

THE MUNICIPAL CAPITAL IMPROVEMENT PROGRAM

An Evaluation of Its Use and Non-Use as a Means for
Implementing Planning Objectives,
and the Formulation of Procedures for More
Effective Utilization

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THE MUNICIPAL CAPITAL IMPROVEMENT PROGRAM

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Effective Utilization.**

By

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A THESIS

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ABSTRACT

A great many cities and towns throughout the United States have undertaken the task of planning their future development. Enabling acts, which provide for city and village planning by the creation of municipal planning commissions, specify the development of a capital improvement program as a necessary function and responsibility of such a planning agency. Since capital improvements have a vital influence in determining the degree and direction of community development, and since the cost of such improvements represents a sizeable proportion of all municipal expenditures, it is of utmost importance that all capital improvements be developed as related items in an integrated program.

This study has undertaken to: (1) isolate and examine the present policies and problems involved in the preparation of a capital improvement program by local planning agencies, and (2) formulate procedures which can be used to overcome many of these problems. Three approaches are used to define and present the problems which may be created by the preparation of such a program. First, the development and function of the capital improvement program is reviewed to disclose the extent to which local governments in general are utilizing such a program. The necessity for using it as a tool for developing capital improvements along desirable channels is also indicated. Second, various cities are selected as case studies

and an evaluation made of the usage of the capital improvement program by the local planning agency to identify the problems involved in its preparation and to observe the overall function of planning in the local governmental framework. Third, the results of the case studies and review of the budgeting practices of various cities throughout the United States are analyzed to gain a better understanding of the role of the planning agency in the development of a capital improvement program. These analyses lead to the development of procedures to be utilized by planning agencies when preparing a capital improvement program.

A capital improvement program is a six year program of capital improvement projects, the first year of which is adopted as the capital improvement budget for the ensuing fiscal year. The function of capital improvement programming is to set down in priority sequence, capital projects proposed in the community's master plan and by the various governmental departments over a period of years in terms of the financial ability of the community. The use of such a program helps to insure that capital improvements will be constructed in accordance with an overall plan thereby avoiding the construction of "white elephant" projects caused by impulsive action.

Different cities have established different procedures for the preparation of the capital improvement program. It is essential,

however, that the planning agency be given a major role in its preparation and development. Examination of the usage of the capital improvement program by local planning agencies in eight selected Michigan cities discloses that only two of these agencies are directly involved in the preparation of such a program. The various communities have not been consistently successful in integrating the planning function into the local governmental framework and are, therefore, not advanced enough in their planning activities to undertake the preparation of a capital improvement program.

Analysis of the various case studies and surveys emphasize the need for effective planning as a necessary prerequisite for successful programming. Many administrators and councilmen, as well as the general public, fail to appreciate the value of comprehensive planning and are reluctant to accept many of the basic planning principles. Planning agencies, therefore, must demonstrate to these groups the benefits of effective planning if they are to be successful in their attempts to develop a capital improvement program.

A program formulated to cope with the problems associated with the development of a capital improvement program must include procedures for both the adoption of a master plan and for the preparation of a capital improvement program. The community

must specify the manner in which the master plan is to be adopted and designate the planning agency as the agency responsible for recommending a program of capital improvements. These procedures are established through state enabling legislation and are usually incorporated in the ordinance creating the planning agency. These procedures are more effectively established by definite legislative resolutions, administrative policy determinations, and/or charter provisions.

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FRAMEWORK OF THE STUDY

One of the primary functions of any municipal government is that of providing public facilities and services. The proper exercise of this function requires the construction and operation of a physical plant and equipment for these various facilities and services. The expenditure of public funds to finance this physical plant immediately involves local fiscal policy.

Public improvements are important in determining the direction and degree of community development, and frequently require the expenditure of a large percentage of the municipal income. Unfortunately, many public improvements are constructed as unrelated single items rather than as an element of an overall plan. Many improvements are generally financed through individual bond issues, quite often with little or no consideration of the effect upon the present and future financial condition of the municipality. This uncoordinated management of improvement projects not only handicaps future financing but is detrimental to the proper physical development of the community.

It is not the practice of municipal borrowing that should be

criticised, it is the reason and method for which the borrowing is made. The purpose of borrowing, the relative nature, and the extent, importance and cost of the improvement to be made, as well as the type of borrowing and the means for debt retirement are among the primary factors to be considered. The increasing demand for more public improvements and services is causing many city administrations to consider preparation of a constructive long-term program for the financing of these improvements.

Long-range financial planning has been almost completely ignored by cities, and it is indicative that at the time Professor Robert A. Walker's book was written (1941) as many as 1,322 cities had zoning ordinances, 217 had comprehensive plans, 150 had playground plans, but only a scant 8 cities had long-range financial plans.¹ This number has steadily increased, but, as reported in the 1957 Municipal Year Book it is being utilized by very few planning agencies. The Year Book reports that of 792 cities with a population of over 10,000, only 198 or 25 percent have a capital improvement program. However, in only 51 of these cities was the capital program prepared by the planning agency.²

¹Peter N. Nash and James F. Shurtleff, "Planning as a Staff Function in Urban Management," Journal of the American Institute of Planners, XX, No. 3 (Summer, 1954), p. 142.

²The International City Managers' Association, The Municipal Year Book, 1957 (Chicago: The International City Managers' Association, 1957), p. 275.

There has been much discussion concerning the planning agency's role in the preparation of a capital improvement program, but, it is a subject like the weather - many people talk about it but few people do anything about it. Planning agencies have believed that the preparation of a capital improvement program is totally within their domain. Since the planning agency's traditional activities are usually remote from annual budgeting and not fully integrated with local government, the planning agencies have not been allowed to enter to any great extent into capital budget preparation.³

In connection with the programming of capital improvements, Mr. William I. Goodman stated:

"Capital improvement as an annual study is still nominally the function of the planning commission. Its relationship budget-wise to the remaining municipal expenditures, however, is so vital that it probably cannot be prepared without reference to them.....

"In this area, therefore, the planner's function and his relationship become equivalent to those of an operating department. That is, the planner uses his specialized knowledge about the community and its needs to advise the executive on what municipal expenditures should be under-

³Frank Lombardi, "The Planning Agency and Capital Improvement Programs," Journal of the American Institute of Planners, XX, No. 2 (Spring, 1954), p. 101.

taken. The relationship is clearly subordinate and cannot work without the executive. Today, unfortunately, it works in many cases without the planner."⁴

The purpose of this study is to conduct a critical evaluation of the use of the capital improvement program and to analyze the reasons for its lack of usage, if such proves to be the situation. As used in this evaluation, a capital improvement program is defined as a six year program of capital improvements, the first year of which is adopted as the capital improvement budget for the ensuing fiscal year.⁵ While it is a six year program, it is reviewed each year to make adjustments due to current developments and another year is added during this revision to compensate for the year adopted as the capital improvement budget. In this manner it can always be in harmony with the current situation.

⁴William I. Goodman, "The Planners Relationship with the City Manager, " Journal of the American Institute of Planners, XIX, No. 3 (Summer, 1953).

⁵There is not general agreement as to what items should be considered as capital improvements. In general projects of large size, fixed nature or long life, which provide new or additional public facilities or services are considered to be capital improvements. This includes streets, parking facilities, parks, playgrounds, street lighting systems, public buildings -- schools, libraries, fire and police stations -- and the necessary major equipment for their operation. This does include minor equipment items such as typewriters, office supplies, and the usual maintenance equipment.

CHAPTER I

THE CAPITAL IMPROVEMENT PROGRAM: ITS DEVELOPMENT AND FUNCTION

Development of Capital Improvement Program

"The budgeting process is not a recent development in government. The budget was well established as an essential part of the British Parliamentary System almost two centuries ago. By 1850, governmental budgeting had been adopted in France, and thereafter spread to other countries. The United States Federal Government, however, was slow to adopt the budgeting process, and it was not until 1921, with the enactment of the National Budget and Accounting Act, that they approved a budgeting system, removing the scheduling of appropriations from the various Congressional committees. Since that time the Federal Government, through loans, grants, and other programs has exerted considerable influence toward improving the financial operations of state and local governments."⁶

Municipal governments were not as slow in adopting a budgeting system. New York City prepared an annual budget in 1906, and

⁶Sherman Griselle et al., "A Guide for the Organization and Administration of a Capital Financial Program" (unpublished report, Department of Urban Planning and Landscape Architecture, Michigan State University, April, 1956), p. 1.

by 1920 the majority of the larger cities had selected some manner of systemized budgeting.⁷

Following the budgeting procedures established by the Federal Government in 1921, smaller cities proceeded with an annual financial program. The increased demand for capital improvements, however, soon exceeded their ability to pay for them on a year-to-year basis. Due to this inability, improvements were provided as individual projects with no regard to systematic development or long term needs and financing.

The growth and increasing influence of city planning found a logical extension in financial planning beyond the current annual budget. City planning, as first evidenced in the form of layouts for streets, blocks, and lots, did not require correlation with municipal financing. Planning, around the turn of the century, was considered to be merely a city beautification movement stimulated by the Chicago World's Fair in 1893.

In the 1920's, the planning of streets, schools, parks, utility systems, and other facilities, and zoning and subdivision regulations, were placed in the hands of one body - the planning commission. This body soon realized that planning should not be restricted to the laying out of physical structures only, but

⁷Ibid

it must relate the physical plans with the social, political, and economic aspects of the municipality in order to give better direction toward achieving a desired living environment.

It became apparent that they must prepare a definite plan for the future of the community in all of its principal features. This plan showing the city's desirable future developments, the appropriate uses of private land, and the general location and extent of all necessary or advisable public facilities, constitutes what is called the comprehensive city plan or master plan.⁸

Late in the 1920's it became increasingly evident that the size and character of the physical plant of the city would inevitably be determined in large measure by the city's desire and ability to pay for it. Accordingly, early in the 1930's, planning commissions began to contemplate means of financing the proposals that were set forth in the master plan. This new facet of planning was further emphasized by the development of Federal aid to communities that had developed comprehensive financial plans.

⁸A master plan consists of maps, plans, reports, sometimes models, and a priority listing of all the proposed public improvements with approximate cost estimates. A master plan is comprised of all of the physical elements that together form a community. Basically, a master plan is a plan of proposed land uses. It designates areas for residential, business, and industrial developments of various types, including areas that require rehabilitation. In any event, all of the important features of urban development should be included in the master plan, properly related to each other.

The study of long-term financial planning by the New York State Conference of Mayors in 1932, as financial planning was practiced in Schenectady, New York, resulted in a clear statement of such planning and represented a significant advance toward effective fiscal programming.⁹ Many governmental units, using this study as a guide, adopted some type of long-term financial planning during the 1930's, most of which utilized a six-year period for planning and financing capital improvements. The Federal Government also adopted this concept for all capital improvements in 1939.¹⁰

The number of governmental units at all levels having some type of long-range capital improvement program has increased greatly since the 1930's, but as it has been pointed out in an earlier section of this study, its use is still very limited.

CAPITAL IMPROVEMENT PROGRAMMING

The function of capital improvement programming is to set down in priority sequence, capital projects proposed by the master plan and by the various governmental departments over a period of years in terms of the financial ability of the community.

⁹Albert H. Hall, The Preparation and Administration of a Municipal Capital Budget, Publication No. 16 (Albany, N. Y.: New York State Conference of Mayors, 1932).

¹⁰Griselle, p. 1.

"The capital improvement program should be considered as a major tool of planning for guiding public improvements of the community along desirable channels and for insuring that they proceed in an orderly manner."¹¹

It is not a device to encourage the spending of more public monies, but rather a means by which an impartial evaluation of needs and their costs can be made and a time-table established for the development of those projects which are authorized or contemplated.

Successful programming of capital improvements involves three basic considerations. First, the proposed projects must be selected within the framework of the master plan and community needs. Second, the projects must be developed within the financial resources of the community pursuant to a sound financial plan. Third, the program must be kept flexible through periodic review and revision.¹²

Capital improvement programming demonstrates to the public that their dollars will be spent in accordance with the objectives of the master plan. This procedure encourages heads of operating departments to plan for the future and to anticipate

¹¹ Philip P. Green, "The Capital Budget - How Cities May Efficiently Schedule the Construction of Public Facilities," Popular Government, XIX, No. 8 (April, 1953), p. 5.

¹² The International City Managers' Association, Local Planning Administration (Chicago: The International City Managers' Association, 1948), p. 268.

their needs for capital expenditures over a period of years. Since the program contemplates annual review, each project is considered a number of times before it is ultimately authorized in the annual budget. This procedure minimizes the danger of constructing "white elephant" projects caused by impulsive or pressure group action and tends to make the departments involved planning conscious and cooperative with each other. This cooperation helps to create a better understanding of the master plan and the relationship of each department's plans to it.

Different cities have established different procedures for the preparation of the capital improvement program. It is essential, however, that the planning agency be given a major role in its preparation and development, including authority to review all project proposals in order that it may make recommendations with respect to the priorities, special projects, and methods of finance.¹³ The study made by the National Municipal League, however, indicates that in most cities the planning agency is not given this opportunity.¹⁴

One of the difficulties planning has had in making itself more effective is that there has been too much reliance on informal relationships and not enough on systematic procedures.

¹³Lombardi, p. 101.

¹⁴The International City Managers' Association, Year Book, 1957, p. 275.

The time spend educating and influencing city officials, concerning financial planning of capital improvements, is lost when these individuals leave office. This very often causes the capital improvement program to be ineffective and spasmodic. The planning agency should, therefore, strive to establish formal and legal procedures for instituting the program.

These legal procedures should require the city planning commission to (1) prepare, adopt, and maintain a master plan, (2) prepare annually a six year program of capital improvements, and (3) review for conformance to the master plan all proposals for the expenditure of funds for capital investments. Some state enabling acts, including Michigan's, contain these requirements, but they should be carefully spelled out by legislative ordinance, resolution, or charter provision.¹⁵

The essence of the planning function in local government is to set forth objectives and standards for good urban growth and to coordinate both private and public development toward these goals. Thus, the more planning agencies can get local government to think in terms of the future, the greater success planning will have.

¹⁵Michigan, Compiled Laws (1948), secs. 125, 31-125. 45.

CHAPTER II

EVALUATION PROCEDURE

There is very little information available that would disclose the extent to which local governments are using a capital improvement program as a method of charting a workable path for future development; and even more obscure is the knowledge of the extent to which planning agencies are involved in its preparation. The Municipal League Survey indicates that very few cities have undertaken capital improvement programming and that only a small percentage of them utilize the planning agency in its preparation.¹⁶ Accepting the hypothesis that capital improvement programming is an indispensable function of local government, the question rises as to what extent are planning agencies using it as a tool for implementing their master plans? In an effort to answer this question properly, it was felt important to select certain communities as case studies whereby an evaluation could be made of the planning agency's usage of the capital improvement program.

Two possible approaches were considered for this study.

¹⁶The International City Managers' Association, Year Book, 1957, p. 275.

One approach was to select agencies in cities throughout the United States. It was realized that a study of this magnitude was needed, but such a study was beyond the allowable scope of this dissertation. In view of the limitations of scope and availability of information and because of possible unknown variables in various State statutes, it was concluded that this method did not promise reliable results without extensive research, and was, therefore, not pursued or followed.

The second possibility was to conduct the study in a single state whereby all of the communities selected as case studies would be operating under common planning legislation. It was, therefore, apparent that it would be advantageous to select communities in Michigan because of the availability of information concerning planning activities throughout the State and the close proximity of any city that might be selected as a case study. Although no state or group of cities in a particular state can be described as "typical", Michigan has a sufficient number of cities that include the whole range of urban types which would allow many valid conclusions to be drawn concerning the various aspects of capital improvement programming. It was, therefore, concluded that the most fruitful approach would be to confine the evaluation to case studies in Michigan and the procedures followed might then be applied in other states.

The selection of communities to be studied and the survey and evaluation took place during May and June, 1958. It should be recognized that the results of the study are based on planning activities as they existed at that time.

SELECTION OF CASE STUDIES

The next step in the study was the selection of various Michigan city planning commissions that would serve as the basis for the evaluation. There are a great many cities in Michigan with planning commissions, some with paid, full-time staffs, while many others, particularly smaller communities, have retained planning consultants to perform the entire planning function. It did not seem practical to analyze every planning agency because it did not appear likely that those cities retaining consultants would be sufficiently advanced in their planning activities to be undertaking capital improvement programming. It was, therefore, decided that more representative results would be obtained by conducting the evaluation in only those cities having a paid, full-time staff, as reported by the Michigan Chapter of the American Institute of Planners.¹⁷

¹⁷American Institute of Planners, Michigan Chapter, Handbook and Directory of Planning in Michigan, 1955-56 (Michigan Chapter: American Institute of Planners, 1956).

Sixteen cities with paid, full-time staffs were selected from the yearbook listing; Ann Arbor, Battle Creek, Bay City, Detroit, Escanaba, Flint, Grand Rapids, Highland Park, Kalamazoo, Lansing, Midland, Monroe, Muskegon, Royal Oak, Pontiac, and Saginaw. A preliminary questionnaire consisting of five questions, was then sent to the planning commission in each city, to get an indication of the status of planning and the current planning program. The first question pertained to the status of the master plan because only those cities having such a plan could be expected to have a capital improvement program. This question was also important in light of the Municipal Planning Commission Act (Section 9 of Act 285 of the Public Acts of 1931, as amended), which stipulates that Planning Commissions which have adopted a master plan are required to prepare "comprehensive programs of public structures and improvements", to be prepared annually for the ensuing six years.

The remaining questions pertained to the existence of a capital improvement program and to local fiscal policy. The answers to these questions would give some preliminary insight into the use of the program, as well as, the methods of approval and financing of capital projects.

Fourteen of the sixteen preliminary questionnaires sent out were returned, and it was later learned that the two cities

failing to return the questionnaires no longer had paid staffs. Each agency, except Bay City, replied that the city had a master plan; however, three agencies replied that a major revision of the plan was underway. Only six of these agencies, however, indicated that they had a capital improvement program while two stated that they were in the process of preparing one. After analyzing the questionnaires, planning commissions in the following cities were selected for this study: Battle Creek, Detroit, Flint, Grand Rapids, Kalamazoo, Lansing, Pontiac, and Saginaw. Of these eight planning agencies, four stated they prepared a capital improvement program, while the others stated they did not. Chapter III reports in detail the results of the investigation of the use of the capital improvement program by each of the individual planning agencies.

METHOD OF CONTROL

Any research project that attempts to evaluate or measure the effect of a governmental function must have a method of control or a measuring stick whereby all factors can be rated in reference to their relationship to the norm established by the control. In this instance, to establish any one agency as the control did not prove to be valid or feasible because there did not appear to be one agency that could be labeled as the "norm" or "ideal". It became obvious, therefore, that any method of

control would have to measure all of the agencies against each other on a common basis.

It was determined to use a method of control utilizing two interview questionnaires which would be used in conducting the field interviews with the various selected planning commissions. The use of a standard interview questionnaire would provide a means for useful comparison and correlation, as well as, a definite format that could be followed in all of the interviews. As indicated in the following lists, the questions in interview "A" attempted to clarify the methods used by the planning agency in preparing and implementing the program, while those in interview "B" sought to determine why the agency did not prepare one, as well as, the attitude of the local government relative to this program and to planning as a governmental function.

The following lists set forth the questions used in the two interviews:

INTERVIEW "A"

FOR CITIES WITHOUT CAPITAL IMPROVEMENT PROGRAM

1. What is the status of your Master Plan?
2. Do you have a manager - council type of local government?

3. Who is responsible for preparing priorities or plans for the construction of capital improvements?
4. Do you have a charter provision or ordinance requiring the planning commission to prepare a capital improvement program?
5. What percentage of actual projects are paid for on a pay-as-you-go basis - bonded?
6. Has there ever been an attempt to prepare a capital improvement program? If "yes" what defeated the proposal? If "no", why not?
7. Who prepares the annual budget? What is the budget? Procedure? Is it a capital improvements budget?
8. Does the council pay a great deal of attention to the city engineer?

INTERVIEW "B"

FOR CITIES WITH CAPITAL IMPROVEMENT PROGRAM

1. What is the status of your Master Plan?
2. Is your planning agency directly charged by charter or ordinance to prepare recommendations on a program of capital improvements?
3. Is it required by law that all public improvements be referred to your planning office for consideration as to size, location, and relation to your comprehensive plan?

4. Do you have a procedure - formal or informal - for keeping department heads acquainted with problems, plans, and proposals in all departments, so that each may know what the other is doing?
5. Does the planning agency discuss with the operating agencies the proposals submitted by them, and does it state its reasons for suggested modifications?
6. What is your relationship with the Engineering or Public Works Department? The Park Department? The School Board?
7. Is there a procedure for considering the relative importance of each proposal and establishing priorities? Have standards for establishment of priorities been determined and these criteria made available to everyone concerned? What are they?
8. Do you have a "shelf" of projects that can be started almost immediately in case Federal or other monies are made available?
9. What is your relationship with other authorities such as urban renewal, park, etc.?
10. Are land acquisitions included in the capital improvements program and how is this justified?
11. What is revision policy?
12. How long has your city had a capital improvement program?

13. Why did the council actually adopt such a program?
14. Do the Fringe areas in any way influence your programming or financing?
15. What is actually shown on the capital improvement program - are all projects or are just the larger ones?

The wording and sequence of the questions used were selected to allow freedom and completeness of reply, thereby, providing a representative reflection of the actual status of the program. Every effort was made to avoid any embarrassing or antagonistic situations during the interviews, which might tend to put the interviewee on the defensive, and minimize the value of the answers given. It was hoped that the results obtained would present a clearer understanding of the use of the capital improvement program as a planning tool.

CHAPTER III

INTERVIEW RESULTS

Personal interviews were conducted with representatives of the planning commissions in the various cities selected as case studies, because it was recognized that this procedure would provide the most representative and reliable results. This method also provided an opportunity for observing the overall function of the individual planning commission and its status in the local governmental framework.

The interviews were conducted during the time period discussed in Chapter II and reflect the status of planning at that time. Before attempting to analyze or correlate any of the answers, the interview results were classified under two broad headings: (1) those from cities without a capital improvement program, and (2) those from cities with a capital improvement program.

The results of the various interviews, as set forth below, consist of the answers given in reply to the standard interview questionnaire and general observations of the planning activities in the individual cities.

CITIES WITHOUT A CAPITAL IMPROVEMENT PROGRAM

There were four cities involved in this category: Flint, Grand Rapids, Pontiac, and Saginaw. The status of planning in these four cities was very similar. All of the cities had some form of a master plan, but were all in the process of re-evaluating the overall development of the community in an effort to revise the plan.

It appeared that planning had not been very effective in any of the cities, but that it was becoming more accepted as a necessary function in the governmental framework. All of the cities had adopted the manager-council form of government, where the manager, in his administrative capacity, had played the key role in planning, often preempting the responsibilities of the planning commission.

There was no formal referral provision in any of the cities which would require review of any proposed capital project by the planning commission. In all four cities the legislative body, following the recommendations of the manager, often approved priorities and plans of capital projects that had very little reference to an overall master plan. In each of the various budgets, a lump-sum appropriation was listed for capital improvements, without designating expenditures for specific projects. There appeared to be a strong pay-as-you-go feeling prevalent in all of the cities which, coupled with a limited supply of municipal funds, resulted

in very few capital improvements being constructed.

Plate I clearly shows the similarity of the interview results and will be used in analyzing the reasons for the lack of usage of the capital improvement program.

Flint, Michigan

The interview was held on May 23, 1958, with Mr. R. Malloy, Senior Planner. Flint has had a planning commission since February of 1939 and a full-time staff for approximately twenty years. At the time of the interview the staff consisted of three persons: the Planning Director, the Senior Planner, and a Secretary.

The Planning Commission had approved a master plan for the City late in the 1930's, but it had not been utilized to any great extent. Early in 1958, however, the City had commissioned an outside planning consulting firm to prepare a new master plan. This project was being accomplished by representatives of the firm working in the city, and did not directly involve the resident staff. It was estimated that it would take approximately two years to complete the necessary studies and to prepare the plan.

The Planning Commission and staff are not required by a charter provision or ordinance to prepare a capital improvement

RESULTS OF INTERVIEWS WITH CITIES NOT PREPARING A CAPITAL IMPROVEMENT PROGRAM

| INTERVIEW QUESTIONS | CASE STUDY CITIES | | | |
|---|-------------------|--------------|---------|---------|
| | FLINT | GRAND RAPIDS | PONTIAC | SAGINAW |
| 1. STATUS OF MASTER PLAN | | | | |
| (A.) ADOPTED _____ | | | | |
| (B.) UNDER REVISION _____ | | | | |
| 2. TYPE OF LOCAL GOVERNMENT | | | | |
| (A.) MANAGER-COUNCIL TYPE _____ | | | | |
| 3. RESPONSIBILITY FOR PLANNING CAPITAL IMPROVEMENTS | | | | |
| (A.) COUNCIL - FOLLOWING MANAGER'S RECOMMENDATIONS _____ | | | | |
| (B.) INFORMAL PLANNING COMMISSION REVIEW OF CAPITAL PROJECTS _____ | | | | |
| 4. PROVISION REQUIRING THE PLANNING COMMISSION TO PREPARE A CAPITAL IMPROVEMENT PROGRAM | | | | |
| (A.) ORDINANCE REFERENCE TO MICH. P.A. 285 _____ | | | | |
| 5. CAPITAL IMPROVEMENT FINANCING METHODS | | | | |
| (A.) PAY-AS-YOU-GO _____ | | | | |
| (B.) BONDING _____ | | | | |
| (C.) BOTH _____ | | | | |
| 6. PREVIOUS ATTEMPTS BY PLANNING COMMISSION TO PREPARE A CAPITAL IMPROVEMENT PROGRAM | | | | |
| (A.) YES _____ | | | | |
| (B.) NO _____ | | | | |
| 7. TYPE OF ANNUAL BUDGET | | | | |
| (A.) OPERATING BUDGET WITH LUMP SUM INCLUDED FOR CAPITAL IMPROVEMENTS _____ | | | | |
| 8. PLANNING COMMISSION RELATIONSHIP WITH OTHER MUNICIPAL DEPARTMENTS AND AGENCIES | | | | |
| (A.) GOOD _____ | | | | |

NOTE:

A SOLID BAR UNDER A PARTICULAR CITY INDICATES THAT THE PRACTICE OR SITUATION APPLIES TO THAT CITY.

program and have never attempted to do so. In 1948, however, there was an attempt made by the Mayor's Fact Finding Committee for Flint Civic Improvement to prepare some form of long-range financial program, which was merely a listing of the capital projects anticipated. There were some sewers installed in accordance with the proposals, but in general the program had not been utilized.

There is no requirement in the administration that would require plans or priorities for capital projects to be referred to the Planning Commission. The Planning Commission relies on informal relationships with the various operating departments for any review of capital projects prior to construction.

The annual budget is referred to as an operating budget, but capital expenditures are also included. The capital items are provided for by a lump-sum, rather than a definite sum for a specific project. There appeared to be a trend, however, toward financing capital improvements through the issuance of bonds, and therefore, only the debt carrying charges appeared in the budget.

The planning staff appeared to be involved in day-to-day planning administration and has never had the opportunity to consider the preparation of a long-range financial program. They

felt that the parts of the existing master plan, which had been adopted, were ineffective and, therefore, could not be used as a proper basis for a capital improvement program. The staff did, however, anticipate a change in the governmental attitude toward planning with the completion of the new master plan, and that adequate staff would be acquired so an attempt could be made to prepare a capital improvement program.

Grand Rapids, Michigan

The interview was held on May 14, 1958, with Mr. Keith Honey, Planning Director. Grand Rapids has had a planning commission since the 1930's and a paid staff for approximately fifteen years. At the time of the interview the staff consisted of five persons: the Director, two technical planners, one draftsman, and a secretary.

The City had adopted a master plan in 1927, but the Planning Commission was currently revising various parts of it. They had completed a park plan and a master thoroughfare plan, which had both been adopted by the city in 1957, and were in the process of preparing a master land use plan.

The Planning Commission is required by ordinance to prepare a capital improvement program, but due to various

political conflicts, only one attempt has been made to prepare one. A very comprehensive program for capital improvements was prepared by the Capital Improvement Committee of the Planning Commission, but the date of this effort was undetermined.¹⁸ This program, however, was never acted upon or utilized, by either the Planning Commission or the legislative body, in this case the City Commission. Mr. Honey stated that if an adequate planning budget were available, which would enable him to hire additional staff, they would attempt to prepare such a program. He emphasized, however, that the City Commission would not be obligated to follow it.

The City Commission follows the recommendations of the Manager in preparing the priorities for all capital projects that are anticipated. The Manager, at the time of the interview, was very much aware of the necessity of proper planning for capital improvements and frequently consulted the staff of the Planning Commission concerning various projects. However, due to the fact that there was no definite provision that would require the Planning Commission to review all capital projects for compliance with the master plan, projects were often

¹⁸Report to the Grand Rapids City Planning Commission by the Capital Budget Committee Appointed to Conduct a Long Range Capital Budget Study (in the files of the Department of Urban Planning and Landscape Architecture, Michigan State University).

constructed with little or no relation to it.

There was a strong "pay-as-you-go" feeling throughout the city government which limits the number of projects that could take place in any one year. It was stated that the combination of a lack of adequate budget and the current high tax rate would prevent any new projects for quite some time. The annual budget, therefore, only reflects the operating needs of the various city departments and it makes no provision for capital expenditures.

It appeared that planning in Grand Rapids was accepted as a necessary part of government, but that apathy toward planning had caused a situation whereby the master plan was not being utilized properly and that there was very little implementation of the proposals that were set forth in it. Mr. Honey felt that the new phases of the master plan would have to be implemented by using informal methods and cooperation. He hoped that eventually a committee of department heads could be formed to prepare a financial program and that their recommendations would be reviewed by the Planning Commission for conformity to the master plan.

Pontiac, Michigan

The interview was held on June 3, 1958, with Mr. Henry

Smith, acting Director of Planning. Pontiac has had a planning commission since March 15, 1935. The Planning Commission acquired a part-time staff in 1941 and had since hired two full-time personnel. At the time of the interview the staff consisted of the acting Director, who was originally in another city department, and a secretary.

The City had never adopted a master plan, but at the time of the interview an outside planning consulting firm was preparing a new master plan. It was anticipated that a master thoroughfare plan would be the first phase of the master plan to be completed and that plans for a downtown rehabilitation project would be undertaken in conjunction with the master thoroughfare plan.

The annual budget is considered to be an operating budget, but it contains a lump-sum for capital improvements and the debt carrying charges for outstanding bonds. There was no strong pay-as-you-go feeling, therefore, capital projects were financed both through the issuance of bonds and from current funds. According to normal administrative practice, the City Commission, following the recommendations of the Manager, prepared the priorities for all capital projects. There was no formal referral provision that would require the Planning Commission to review all such projects and very often none took place.

The ordinance creating the Planning Commission does not specifically state that they shall prepare a capital improvement program. However, by virtue of the fact that the Planning Commission was organized under Michigan P.A. 285, they are required to prepare a capital improvement program as a part of the master planning process. The Planning Commission, however, had never attempted to prepare such a program, and it appeared that the planning program was not completely accepted administratively and very often the City Commission definitely opposed it. This situation arose as a result of various differences of opinions concerning the legal status of the master plan. This controversy was created by the published opinions of a local attorney, in which he mounts an attack in considerable force against the entire concept of master planning and suggests that it should never be allowed to develop regardless of what beneficial results are supposed to flow therefrom.¹⁹

These opinions had such an ill effect on the City Commission, that they nearly abolished the planning function following their publication. Mr. Smith stated that it was very difficult to accomplish any planning due to the unfavorable attitude toward it. He

¹⁹George A. Cram, "Master Planning Creates Clouds on Titles," Michigan State Bar Journal, XXXV (April, 1956), pp. 9-15.

hoped, however, that this attitude would change following the completion of the new master plan and with an increase in planning activities.

Saginaw, Michigan

The interview was held on May 21, 1958 with Mr. Walter Kalmbach, Senior Planner, in the absence of Mr. John Dempsey, Planning Director. Saginaw has had a planning commission since the early 1930's and a full time staff for approximately fifteen years. At the time of the interview the staff was composed of twelve persons, nine of whom were technically trained. The City had an adopted master plan, but it was being revised to include a county-wide area. The Planning Commission had completed a master thoroughfare plan early in 1958. This plan was being reviewed by the Manager and Council and was expected to be approved and adopted early in the summer.

The annual budget, as prepared by the Manager, reflects the anticipated operating expenses of the various departments and indicates funds available for capital improvements. There are no specific capital projects designated for construction, however, a list of needed improvements is submitted for council consideration.

There is no formal requirement that necessitates Planning

Commission approval of proposed capital projects, but it frequently takes place on an informal basis. The record of accomplishments of the Planning Commission and its staff has been excellent and as a result they are highly regarded by the City Council and the various City Departments. In spite of this good working relationship there have not been sufficient planning personnel available to conduct studies dealing with proposed capital projects, and as a consequence the Planning Commission frequently was not consulted on such matters.

There is a strong "pay-as-you-go" feeling on the part of the Manager and City Council which might handicap the preparation of a long-range financial program involving bonding requirements. Mr. Kalmbach stated that the Planning Commission had never attempted to prepare such a program because the existing master plan was outmoded and could not be used for the basis for developing a sound program and that they had been handicapped as a result of insufficient personnel. He further stated, however, that the Planning Commission now had sufficient staff and would attempt to prepare a capital improvement program following the completion of the master plan.

In Saginaw it appeared that the planning function was accepted as a necessary part of the administration, but its effectiveness has never been fully realized. The staff had, however, been

expanded and was doing some advance planning that was being utilized by the various operating departments in the city.

Cities With A Capital Improvement Program

There were four cities involved in this category: Battle Creek, Detroit, Kalamazoo, and Lansing. All of the cities, except Kalamazoo, which had adopted a manager-council type of government, had a mayor-council type of government. It appeared that the planning function had been successfully integrated into the administrative framework in each of the cities, and in most cases had been relied upon very heavily. All of the cities had adopted master plans, and had either revised them or, in the case of Lansing, were completing a new master plan.

It was obvious, however, that even though each of the four cities employed a capital improvement program as a matter of fiscal planning, there was a wide divergence in its preparation and purpose. Plate II clearly reflects this and will be used in the evaluation of the various programs and the methods whereby they are prepared and used.

Battle Creek, Michigan

The interview was conducted May 19, 1958, with Mr. Douglas Armstrong, Planning Engineer. Battle Creek has had

RESULTS OF INTERVIEWS WITH CITIES PREPARING A CAPITAL IMPROVEMENT PROGRAM

| INTERVIEW QUESTIONS | CASE STUDY CITIES | | | |
|---|-------------------|---------|-----------|---------|
| | BATTLE CREEK | DETROIT | KALAMAZOO | LANSING |
| 1. STATUS OF MASTER PLAN (A.) ADOPTED _____ (B.) UNDER REVISION _____ | | | | |
| 2. PROVISION REQUIRING THE PLANNING COMMISSION TO PREPARE A CAPITAL IMPROVEMENT PROGRAM (A.) CHARTER _____ (B.) ORDINANCE REFERENCE TO MICH. P.A. 285 _____ | | | | |
| 3. PLANNING COMMISSION REVIEW OF CAPITAL PROJECTS _____ | | | | |
| 4. PROCEDURE FOR INFORMING DEPARTMENT HEADS CONCERNING PROPOSALS OF OTHER DEPARTMENTS (A.) INFORMAL DISCUSSION _____ (B.) NONE _____ | | | | |
| 5. PLANNING COMMISSION DISCUSSES WITH THE OPERATING DEPARTMENTS THE PROPOSALS SUBMITTED BY THEM _____ | | | | |
| 6. PLANNING COMMISSION RELATIONSHIP WITH OTHER MUNICIPAL DEPARTMENTS AND AGENCIES (A.) GOOD _____ (B.) NONE _____ | | | | |
| 7. PROCEDURE FOR DETERMINING CAPITAL PROJECT PRIORITIES (A.) EACH DEPARTMENT DETERMINES OWN PRIORITIES _____ (B.) NONE _____ | | | | |
| STANDARDS ESTABLISHED FOR DETERMINING PRIORITIES _____ | | | | |
| 8. REVISION POLICY (A.) REVISED YEARLY _____ (B.) NONE ESTABLISHED _____ | | | | |
| 9. YEAR CITY ADOPTED CAPITAL IMPROVEMENT PROGRAMMING _____ | 1951 | 1943 | 1951 | 1958 |
| 10. REASON FOR COUNCIL ADOPTION OF A CAPITAL IMPROVEMENT PROGRAM (A.) ACTION BY MAYOR _____ (B.) MICHIGAN P.A. 285 _____ (C.) PLANNING COMMISSION ACTION _____ | | | | |
| 11. PROJECTS SHOWN IN CAPITAL IMPROVEMENT PROGRAM (A.) ALL PROJECTS _____ (B.) ALL PROJECTS BUT SCHOOLS _____ | | | | |

NOTE:

A SOLID BAR UNDER A PARTICULAR CITY INDICATES THAT THE PRACTICE OR SITUATION APPLIES TO THAT CITY.

a planning commission since June 21, 1943 and a full-time planning staff for approximately seven years. This staff consisted of a resident planner, who was originally the field representative from the planning consulting firm commissioned to prepare a master plan for the City.

The interview and discussion relative to the planning activities indicated that planning was well established in the local governmental framework, but its effectiveness had been handicapped due to the lack of adequate planning personnel. The Planning Commission had adopted all phases of the master plan, which had been prepared in 1950 by the planning consulting firm. Within the framework of this plan, the City had undertaken a large scale redevelopment and highway relocation project.

The Capital Improvement Program, called the Public Works Program, covers the ensuing six year period, and has been prepared each year since 1951. The decision to employ this form of fiscal planning was based on the Municipal Planning Commission Act, Mich. P. A. 285, but the Mayor designated the Director of Public Works as the official responsible for the preparation of the program. It was realized that this was not the intent of the Act, but lack of planning personnel prohibited preparation of a capital improvement program by the Planning

Commission. The Planning Commission is, however, kept informed concerning capital project proposals and priorities through informal discussions with the Director of Public Works, who is a member of the Planning Commission. It is, therefore, only through these informal discussions that proposed projects are reviewed by the Planning Commission for conformity to the master plan.

The Public Works Program itself is based on many of the principles as set forth by the National Resources Planning Board which had been tested and found valid by other communities in the United States.²⁰ It was, however, pointed out that, even though the Program had been adhered to since its initiation, it did not always reflect the proposals or priorities suggested by the Planning Commission. This weakness in the programming procedure was somewhat offset by the good working relationships between the resident planner and the various operating departments involved in capital project planning and construction.

A master plan must be supported by developmental standards if it is to act as an effective guide for determining the nature and location of capital improvements. Such standards have never been

²⁰National Resources Planning Board, Long-Range Programming of Municipal Public Works (Washington, D.C.: U.S. Government Printing Office, June, 1941).

established by the Battle Creek Planning Commission, as a result, there were no set procedures for considering the relative importance of each departmental request for capital improvements. It was stated, however, that, whenever possible, plans for capital projects were reviewed and appropriate modifications suggested.

The Public Works Program has been quite satisfactory, but it was clearly stated that when a planning staff was available, the Planning Commission would assume the responsibility for preparing it.

Detroit, Michigan

The interview was conducted on June 4, 1958, with Mr. Harold Black, Senior Social Economist, on the staff of the City Plan Commission. The first city planning agency established in Detroit was known as the City Plan and Improvement Commission. This Commission was appointed by the Mayor in 1909. It had no paid staff. In the period of its existence, various consultants were hired who proposed plans of beautification and a so-called "Preliminary Plan of Detroit."

The City adopted a charter in 1918, and as a result of the provisions of this charter a new City Plan Commission was appointed by the Mayor in 1919. The planning program has

functioned under these provisions rather than by reference to the State enabling legislation; Michigan P.A. 285. The Plan Commission has had a full-time staff since the early 1930's and at the time of the interview totaled eighty-one persons, including fifty-eight technically trained personnel.

During the 1940's the City Plan Commission staff, in cooperation with all of the City Departments and various agencies, prepared a comprehensive plan for the future development of the City. It was subsequently approved by the City Plan Commission and by the departments involved, and became the official master plan of the City of Detroit after its adoption by the Common Council in March 1948.

In 1941, with the increased prosperity it was felt that the City was once more approaching a financial position whereby it could resume the capital improvement program that had been at a standstill since 1930. Accordingly, a Capital Improvement Committee was appointed by the Mayor which consisted of the Budget Director, who also served as chairman, the City Engineer, and a representative from the City Plan Commission staff. The decision to adopt such a fiscal program was based on the strong support of its use by the Mayor.

The Capital Improvement Program for Detroit is a means

of fulfilling the requests for capital improvements that are made by the various City Departments and agencies. The requests are checked for conformity to the Master Plan, but the priorities established are not always based on the program for development as outlined in it.

The Capital Improvement Program covered a six-year period, the current year being the Capital Budget. The program for the remaining five years, as recommended by the Capital Improvement Committee, is based on the ability of the city to finance according to anticipated revenues. It was stated, however, that beginning with the 1958-59 fiscal year, the City's Capital Improvement Program would be based on a four-year period.

All City agencies, including libraries and public utilities, with the exception of the Department of Street Railways, are included in the Capital Improvement Program. Various projects have been placed in a reserve program which, if additional revenues become available, will be placed on the priority list. Projects that are to be financed by bonds, gifts, and non-taxable revenue sources are also shown.

The procedures for preparing Detroit's Capital Improvement Program are as follows:

Each department head submits a list of projects and priorities, as determined by the individual department

staff, to the Capital Improvement Committee. There is no procedure for considering the relative importance of each proposal, nor are there any standards established which could be utilized by the various departments in determining their individual project priorities. There is also no method for keeping department heads acquainted with the problems, plans, and proposals of each of the other departments, so there could be some correlation of their proposals.

The Committee then reviews each departmental proposal and returns those that are not in conformance with the Master Plan. There is no discussion, as such, with the department heads concerning the relationship of the various projects to the Master Plan, nor are any modifications suggested. Following the review, the Committee makes whatever changes necessary, and submits its proposals to the Common Council for review and approval.

The Capital Improvement Program has been followed very closely, but many of the inherent weaknesses found in its method of preparation have hindered the implementation of the Master Plan. Some of these weaknesses have been overcome as a result of the 1950 Common Council resolution, which requires all public improvements be reviewed by the Plan Commission. This review

enables the Plan Commission to suggest modifications and emphasize the importance of the Master Plan objectives.

It was stated that there was very little likelihood that this method of preparation would be altered. It was also emphasized that the Budget Director held the dominant position on the Committee and, therefore, the monetary aspects of the projects were the key factors involved in determining priorities. There appeared to be a lack of concern over the status of the program with relation to the planning function, and very little emphasis was being placed on it.

Kalamazoo, Michigan

The interview was conducted on May 28, 1958, with Mr. Charles Ford, Planning Director. The Planning Commission was created by ordinance in April, 1928 and has had a full-time staff for approximately twenty years. At the time of the interview the staff totaled six persons, including four technically trained personnel.

The City adopted a master plan in 1929, but had recently revised it so as to reflect current requirements. The planning function was accepted as a necessary segment of the governmental framework and played a leading role in shaping the City's development. An amendment to the ordinance in 1952,

however, limits somewhat the powers of the Planning Commission, but has not hindered the planning activities.

In 1940, the City prepared a long range financial program in conjunction with the National Resources Planning Board, but it was not followed. The City renewed the procedure, however, in 1951, through the efforts of the Planning Director. It was pointed out that Mich. Act 285, stipulates that the Planning Commission shall prepare such a program, and it was on this basis that the City Council directed its preparation.

The current program is based on many of the theories and procedures that were advocated in 1940, but covers a ten year period rather than the six year period more commonly followed.

All of the City Departments submit their capital project proposals and priorities to the Planning Commission for the ensuing ten years. There are no definite standards established, however, that the various department heads could utilize in determining their individual project priorities. The Planning Commission, therefore, has the responsibility for weighing each project for its relative importance and establishing priorities based on the master plan objectives. The Planning Commission staff discusses the individual proposals with the various department heads and suggests any modifications that might be necessary. There was no procedure for keeping the departments

acquainted with the plans and proposals of the other departments so that there could be correlation in the overall proposals of all departments.

This lack of integration proved to be the major weakness in the preparation of the Capital Improvement Program. It was hoped, however, that this weakness would be overcome following the establishment of certain standards, based on the objectives of the master plan, which could be used by the department heads in preparing their individual project plans and priorities.

The Capital Improvement Program includes all projects, land acquisitions, and funds for urban renewal. The entire Program is reviewed and revised every year so that all projects are analyzed several times before actual construction. Adherence to the program is guaranteed by the ordinance requirement by which all public improvements must be referred to the Planning Commission for consideration.

It was stated that the Capital Improvement Program has been well established as an integral part of the fiscal policy of Kalamazoo. However, the inadequacy of public understanding of the Capital Improvement Program was recognized by the Planning Commission as a serious handicap to the future of the program. The proposals of the program are not published for public distri-

bution, nor is the public aware that this fiscal policy is being employed. It was hoped that the Capital Improvement Program could soon be published so that the public could be informed about the way their taxes were being spent and, therefore, might be more inclined to vote favorably whenever bond issues or tax increases for public improvements are on a referendum.

Lansing, Michigan

The interview was conducted on May 26, 1958, with Mr. Victor Leyrer, Planning Director. Official urban planning in Lansing began on June 14, 1920, when the City Council contracted with a private planning consulting firm for the preparation of a "comprehensive city plan." In September, 1920, the City Council authorized the Mayor to appoint a temporary City Plan Commission to work with the consultant in preparing the master plan. This plan was completed and adopted by the City Plan Commission in October, 1921, but the temporary planning commission was allowed to expire, and planning was not given permanent, continuing status by the City Council.

In 1935 the City Council recognized that the original city plan needed revision and, on June 3rd of that year that body again authorized the Mayor to appoint a City Plan Commission. The City Plan Commission published the plan in 1938, and recommended that the plan be "adhered to as closely as possible." This

commission had not been created under provisions of Mich. P. A. 285, however, and so could not officially adopt the plan.

The City Council created a City Plan Commission pursuant to state enabling legislation on November 12, 1940. The City Plan Commission adopted an "Official City Plan" on December 29, 1942. At the time of the interview a new comprehensive plan was being prepared by the staff of the Plan Commission, which includes the entire urbanized area around Lansing. Completion of the new plan is expected during 1959.

The City Plan Commission has had a full-time staff for approximately fifteen years which had been expanded to the present staff of seven persons, including three trained planning personnel.

The Lansing City Charter was revised in 1957, at which time a provision was included which abolished the City Plan Commission and created a Planning Board. The new charter provisions spell out in detail the powers that are granted by State statute, including the preparation of a capital improvement program. The Chairman and Vice-Chairman of the Charter Committee, as members of the City Council, felt that by writing this function into the charter it would place greater emphasis on planning and give it more status in the governmental framework.

The City Plan Commission had never before attempted to prepare a capital improvement program even though they had adopted the 1942 Master Plan. The new charter provisions, however, require the Planning Board to prepare annually a six-year program for public improvements. The first such program was submitted to the City Council in February, 1958.

Lansing's Capital Improvement Program reflects the actual proposals and priorities of those departments that submitted six year programs to the Board and contains all capital projects and the acquisition of major equipment. Various departments did not submit programs because they had never been required to do so, and were not able to comply with the charter provisions. It was stated, however, that all departments will be included in the 1959 program.

There is no procedure for considering the relative importance of each proposal. There have been no standards established that could be utilized by the various departments in determining their priorities. It was stated that standards and criteria would be prepared for use in succeeding years.

This first Capital Improvement Program merely reflected the individual plans of the various city departments and was not based on the Master Plan. It was stated, however, that the completion of the new comprehensive plan, the undertaking of

an urban renewal program, plus the effect of certain annexation proposals will call for a review of the entire program. This first effort had been so recent that there was no history or background concerning its preparation and administration. As a result, many of the interview questions were not applied.

It appeared that planning had not been accepted as an integral part of local government, but that the recent charter revision had attempted to place more emphasis on its use. It was stated that the interdepartmental relationships had increased as a result of the revision and that it was hoped that the new comprehensive plan would become a definite guide for the future of the City. It was also stated that the use of the Capital Improvement Program would be continued and strengthened.

CHAPTER IV

SURVEY ANALYSIS

Introduction

The results of the case study interviews, as discussed in the preceding chapter, support the basic thesis of this study that very few planning commissions are directly involved in the preparation of a capital improvement program, although they seem to occupy a coordinative function. This fact alone, however, is of very little value if the factors contributing to this situation are not considered. It is hoped that, by examining present policies and problems involved in the preparation of a capital improvement program, there will be a better understanding of the role of the planning commission in the preparation of such a program.

In an effort to substantiate the findings of the eight case studies, the budgeting practices in various cities in Michigan and other states were also reviewed.²¹ The analysis of the field

²¹The following Michigan cities were reviewed: Birmingham, Livonia, Monroe, Oak Park, Port Huron, and Royal Oak. The following cities outside of Michigan were also reviewed: Baltimore, Maryland; Cleveland, Ohio; Modesto, California; Philadelphia, Pennsylvania; and San Francisco, California.

interviews and the additional surveys indicate that there are certain fundamental problems involved in capital improvement programming which have made it very difficult for many planning commissions to prepare such a program. It is beyond the scope of this study to analyze each of the individual problems encountered in the selected cities. Instead the discussion and analysis will be confined to the more general findings of the survey and the evidence upon which they are based.

Survey Analysis

The analysis and findings of the field surveys together with other studies indicate the following conclusions:

A. It appeared that much of the inactivity on the part of many planning commissions in preparing a capital improvement program is fundamentally part of the problem of the place and function of planning in local government.

Although all of the communities surveyed had established a planning commission with a full-time staff, the degree to which planning had been accepted as a governmental function was by no means uniform. It was quite obvious that the mere establishment of a planning commission, where adequate legal powers were

granted to it, was no guarantee that the planning process would be successful. Planning effectiveness also depends upon the character of the administrative organization, the quality of the planning personnel, the amount of financial support, the degree of understanding of the objectives of planning by the legislative branch, the chief executive, the department heads, and the public.

Analysis of the planning activities in the various cities indicates that there is some correlation between the degree to which the planning process has been integrated into the local governmental framework and the type of municipal government in existence. It appeared that the planning function has been successfully integrated into the governmental structure in Battle Creek, Detroit, Philadelphia, San Francisco, and other cities operating under the mayor-council type of government. Under this type of government, the non-professional mayor and council rely heavily on the planning commission, with a professionally trained staff, to undertake studies, ascertain facts, and develop plans of a specialized or technical nature.

The surveys indicated that all of the cities with a mayor-council type of government had adopted some form of a master plan and were attempting to implement it through use of a

capital improvement program. The responsibility for preparing this program, however, varied considerably. Interdepartmental committees, usually consisting of the comptroller, city engineer, and planning director, were formed in Detroit and Milwaukee, to prepare the program, while other cities, such as Philadelphia, San Francisco, Lansing, Cleveland, and Baltimore, have assigned to the planning commission as one of its major responsibilities the preparation of a capital improvement program. The City Engineer prepared the public works program in Battle Creek, but it was indicated during the field interview that the Mayor would direct the Planning Commission to do so when adequate staff was available.

The position of planning in the administrative structure under the manager-council type of government was not so clearly discernible. The chief administrator under this plan is the manager, who is usually a professionally trained administrator. While most city managers at least have recognized the need of the planner and while the planner has constantly improved his techniques, neither group has fully taken advantage of this partnership in order to inject sound planning into community development.

It appeared that in some cities the manager had the

technical knowledge and resources to conduct his own studies and ascertain his own facts for the purpose of making recommendations on policy matters and for coordinating departmental plans. In cities where the planning commission's responsibilities had seemingly been preempted by the manager, planning as a governmental function had become purely academic. This situation seemed to exist in such cities as Flint and Port Huron.

It would be unjustifiable to state that the manager alone will determine the effectiveness of the planning process. In many communities planning as a governmental function had not been completely accepted by the entire council membership and they, therefore, had restricted the planning activities. There appeared to be a feeling among many council members that planning is undemocratic in principle and not a legitimate and respectable responsibility of government. To a considerable extent, this opposition to planning results from a misconception of the planning function. This situation of council opposition to planning seemed to exist in Pontiac and Birmingham, as a result of the legal question concerning the master plan, as discussed in Chapter III.

Lack of adequate personnel, however, appeared to be the chief reason contributing to the apparent ineffectiveness of planning in cities operating under the manager-council type of government. Very few of the planning commissions had sufficient staff personnel to conduct the necessary planning studies so as to be able to recommend to the manager the best course of action to be taken today in order to avoid working at cross-purposes with the future. It would be extremely difficult to point out any definite reasons for this situation, but, it would seem unrealistic to expect a city manager or the council to hire a large planning staff if they were not willing to recognize planning as a necessary function of local government.

The surveys showed that none of the cities with a manager-council type of government had formally adopted a master plan. All of the planning commissions, however, were in the process of preparing a new plan or revising an outmoded, unadopted one. Optimism was expressed by members of the planning staff of Royal Oak, Grand Rapids, Flint, and Saginaw, that planning would be more closely integrated into the governmental framework when the master plan was completed and adopted. This optimism was based on the opinion that when the legislative body - the council - endorses the master plan, in one form or another, they will

realize the necessity for adopting means of implementing it. It was, therefore, felt that more planning personnel would be acquired and a program of capital improvements could then be prepared by the planning commission.

It must be pointed out, however, that planning has been very successfully integrated into the local governmental framework in Oak Park and Kalamazoo; both with a manager-council type of government. Kalamazoo, however, is the only one that has a capital improvement program. This seven year program is prepared by the planning commission and submitted to the manager for final approval. It was stated during the interview that the success of planning and the introduction of capital improvement programming in Kalamazoo have resulted from a good manager-planner relationship.

B..... In many communities a dogmatic pay-as-you-go philosophy has handicapped any attempts to prepare a capital improvement program. This philosophy was very pronounced in Pontiac and Grand Rapids where very few capital improvements were being undertaken.

There were many reasons given for adopting a pay-as-you-go fiscal policy, but they all seem to be based on the elimination of debt service charges and the lowering of tax rates. The advocates of this plan maintain that borrowing

supplements current revenues only for a short time and that eventually the debt must be paid from current revenues, so that in the final analysis, the expenditures are limited by the yield from taxes and revenue sources other than borrowing. If borrowing is gradually eliminated and outstanding debts are amortized, interest charges would no longer be a cost, and the annual volume of construction could thereby be increased or the cost of improvements be reduced.

Though it is often considered to be thrifty and prudent, the appeal of pay-as-you-go also seems to lie in two factors:

- (1) it provides a simple criterion for decision making; and
- (2) it is politically safe.

The problem of planning capital improvements and gaining approval is an exceedingly difficult one, both politically and administratively. This problem, however, is nearly overcome when many of the projects are ruled out on the grounds that the community won't undertake any more projects than those for which they can currently pay. This often resulted in deferment of critical improvements, with consequent social and economic loss to the community.

It must be clearly understood, however, that every community should apply the pay-as-you-go principle to as

much of the public improvement program as possible without bringing about sharp fluctuations in the tax rate from year to year. This can be achieved only by a carefully worked out long-range capital improvement program and a sound financial program, which considers both borrowing and current financing methods. If programming is properly done, the spasmodic presentation of expensive projects in the capital budget can be avoided. The annual outlay for capital improvements then becomes rather constant and great variations in the tax rate are avoided.

C.....There appeared to be a general misunderstanding of the terms "capital improvement" and "capital expenditure" among the officials from cities with no capital improvement program. The tendency on the part of many of these persons was to consider the two terms synonymously.

The term "capital improvement" is generally considered to mean projects of large size, fixed nature, or long life, which provide new or additional public facilities or services. It includes such items as public buildings, parks, sewers, waterworks, and all major types of construction. Major replacements and reconstruction are also to be considered.

"Capital expenditure" on the other hand is an expression used primarily for accounting purposes and in most places covers all capital outlay which adds to the physical assets of the community. Since all capital improvements are capital expenditures they are naturally included in such a classification. It must be realized, however, that capital improvements are not all of the capital expenditures of a municipality. The term also covers equipment and other items that are expensive and of a durable nature.

This failure to make a distinction between a capital improvement and a capital expenditure has caused many of the planning officials to consider a capital improvement program as an accounting process and, therefore, not in their domain. It should be clearly understood that there is a definite distinction between the two procedures. "The purpose of long-range improvement programming is the development of orderly methods for providing capital improvements, rather than the budgeting of all capital expenditures, or the classifying of such expenditures for accounting and property-control purposes."²²

²²Ernst B. Schulz, American City Government, Its Machinery and Processes (New York: Stackpole and Hack, Inc. 1949), p. 518.

Many legislative bodies failed to fully appreciate that planning and scheduling capital improvements is an integral part of the annual budgeting process. They are placing great emphasis on the annual operating expenditures; but the quality of their research and review of capital expenditures is not nearly so high. A survey of various annual budgets revealed that many of the capital-outlay proposals are generally submerged in the various departmental estimates. These proposals for the most part, however, were for various types of equipment, rather than for capital improvements. The only reflection of a capital outlay for a capital improvement occurred in debt service accounts. Examples of this type of budgeting practice may be found in the annual budgets of Flint and Grand Rapids.

In cases where there was a separate section containing a listing of proposed capital improvements, there was a minimum of analysis presented in support of the various proposals. The budget merely listed a series of capital projects, and indicated that priorities should be established within the limits of the estimated funds available for capital improvements. This procedure was evident in the annual budget for Saginaw.

D.....In scheduling projects, the determination of priorities is a central question with much work remaining to be done. Examination of the procedures followed in determining priorities indicated that there were certain very broad standards being utilized; but, in general, most determinations were made on a subjective value basis by either the budget committee or the legislative body. There were no definite standards or criteria established in any of the cities that were being used as a basis for considering the relative importance of each proposal and establishing priorities.

In each of the communities having a capital improvement program, the department heads were asked to submit their recommendations for capital improvements to the planning commission or capital improvement committee whichever happened to be the case. Under this procedure, each department head listed the capital projects that in his opinion were necessary and the priority with which they were to be undertaken. None of the cities had any procedure - formal or informal - for keeping department heads acquainted with the problems, plans, and proposals in the other departments so that each might know what the other was doing. This resulted in lists that were unrelated to each other and did not reflect the comprehensive approach to

the problem of supplying needed capital improvements.

It was beyond the scope of this study to analyze the various master plans, but it was obvious that many of the communities were not advanced enough in their master plan preparation to use such a plan as the basic framework for establishing standards and criteria for determining capital project priorities. This was particularly evident in the medium sized cities that were currently revising their entire master plan, such as, Lansing, Kalamazoo, Flint, Saginaw, and Grand Rapids.

Many of the planning officials that were interviewed stated that their city had a master plan, but there was very little uniformity among the master plans that were reviewed. Detroit was the only city among those surveyed that had a plan exhibited on one map that could be distributed to the various departments and the general public. Lansing and Flint were attempting to put all of the various components of their plan on one map, but had not completed this effort. Battle Creek's Master Plan was distributed among many various volumes and maps. This made it very difficult for the department heads to visualize the inter-relationship of the various phases of community development. Similar situations also existed in Grand Rapids, Saginaw, and Kalamazoo.

Many of the various department heads stated that they were unaware of the contents or objectives of the master plan and generally showed a lack of interest in any long-range planning efforts. Even in those cities where a long-range capital improvement program was prepared, there appeared to be very little concern over it's preparation. Many of the department heads felt it was merely an academic exercise because they could not see any relationship with long-range plans. This often resulted in a program that was simply a compilation of departmental requests and priority determinations. This situation was evident in Lansing's six year capital improvement program.

It became very obvious that a master plan is an essential prerequisite of effective capital improvement programming. It must act as the basic framework within which the various heads of the operating departments can determine the capital projects that will be necessary for the implementation of the plan. It must also act as a general guide for establishing the general standards and criteria necessary for determining project priorities. In this manner the long-range departmental programs will be developed in coordination with the comprehensive plan for community development.

E.....There was very little evidence of any attempts by the

cities surveyed to seek any citizen support of the capital improvement program or to publish the completed program for public distribution. Most of the programs analyzed were simply a listing of projects for the ensuing period covered by the program, with no support in text or photographs. This type of document was prepared in Battle Creek, Kalamazoo, and Lansing.

Many of the officials interviewed considered any form of citizen participation in governmental affairs as a handicap and something that should definitely be avoided. Many of these officials felt that to publish a list of capital needs would create a series of citizen pressure groups that would seek to have the priorities altered. Others felt that it would be embarrassing to admit to the public that there were various capital improvements needed.

There were, however, programs, such as those prepared in Detroit, Cleveland, Philadelphia, Baltimore and San Francisco, that have been published and have advanced public understanding without causing embarrassment or pressure groups. Mr. Edmund N. Bacon stated that "one of the reasons that capital programming is strong in Philadelphia today is that support for it was built up gradually over a period of time with broad citizen backing and with

rather remarkable citizen understanding."²³

Mr. George Duggar, Senior City Planner, San Francisco Department of City Planning, stated that it was necessary to "dramatize successful programming and to emphasize the cases where capital improvements of the right kind are being located in the right place and with the right relation to other projects. It is, therefore, essential to use graphic techniques. Something can be done by simply listing projects which conform to the master plan. But a picture of a properly located facility is worth 10,000 words."²⁴

Mr. David V. Addy, Budget Director for the City of Detroit, stated that "capital improvement programs can and should coordinate the plans and efforts of private business, the citizens, and all levels of government." He stated further that "Detroit's capital program shows the necessity of proper planning and the selling of a program explanation of needs, the community and other units of government can

²³Edmund N. Bacon, "Capital Programming and Public Policy," Journal of the American Institute of Planners, XXII, No. 1 (Winter, 1956), p. 35.

²⁴George Duggar, "Programming Public Improvements in Accordance with a City Plan." (Unpublished luncheon address, San Francisco Department of City Planning, October, 1951), p. 6.

be mobilized to make the program a reality."²⁵

The City of Modesto, California has had a citizen's committee on its six-year improvement program since 1952. This committee consists of residents of the community, assisted by city officials as well as county, school, and irrigation district officials and is divided into fourteen study groups, one of which is a finance study group. The study groups make investigations and report their findings and recommendations from time to time, and finally the citizen's committee presents its findings and recommendations, including a proposed six-year improvement program, to the City Council. A provision is made for an annual calling together of the citizen's committee or representatives of the various study groups for the purpose of renewing and expanding the program for future years. In this way the City Council, when adopting the capital improvement program and budget, had a representative indication of the citizen's views of relative importance of the projects before the community, and could act accordingly.²⁶ It must be realized, however, that even

²⁵David V. Addy, "Financing Detroit's Capital Improvement Program," Municipal Finance, XXVI, No. 3 (February, 1954), p. 159.

²⁶Fred W. Lawrence, "The Capital Improvement Program - A Challenge to a Small City," Municipal Finance, XXVI, No. 3 (February, 1954), p. 145.

though the Modesto approach is a democratic process, it can only be employed effectively in smaller communities.

The National Resources Planning Board stated that "public approval is absolutely essential to the success of the program, and should be kept in mind from the inception of the operation. The methods adopted for informing the public of winning its confidence must be determined by the general character of the particular community concerned. Such efforts, regardless of their direction, must be looked upon as among the most important items of procedure in establishing public works programming and budgeting."²⁷

Conclusions

The evaluation of the use of the capital improvement program revealed a very disquieting picture. It appeared that many of the larger cities were using this program effectively, but very few other cities had made any attempts to prepare one. Kalamazoo was the only smaller city surveyed that had successfully employed this program as a definite planning tool. While it has not formalized its

²⁷National Resources Planning Board, Long-Range Programming of Municipal Public Works, p. 52.

procedures as yet, Lansing is making real strides toward developing this program.

It has become apparent that the first step toward improving this situation rests with both administrators and planners. Two things were observed about these two groups in this limited survey: (1) They have very little technical understanding of capital improvement programming, and (2) they are inclined to push the blame off on the legislators, without recognizing their own responsibility in the matter. This seemed to indicate that a training job must be done at the administrative level before there is hope for a change in legislative and public attitudes.

CHAPTER V

THE PREPARATION OF A CAPITAL IMPROVEMENT PROGRAM

Introduction

The results of the survey and evaluation of the usage of a capital improvement program by planning commissions emphasized the need for effective planning as a necessary prerequisite for successful programming. It was evident that many communities were not advanced enough in their planning activities to undertake the preparation of a long-range capital improvement program. Many reasons were given for the present status of planning in local government: but it appeared that many administrators and councilmen, as well as the general public, failed to appreciate the value of comprehensive planning and were reluctant to accept many of the basic planning principles.

It became obvious, therefore, that planning agencies must undertake the task of demonstrating to these groups the benefits of planning if they hope to be successful in their efforts to map out and see effected a suitable environment in which people can live and work. Planners must realize that they cannot hope to see their plans effectuated if those officials responsible for

making the final decisions concerning community development are not farsighted enough to realize the value of planning.

Professor Robert A. Walker stated that "the most important step ahead in making planning effective is the education of top administrators to think of planning as essentially their responsibility, and to regard the planning staff as a group of specialized assistants to aid them in carrying out their responsibilities."²⁸

Planning commissions must constantly seek to strengthen their position within the local governmental framework. The value of planning depends largely on how closely the planning commission works with other city departments and with those officials responsible for policy making and administration. For the best success in planning it must enjoy the complete confidence of the executive and legislative body and work in close harmony with both.

Formation of the Comprehensive Plan

Planning commissions in most of the cities surveyed centered their attention and efforts upon the physical aspects of

²⁸Robert A. Walker, "The Implementation of Planning Measures," Journal of the American Institute of Planners, XVI, No. 3 (Summer, 1950), p. 124.

the community. They were concerned with the general land use pattern, the location of transit and transportation systems, and all of the various physical facilities necessary to promote the desirable environment in which to live and work. It should be remembered, however, that physical planning must be related to the overall policies of the local government and act as the framework within which community development takes place.

Since planning has its emphasis on the future, the planner must continuously be seeking the answer of "what type of community should we build for tomorrow?" For the most part, the communities surveyed have not faced up to this question. It is imperative that planning commissions provide the proper data and guidance which will enable the legislative body of the community to make formal decisions concerning community development.

Nearly all of the planning commissions surveyed were involved in the preparation of a comprehensive plan. It is important that these commissions conduct educational campaigns so as to acquaint the public and municipal administration with the overall content and objectives of the plan. They should attempt to create the attitude among these people that it is their plan and that their understanding and concurrence is fundamentally important before the plan is adopted.

The following courses of action may be followed when approving a master plan: (1) the master plan can be adopted pursuant to planning enabling legislation whereby the planning commission adopts the plan and certifies it with the county register of deeds, (2) the planning commission can adopt the master plan and submit it to the legislative body for endorsement, or (3) the planning commission can adopt the master plan and submit it to the legislative body for adoption as an ordinance.

There are many opinions among planners concerning which course of action should be followed. Many planners feel that a master plan must be formally adopted and recorded if it is to be effective. This procedure, however, often causes legislators to balk and refuse to accept the plan at all because they feel it is placing too many restrictions on their decisions concerning community development.

It seems more logical for the planning commission to prepare a plan which will be acceptable to the legislative body of the community as its guide plan for growth. This plan can be adopted by the planning commission and endorsed by the legislative body. In this manner the plan can be amended without lengthy legal procedures and will more likely be followed. There, however, is some question concerning the regulations of the

enabling legislation; but there is no evidence of a master plan being invalidated because it was not recorded. In any event, it must again be stressed that the planning commission must acquaint the legislators, administrators, and the public concerning the plan and the benefits of effective planning.

Following public understanding and legislative endorsement, the planning commission must strive to transform the master plan from paper dreams to reality. The principal instruments and processes employed in effectuating the comprehensive or "master" plan fall into three categories: regulation and control of the development and use of property; the provision of public services, utilities, and other physical improvements; and education of the public.

"An important responsibility of the planning commission is to carry through, in cooperation with the chief administrator and other city departments, the step-by-step process that leads from the master plan, through the public services program and the capital improvement program, to the capital budget and the actual construction of the facilities. A criticism that may be leveled against much city planning is that too little attention has been paid to these necessary steps of implementation. Where this has occurred the blame must be shared by city

planning agencies for inadequate attention to implementation, faulty organization structures which have led to aloofness of the planning agency from the rest of the city government, and operating officials who lack interest in long-term problems."²⁹

Since both the priorities of projects outlined in the master plan, and the schedule on which they are to be constructed must be related to the financial resources of the city and the program of public services it contemplates, it is obvious that implementation of the master plan must be based upon a capital improvement program.

The Preparation of a Capital Improvement Program

The various cities surveyed have established different practices for the preparation of the capital improvement program. Actual responsibility for the compiling of the capital budget, however, is normally vested in the budget director or other chief financial officer. The question, therefore, arises as to what is the role of the planning commission under this arrangement. In a talk before the New York State Federation of Official Planning and Zoning Boards, September, 1953,

²⁹The International City Managers' Association, Local Planning Administration, p. 17.

Mr. Daniel C. Kurshan described the planning commission's possible role:

"If the responsibility for the preparation of the capital improvement program is vested in the budget director, the planning agency should retain responsibility for certifying whether or not each project conforms to the long-range development plan. In the absence of such certification, the budget bureau should not be authorized to include a project in the capital budget. I also favor vesting in the planning agency responsibility for recommending to the budget director a broad outline of the priorities, programming and other aspects of the capital plan about which it cares to comment."³⁰

This procedure has been recommended in a study of the reorganization of the New York City government. It is also the approach used for Detroit and San Francisco, although the compiling of the capital program is done by the planning commission in San Francisco.

In those jurisdictions in which the planning commission is

³⁰ Daniel L. Kurshan, Assistant to the Executive Director, The Port of New York Authority, "Long-Range Planning, Capital Programming and Planning Commissions", September 30, 1953.

successfully integrated within the governmental structure the planning director should play the dominant role in representing the chief administrator in bringing together all the various departments and agencies that will participate in developing the program. This is possible, however, only if there is full and active cooperation among the financial, administrative, and policy making officials who would contribute their experience and judgment to the overall result. The development of the program, in conjunction with the chief financial officer as well as with the heads of the various operating departments, will help ascertain which of the various proposals are financially feasible. This procedure will also make it necessary for each department head to justify the need for his particular projects in relationship to those of all others. The role of the planning commission in the preparation of the capital improvement program should not be merely that of a coordinating agency, but it should also provide positive leadership by furnishing constructive proposals for achieving a well-balanced program.

Planning commissions must strive to have these various procedures effectuated by definite legislative resolutions and administrative policy determinations or charter provisions dealing with capital improvement programming. It appears that all too often planners are left out of the programming

process unless their part is set forth in writing and by law.

The long-range capital improvement program involves five steps: (1) the financial analysis, (2) the listing of the needed improvements, (3) the evaluation and determination of priorities, (4) consideration by the governing body, and (5) public acceptance. The following summaries indicate these five steps:

The Financial Analysis ... The financial analysis should be prepared by the fiscal officer of the municipal department primarily responsible for financial matters. The financial analysis should seek to provide reliable information of the present and future ability of the community to pay for the construction and maintenance of capital improvements, by estimating the present availability of funds, by research into the probable future trends of municipal revenue and expenditure, by appraisal of all factors related to the administration and operation of the program, and by determining what limitations are imposed, by statutes or prior commitments, upon the freedom of the community to act. From these considerations the municipality must determine the amount of funds available for the construction of public improvements.

Preparation of the financial analysis necessitates a

review of the records of municipal revenues, expenses, and capital expenditures for a number of past years, including an analysis of tax collections. Since the purpose of the analysis is to provide a basis for making an estimate of present and future financial ability, the study of past records need not be carried to the extent of making an exact audit.

These financial data should be grouped and arranged in tabular and graphic form, by years, according to the following classification: (1) revenues by source, (2) operating expenditures by department and by purpose, and (3) capital expenditures by department and purpose.

The review of municipal revenues should include an analysis of property taxes, fees, fines, grants-in-aid, earnings from various utilities and their potential productivity, and should also take into account the rate of growth and direction of movement of the population, and any other factors that might affect property values and other tax sources. These separate studies should be projected forward to indicate the probable values of these items during the years of the proposed program.

The analysis of operating expenditures should include

both a departmental and functional breakdown. All factors that may affect the demands for expenditures should be taken into account. These data should be sufficiently detailed so as to indicate clearly the direction of expenses for the several important services and departments of the municipal government.

The historical record of debt service charges, broken down by categories showing the rate at which past debt has been incurred, will provide some indication of what policies may have been committed for the future. The financial analysis will indicate the volume of improvements which the city has financed in the past; it will disclose the public policy followed by the municipality in providing new or improving public facilities; and it will aid in estimating the debts to be incurred in the future.

The information disclosed by the financial analysis is intended primarily for use in determining how the capital improvement program should be financed. It is important, therefore, that the pertinent financial statistics and information be conveniently and comprehensively presented and interpreted for use by the agency designated to prepare the program.

Listing of Proposed Projects. . . . The objective of long-range programming is the provision of public improvements in an orderly and economically sound manner. It is, therefore, necessary that a list be compiled of all proposed or contemplated capital improvements which are needed or considered to be desirable. It should be the responsibility of the planning commission to prepare this list in cooperation with the various department heads whose activities are affected.

Each of the department heads should file with the planning commission a list of those projects needed for the period covered by the program. In addition to the projects suggested by the department heads, the list should include improvements proposed by the mayor, the legislative body, responsible community organizations, and other jurisdictions such as counties, school districts, and special districts. Although this approach will require a great deal of collaboration among a number of agencies, it will be valuable in maintaining taxes at an even level and in helping to minimize competition for the various capital improvements for which voters may be required to approve bond issues.

The survey indicated that there is an area of doubt as

to what should be included in this list. As discussed in Chapter IV, this misunderstanding has stemmed from the tendency on the part of many persons to interpret the term "capital improvement" as synonymous with that of "capital expenditure." It is, therefore, imperative that there be a clear understanding as to what should be included in the list of improvements. The National Resources Planning Board suggests the following classification as generally covering those items which are in keeping with the objectives of programming:³¹

1. New construction and major repairs and additions, including the purchase of land.
2. Major equipment, covering, in general, items for which a separate authorization is called for in the annual budget.

All of the various project proposals should be accompanied by a complete statement containing the following information: (1) the name and nature of the improvement, (2) location, (3) general description, (4) statement as to why the project is needed or desired, (5) estimated cost of construction or purchase, (6) contemplated year of proposal, and (7) suggested manner of financing.

³¹ National Resources Planning Board, p. 21.

The actual procedure for listing projects will vary with the practices of the individual community. The procedure, however, can be more efficiently conducted if the planning commission designs special forms to insure that the above information will be presented adequately and uniformly, and if it distributes them to the various departments and individuals for listing proposed projects with supporting data. It would also seem very desirable to transmit a separate list of instructions along with the forms, in order that officials and individuals who are required to submit data may have a full understanding of the operation and of what is required in it. This list should point out the objectives of the program, authority for the procedure, and general instructions concerning the information sought on the forms. Each of the proposed projects should then be submitted on a separate form.

Evaluation and Determination of Priorities The financial

analysis and the list of the proposed capital improvements are the basic data needed for the preparation of the capital improvement program. The actual preparation involves the evaluation and correlation of all of the information submitted in relation to policies and problems of the local community. This procedure can vary widely, but it appears desirable

to vest authority for the preparation of the program in a committee composed of the budget director, chief engineer, and the planning director. The planning commission should consider all projects for conformance to the master plan and eliminate those that do not conform or that are obviously impossible or impractical and arrange the remaining projects in order of priority based on departmental priority and upon criteria established for this purpose.

The National Resources Planning Board has suggested the following criteria for guidance in trying to ascertain the relative importance of projects.³²

1. Protection of life;
 2. Maintenance of public health;
 3. Protection of property;
 4. Conservation of resources;
 5. Maintenance of physical property;
 6. Provision of public services;
 7. Replacement of obsolete facilities;
 8. Reduction in operating costs;
 9. Public convenience and comfort;
 10. Recreational value;
 11. Economic value;
 12. Social, cultural, or aesthetic value;
-

13. Promotional value through effect on future developments;
14. Relative value with respect to other services.

In determining priorities, many practical and political factors must be taken into account. The proposed projects must be based on the standards of adequacy that are set forth in the master plan and by the legislative body. Another important factor that must be considered is the relative importance of city-wide projects versus small-area or neighborhood projects. Some city-wide projects will stimulate business and improve the general economic condition of the community while a small-area project might act as a factor in checking the spread of blight in a declining neighborhood. It is also necessary to consider those projects that are pledged by legislative or community vote and any projects that are already started.

All projects should then be arranged, by the committee, in order by year (tentatively) as determined by priority ratings of department, master plan determinations, and other factors discussed above. The projects should then be divided into two groups: (1) streets and utilities in streets, and (2) all other structures, building, and park and recreational facilities.

It would be helpful to prepare two maps showing the pro-

posed projects, one for all projects in each group. The following analysis should be made of the street and utility projects:

- (1) Determine the relation of the project to other proposed street and street utility projects in the same street.
- (2) Determine the relation of the project to the particular utility system extended or improved by the project.
- (3) Determine the conformity of the project with the land uses planned to adjoin the street, and with land uses in other affected areas.
- (4) Determine the addition which the project will make to the capacity of the system of facilities of which it is to be a part and, where applicable, consider the affect of the project on the planned "population holding capacity" of the area.

For all other structures, building, and park and recreational facilities the following studies are usually made:

- (1) Determine area and number of people to be served by the facility.
- (2) Determine if pedestrian, transit, and automobile circulation will be satisfactory.
- (3) Determine whether the project conflicts with or could contribute to the effectiveness of another project.
- (4) Determine if the number of people estimated to be served by the improvement conforms with planned "population holding capacity" of the area.
- (5) Determine the effect of the project on present and future nearby land uses including the type of use and the height and coverage of buildings, compared with conditions in the rest of the area.

This technique has been followed by the City of San Fran-

cisco in preparing it's capital improvement program.³³ It provides a means of studying where coordination of capital improvements might be possible. This coordination may be achieved by rescheduling related projects originally scheduled for different years.

When the relative need or desirability of the various proposed projects has been agreed upon, and the method of financing and the probable amounts of funds available have been determined, the program should be set forth. It should include: (1) the capital budget, which is the program for the ensuing year set forth in detail based on at least preliminary engineering designs and specifications, (2) less detailed programs for the second, third, fourth, fifth, and sixth years containing descriptions for projects and approximate cost estimates in which the priority arrangement, though tentative, has been suggested, and may be classified as "Priority A" (other terms can be used), (3) A more generalized and preliminary program for the next six year period, giving descriptions of projects and approximate cost estimates with the projects arranged in tentative priority order with no attempt at scheduling by years, and may be classified as

³³Duggar, p. 4.

"Priority B". (4) The balance of the projects proposed for construction during the remaining years of the long range plan, again grouped in tentative preliminary priority but with no attempt to schedule by years, and classified as "Priority C".³⁴

The capital improvement program should be reviewed, revised, and extended annually. This does not mean that the entire process of long-range programming needs to be repeated each year. The annual review is primarily for the purpose of adjusting the program to the changing circumstances of the municipality.

Adoption by the Governing Body... After the technical details of the program have been completed it should be submitted to the governing body for consideration. The realization of the proposed program of capital improvement depends on the appropriation of funds for projects in the order of priority and sequence determined by the capital improvement program. However, the legislative body can only allocate funds for the current budgeting period, and cannot determine the definite allocation of funds by future legislatures to the capital improvement program.

³⁴Griselle, pp. 5-6.

This of course does not prevent the capital improvement program from being used as a tool to guide the legislative body toward approval of the proposed capital improvement section of the annual budget. The capital improvement section of the annual budget. The capital improvement program should be presented to the legislature prior to their action on the annual budget, in order to indicate the importance of each project in the orderly development of the community. In some places, the capital improvement program is adopted as a plan for future action by the legislative body.³⁵

Acceptance by the Public.... The public should be kept well informed as the development of the program proceeds. The press, television, and public hearings should be utilized to keep the public advised as to the nature, purpose, and benefits of the program. It is also important to publish the program in a form that will be easily understood by the general public, so that they will be properly advised in advance of the nature and purpose of the proposals.

Conclusion

Local government has developed into a big business as a result

³⁵Griselle, p. 7.

of the unprecedented developments which have taken place within our cities and metropolitan areas during the past decades. With the concentration of industrial and commercial activities in areas of high population density, local government has had to assume a correspondingly greater responsibility in providing services and in promoting and directing the most advantageous pattern of community development.

As a result of this increased responsibility, municipal governmental expenses are mushrooming, and as a consequence, local taxes are increasing. These increases, coupled with ever increasing state and federal taxes, are placing a real burden on the average citizen. Municipal officials must, therefore, employ more efficient methods for providing the necessary community services, especially capital improvements.

A capital improvement program is the logical procedure to be employed if a municipality is to provide capital improvements in an efficient manner. It forces departmental and executive heads to outline their programs for the future and is a recognized instrument for the effectuation of the capital improvement recommendations as set forth in the comprehensive plan. This type of planning necessarily has been a continually changing process due to technological developments and to changing needs for keeping pace with growth problems of the modern city.

It is all very well, however, to say that cities should give more attention to capital improvement programming; but, implementation is quite another thing. Many public officials are unaware of the procedures involved in the preparation of this type of program. It is very disappointing, however, when one notes the sparse amount of literature available on the subject, which is rendered more obscure by its division between the fields of finance and planning. This paucity of literature is underscored by the general consensus that the most useful single reference document is the National Resources Planning Board publication issued before World War II, "Long Range Programming of Municipal Public Works".³⁶

Various cities have evolved useful techniques for the preparation of this program, but, increased emphasis must be placed upon acceptance of the program by all cities, regardless of size. In the most advanced of our city governments, there is no full realization of the scope of possibilities and the values that can be achieved by the capital programming process even where adequate technical support has been provided.

The programming process must be related directly to the planning process of the community and be based upon the comprehensive plan. The future of capital improvement programming,

³⁶National Resources Planning Board, (entire publication).

therefore, will be dependent on the degree to which the planning process is accepted as a necessary function in the local governmental framework.

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