

Valparaiso and power: A primer

The recent controversy over the defeated Costas-backed data center has shed light on a deeper issue: the way power operates in Valparaiso.

For over two decades, Valparaiso was effectively a one-party town, with the mayor's office and city leadership firmly in Republican hands. At the center of it all was Jon Costas and many of his hand-picked associates. His administration has long been praised by supporters as the driving force behind Valparaiso's vibrant downtown restaurant district, but a closer look reveals a pattern of taxpayer-funded projects that benefited a select few while burdening the public with debt.

Many of these projects—Uptown East, the Lakes of Valparaiso, or the Garmong Building—were pushed through without real public engagement, often enriching the same well-connected insiders. When Costas briefly stepped aside, his hand-picked successor, Matt Murphy, attempted to carry on this style of governance but was unable to escape the backlash from failed projects like the LINC and the \$20 million taxpayer-funded parking garage.

Most of these deals were made under the auspices of the Valparaiso Redevelopment Commission (RDC), a board originally established to address conditions associated with blight, the underutilization of land, and to foster economic development within the city. This board, made up of members appointed by the mayor and city council, controls a significant amount of Valparaiso's property tax revenue through the use of Tax Increment Financing (TIF) districts. Tax revenues from the TIF districts fund the RDC and its ventures, which are supposed to increase property values within the TIF district.

In an ideal world, the RDC works openly and in tandem with Valparaiso city government on projects that will increase the property tax base and generate a positive return on investment for the people of Valparaiso. In today's Valparaiso, however, the RDC has become an arm of the mayor's office, and largely conducts its business in executive session, which shields its deliberations from public eye. Lacking any real public scrutiny, the RDC has become an unaccountable political force whose projects seem to benefit campaign donors and political insiders more than it does the public.

Times have changed, however. People are tuning into local politics more, thanks in part to increased access to information. People can see for themselves how dominated Valparaiso politics is by a small group of self-interested insiders and are eager for a change. In a political shift, in 2023 Valparaiso elected a Democratic-majority City Council that ran explicitly on increased transparency and accountability from local government. This election turned a historically rubber-stamp body into one with the potential to provide real oversight, while returning Costas to the mayor's office. But despite this shift in Council control, the Costas administration has continued to operate as though transparency and collaboration are optional.

The administration's handling of the data center proposal is just the latest example. Rather than engage residents in an open discussion about the use of public land, the deal was quietly advanced through the RDC—an unelected body with significant power but little accountability. Only after public outcry did the project collapse.

We see the same pattern with how the mayor handles City Council. Tax abatement proposals are brought before the body with no discussion or briefing being given. Some proposed tax abatement recipients were so convinced that their abatement was a done deal that they showed up completely unprepared for questions from Council and seemed astonished when Council voted it down as a bad use of taxpayer dollars.

Valparaiso residents deserve better. The city's future should not be shaped by a handful of insiders making decisions behind closed doors. A true commitment to transparency would start with meaningful public input, on land use, development, and the spending of taxpayer dollars. The time for backroom deals is over. Many questions remain. Why can our appointed RDC operate without the standard oversight taxpayers deserve? Where is their budget and spending recorded in a transparent way? How can we make the RDC transparent and accountable?

While the citizens of Valparaiso have won the most recent battle over the data center, the experience demonstrates how far Valparaiso is from an open and accountable city executive. **Now** is the moment for Valparaiso residents to demand greater transparency and accountability from the mayor and his RDC, to turn the city into one that works for everyone, not just those with political connections.