPs) quibble over the delineation of responsibility, resulting in enormous costs in attorneys' fees. (Stroup & Townsend, 1993).

After consulting with other mayors who had used Superfund, Wichita Mayor Bob Knight learned it might take two decades or longer to clean Gilbert-Mosley, and that it would be excessively costly. Prolonged multi-party litigation was the main reason why Superfund cleanups tended to drag out for years, as many guilty and innocent stakeholders sought to spread the blame. Additionally, the EPA tended to hire contractors and administrators that were extremely expensive. Clearly, Superfund

offered no hope of a rapid or inexpensive cleanup. Cherches and Knight quickly ruled out both of the KDHE's recommended options and immediately began looking for other solutions.

### **Solutions**

Cherches decided to forgo both of the proposed actions and take matters in to his own hands, but the pressures that he and Knight faced were numerous. The nature of the problem was such that no specific company could or would shoulder the blame for all of the contamination. While doing nothing would leave the city in financial ruin, it was unclear how funds would be obtained to fix the problem. They needed to solve the problem in a timely manner to soothe the public, get banks to begin lending again, and keep the EPA from taking over. The longer the real estate freeze lasted the more the city lost in tax revenue, which was a substantial percentage of the city's tax base.

Cherches decided that his main priority would be to get banks to start lending again. That way, property values would be preserved and investors would not give up completely on revitalizing Wichita. To do this, the city granted a specific document releasing lenders from any cleanup liability. Utilizing this document was a major step forward in the cleanup process.

Cherches' priorities seemed to reflect those of the citizens, who, although concerned about the situation, apparently did not feel that the contaminated water was an immediate threat to their health. Rather, a more common concern was for the livelihood of the town, which was already facing an economic downturn.

In addition to spurring banks to start lending, Cherches decided that he would try a new approach to gain the funds necessary for the cleanup. The use of a "tax decrement

plan” to devalue and then immediately raise values of contaminated properties created revenue for the city to help finance the cleanup (Rosegrant, 1992, p. 149). Finally, in addition to these funds, Coleman agreed to pay for about half of the cleanup costs and the \$1 million cost of a feasibility study required by the EPA.

The main conflict that Cherches faced was getting legislative approval for the tax increment finance bill that would be used to help with the tax decrement plan. The legislature presented Cherches with several struggles, including a limited window for which to present the plan and a disconnect between a rural legislature and urban problems. The time-sensitivity of the issue made it urgent that the bill be passed before the legislature adjourned at the end of April. It did, but just barely, allowing Cherches and the city of Wichita to begin going ahead with their revenue plans.

### **Principles**

“Wichita Confronts Contamination” is an example of intergovernmental relations (IGR) at its best. In “American Intergovernmental Relations: An Overview” Laurence O’Toole’s (1999) description of IGR entails three characteristics: interdependency, complexity, and bargaining among officials. Cherches and Knight were successful in utilizing and manipulating all three of these characteristics for the benefit of all players involved in the issue. It is useful in analyzing this case to break down these features to see exactly how Cherches worked with each one:

*Interdependency:* As noted, “...a survey of obstacles made it clear that the ultimate success of the plan would depend on a complex collaboration between multiple, and sometimes opposed, constituencies” (Rosegrant, 1992, p. 149). These constituencies included the city council, the state legislature, the EPA, Coleman, and many others. The

nature of the situation proved to be impossible for one constituency to solve on its own, and yet participation from every actor was equally necessary in coming up with a solution.

*Complexity:* Cherches and Knight knew that they alone had neither the knowledge nor the manpower to make or enforce a cleanup decision. Knight was smart to seek help from an outside source; mayors who had been through the same issues and could offer their advice. Additionally, Cherches relied on the state to oversee the cleanup (which presumably neither Cherches nor anyone in the city was qualified to do) and Coleman to pay for a large portion of the total cost (which was too great for either the city or any other local business to shoulder).

*Bargaining:* This was a critical tool that was necessary to appease all of the numerous actors involved. All of the actors had different objectives: the banks wanted to start lending again, Coleman and other businesses wanted to begin operating again, and citizens wanted to stay in Wichita without damaging their financial or personal health. In this case, Cherches had an easier time than most negotiators might because most of the stakeholders had nothing to lose. If the actors did nothing, the EPA would take over the cleanup. If the actors did something and they failed, the EPA would still take over the cleanup. No one could deny that Cherches' option was significantly less expensive and quicker, so it was clearly the right path to choose.

Cherches and Knight solved the problem in a timely manner because they used all resources available to them. As Cherches looked for a solution he realized that no actor involved in the contamination problem could act unilaterally in solving it—the amount of

funding required was just too great. However, by bargaining with all parties involved he was able to come up with a fair plan that would solve his cleanup goals.

### **Lessons to be Learned**

Cherches was right to assume that the city could take care of the contamination faster and more effectively than the EPA ever could. It was a wise move that would bypass bureaucracy and meet the needs of all citizens and business people in this small city. It also helped that all actors involved had cohesion; they were all “uniformly committed” to the goal of cleaning up contamination, though their reasons for cleanup differed (Denhardt, 2006, p. 59). Local citizens supported it for their livelihood, banks supported it for financial reasons, and Coleman supported it to boost its civic image.

Cherches leadership also seemed to be an important factor in accomplishing the cleanup. He was persuasive enough to convince even skeptics (such as the state legislators and the banking community). His concerns and priorities seemed to mirror those of his constituents and he did not appear to have his own agenda as he sought solutions. He was also resourceful in his creation and implementation of the tax decrement plan, which was “a novel twist on the traditional [tax increment finance] concept” (Rosegrant, 1992, p. 149).

### **Untouched Possibilities and Issues/Analysis**

One group that seemed to be entirely free from responsibility was the other 507 PRPs. With Coleman paying for half of the polluted sites, and the city paying for the other half, most area businesses got off with nothing more than a scare. Perhaps they should have taken accountability for their share of the contamination, at least in some form. It seems that Cherches took a big risk in asking Coleman to pay for such a large

chunk of the funds. After all, as a city in an economic recession, the last thing Wichita needed was to lose one of its strongest sources of employment.

The other issue that Rosegrant failed to adequately describe was that of public health. Knight described getting “calls from sons and daughters, trying to make provisions for a parent who was left alone and aged” (Rosegrant, 1992, p. 146). It is obvious that the contamination caused a real threat to public health, and yet it is unclear what was being done to provide for the safety of the Wichita community in the immediate future. Where were affected residents living while cleanup was taking place? Did the city provide for them alternative housing options? If so, who paid for them? If not, why? And what about those citizens whose health may have already been affected by the contamination? It seems that the city and Coleman will have to decide what to do if illness-related litigation arises at any point. In this relatively short case study, Rosegrant leaves many of these questions unanswered.

### **End Result**

In the end, it took just a year after the new policies were implemented for things to return to normal in Wichita. In that short time economic development strengthened and the cleanup was well underway. Clearly Cherches and Knight came up with a plan that suited everyone’s best interests. They worked hard on the solution, and spoke freely with all of the actors to make sure everyone was happy.

## Works cited:

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