



Department of Administration  
Budget and Policy Division

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January 26, 2009

File Ref: SF Capital

To: Public Improvements Committee Members

From: Mark Nicolini *MN*  
Budget and Management Director

Re: **Comments on File 081215 Capital Improvements Committee**

My comments are intended to increase the likelihood of such a Committee being successful and having an impact on decision-making, if it is established.

Many of my comments appear as edits to the current version so that it is easy to identify my recommended changes. Comments in italics concerning my rationale follow these edits.

### **Part 1**

Part 1. Section 320-49 of the code is created to read:

320-49. Capital Improvements Advisory Committee.

1. ESTABLISHMENT. There is created the capital improvements advisory committee to develop, maintain and update recommendations for a long-term capital improvements program for the city.

- *Chapter 18 of the City Charter establishes very clear authority and responsibility for the Mayor and the Common Council regarding development and adoption of an annual budget, including the capital budget. The Mayor and I oppose any infringement of the Mayor or Council's existing authority in this regard. The adoption of the annual budget provides an opportunity to consider the full range of tradeoffs and priorities among operating services, capital improvements, and revenues.*

### **Part 3**

3. DUTIES. The committee shall:

a. Develop a 6-year capital improvements program based on anticipated construction or capital acquisition ~~needs~~ priorities of all departments under control of the common council.

b. Establish criteria upon which a determination as to the priority of construction or acquisition of each capital program or project may be based to include, but not limited to:

b-1. The effect of a program or each project on the achievement of any strategic objective that the Mayor has submitted to the advisory committee for its consideration assessed valuation in the city.

- *This allows for a specific connection to be made between capital programs and achieving improved conditions in the community, or improving overall infrastructure system performance. Assessed valuation impact is secondary to evaluating whether a project is needed for performance of the system. For example, if a sewer segment has inadequate hydraulics, it merits replacement whether or not it has a positive impact on property values. It will also be very difficult to estimate the impact of a typical infrastructure project on property valuation.*

b-2. The interrelationship of each capital program project with other capital programs projects.

- *Relating every project to every other project seems to be a monumental undertaking. Program interrelationships seem to be more relevant to developing priorities.*

b-3. The effect of each project on replacement cycles, condition ratings, operating and maintenance expenses, and other indicators of infrastructure system performance ~~the welfare and progress of the city.~~

- *These are decision-relevant and specific criteria for which data should be available.*

b-4. Each ~~project's program's~~ and large scale (as defined by Resolution File Number 061597) project's relationship to the city's general development "smart growth" plan pursuant to §. 16.964 (4), Stats., and any area or other development plans that the Common Council has approved, with emphasis upon the 6-year capital improvements program.

- *A focus on program and large scale project relationships to various specific plans should make this component of the decision-making process manageable, and pertinent to the Council and other stakeholders.*

c. Establish a priority for each project within the program based upon the established criteria.

d. Set the priority by which the city engineer will prepare preliminary data and plans necessary for the commencement of land acquisition activities and establish a timetable for and coordinate the scheduling and progress of land acquisition activities with the city's capital improvements program.

Suggest clarification regarding what specific activities are at issue, e.g., right of way acquisition, etc.

e. Secure supporting data and justification for proposed projects, arrive at accurate cost estimates and secure from city departments a list of services and facilities and a projection of operating costs related to each construction project.

f. ~~Coordinate and expedite~~ Monitor completion of the capital improvements program as contained in the annual budget.

- *It would appear “coordinating and expediting” are the responsibilities of the various departments that will implement capital programs and projects.*

4. REPORTS. a. By February 1 annually, the committee shall submit to the common council for its information the 6-year recommended program and its total estimated construction costs, the effect of the total costs upon estimated tax rates-levies and debt service, and recommendations concerning financing of the program.

- *Tax levies are a more specific indicator of revenue impact than tax rates. Debt service impacts are essential to multi-year budget planning.*

b. ~~Within such guidelines as may be established from time to time by the common council,~~ submit to the department of administration budget and management division a requested recommended capital improvements budget for the ensuing fiscal year not later than the 2nd Tuesday in May-April of each year, such request to be acted upon as are requests for all other parts of the total budget under control of the common council. The submittal shall include an estimate of the recommended budget’s impact on the ensuing fiscal year’s tax levy, debt service, and other revenue sources. The submittal shall include an estimate of the recommended capital improvement budget’s impact on the potential need for operating budget service reductions -and/or revenue increases, based on an ensuing year’s percentage tax levy increase consistent with the prior year’s percentage tax levy increase. The Budget and Management Director shall provide the advisory committee with the necessary projections regarding the cost of maintaining baseline operations and changes to existing non-property tax revenue sources to allow for this estimate to be made.

- *The City Attorney has advised that the language regarding submittal of a budget request, as contained in the current version, conflicts with Chapter 18 of the Charter.*
- *A recommendation submittal by the 2d Tuesday in April, a month prior to the Charter-established deadline for departmental budget requests, will enable departments to take the recommendation into consideration as part of their request process.*
- *Development of a capital budget recommendation in isolation from the total budget could easily lead to an “unfunded mandate.” The recommended modifications to 4 b will ensure that the process of developing a recommended capital budget is “real” and cognizant of the multiple tradeoffs that the Mayor and the Common Council will need to consider in developing and adopting a budget.*

c. ~~Prepare quarterly semi-annual progress reports, with emphasis on the status of large-scale capital projects as determined pursuant to Resolution File Number 061597, and other non-recurring projects as determined by the advisory committee, in relation to their predetermined construction schedule, for submission to the finance and personnel committee.~~

- *Recommended changes are intended to make the reporting requirement realistic and focused on issues that the Council has recently expressed its interest in.*

5. STAFFING. Staff for the capital improvements committee shall be provided by the capital improvements administration {in what department?}. All city departments and agencies shall cooperate with the advisory committee and provide assistance whenever the committee so requests.

- *See the fiscal note included as an attachment to this file.*

Cc: Alderman Jim Bohl  
W. Martin Morics, Comptroller  
Jeff Mantes, DPW Commissioner  
Alderman Michael Murphy  
Alderman Willie Hines  
Marianne Walsh  
Patrick Curley  
Jeff Polenske