Mayor's Monthly Newsletter

Written by Mayor Andrew Mitcham
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Mayors Newsletter September 2020

Hello Friends & Neighbors,

There's a lot to talk about in Jersey Village as we wrap up another year of budget workshops and move forward with adopting the next fiscal year's budget. We began our annual discussions under the dark cloud of a global pandemic that had just begun impacting our region, which resulted in a more cautious outlook on sales tax revenue expectations. However, I am ecstatic to report that our sales tax revenue projections not only met expectations but exceeded even last year's numbers. The health of our local economy remains strong even in the face of overwhelming odds. The grit, determination, and ingenuity of our local businesses owners cannot be understated as well as the support our community provides to those businesses in the darkest of times. We must also recognize the hard work of our city staff and leadership—past and present— for implementing smart economic development policies that have created a more diversified and resilient city.

My family and I took a road trip to the mountains of Colorado last month to escape the heat and take a little break before work and school pick back up. I had many hours of driving to catch up on my favorite podcasts. One particular podcast episode stood out to me as a proponent of local government. It was from the Planet Money podcast, and if you want to listen to it, it's the episode from July 15th titled "SUMMER SCHOOL 2: Markets & Pickles". This episode explained the concept of the "Local Knowledge Problem", which is an economic theory that a large organization is less efficient when decisions are made from the top "home office" rather than at the local/regional level. This is because it is almost impossible for the headquarters to know the nuances of a local market.

The episode gave a clever example of a food bank in Alaska where the director constantly received unwanted food donations from Feeding America, the largest food bank network in the country. The large organization simply assumed fresh produce was difficult to send all the way to Alaska without spoiling, so they unilaterally decided to send barrels of pickles over and over. This is the basic concept of the "Local Knowledge Problem"—there are thousands of food banks spread out across the country and its impossible for the decision-makers at the HQ of Feeding America to know what each food bank needs and can handle. After years of this problem, Feeding America decided to consult with economists to see if they could apply market economics to the problem and find a solution.

Their solution was to implement a "fake economy" with fake money. The fake money would be given to each food bank every month based on need and other metrics. Each food bank would then "bid" on available food from Feeding America. So if that food bank in Alaska had too many pickles or the food bank in Idaho had too many potatoes, they could each determine what they needed next and bid their fake money on that particular need. It turned out to be an ingenious way to replicate a market economy to help solve the "Local Knowledge Problem".

We can relate this to local government and why it is so important to our daily lives as citizens of Jersey Village. There's no way a bureaucrat in Austin or Washington, D.C. can know the needs of our community better than people who live here. Echo that for the thousands of cities, big and small, across Texas and our nation. Each community has their own "fingerprint" with varying priorities set forth by voters. And it's the people who live there that can run for office, volunteer for a board, contact their leaders directly, make public comments, petition, etc. Making decisions about where money needs to go in order to best match our community's fingerprint is handled best by local government.

Best Wishes,

Andrew Mitcham
Mayor