

**College of Urban Planning & Public Affairs Alumni Association  
Fifth Annual Life Long Learning Day  
Saturday, November 5, 2005**

**Critical Infrastructure & Economic Development: Finance and Budgeting**

I. Welcome and Introduction:

At 9:15 a.m. on Saturday, November 5, 2005, Ms. Carrie Makarewicz, President of the College of Urban Planning & Public Affairs (CUPPA) Alumni Association, welcomed guests and fellow alumni to the Fifth Annual Life Long Learning Day (LLL) seminar and workshop.

Ms. Makarewicz introduced the topic of the Life Long Learning Day seminar, “Critical Infrastructure & Economic Development: Finance and Budgeting”, noting that the topic was selected by members of the alumni association as an issue of concern given recent national and international events.

Ms. Makarewicz presented an overview of seminar and workshop agenda, and recognized organizational leadership of the CUPPA Alumni Association Professional Development Committee and thanked the assembled guest lecturers and practitioners who volunteered their time to explore and share their knowledge of this important issue.

II. Critical Preparedness Techniques in Finance and Budgeting:

Ms. Makarewicz introduced the morning panelists – Michael Pagano, Director and Professor, CUPPA Public Administration; Rachel Weber, Associate Professor, CUPPA Urban Planning and Policy; and Rebecca Hendrick, Associate Professor, CUPPA Public Administration.

Professors Pagano, Weber, and Hendrick provided the background and context for the day’s seminar through a series of presentations discussing infrastructure management and project selection criterion, infrastructure finance techniques and facilities, and the impact of “home rule” / “non-home rule” status on a municipality’s ability to finance infrastructure development in the Chicago metro region.

[See attached PowerPoint presentation on “Critical Preparedness Techniques in Finance and Budgeting”]

III. Developing a Financial Plan:

LLL audience members divided into groups and were presented with “Task 1: Capital Projects / Equipment Requests”. Task 1. called on audience members to work as a team to select and prioritize capital projects and public service needs for the fictional municipality of Anytown. Team members were presented with a list of 14 capital and public service proposals. Guest practitioners from local municipalities worked with team members to develop systems to rank the various proposals.

[See attached handout, “Life Long Learning Day - 5 November 2005”]

After prioritizing projects and presenting their responses, team members and panelists discussed issues encountered during the exercise.

As highlighted by Professor Pagano, the prioritization of capital needs and services fell into three categories of social goods: (i.) general social goods – such as fire, police, and other public safety and health services – that benefit all residents; (ii.) selective social goods – such as streets – whose benefits reach large members of the community but not necessarily all residents; and (iii.) localized social benefits – such as landscaping and parking along Main Street – that benefit the primary users of the improvement.

Panelists and audience members discussed the "benefits principle" – the concept of linking as closely as possible the costs of social benefits to the end users. In essence, the benefits principle states that the consumers of the public benefit should pay for expense of developing that benefit.

In addition, audience members and presenters noted that public servants and politicians must / should consider the long term operating costs associated with capital improvements. Often, the long terms costs of operating / maintaining a capital improvement fall on the local government entity while the initial costs of procuring / developing the improvement involve a mix of local, state, and other funding.

#### IV. Presentation of Financial Plan:

After developing and discussing Task 1., workgroups began “Task 2: Capital Projects Selected by City Council for Inclusion in the FY2006 Capital Budget”. Task 2. asked team members to identify sources and budget selected capital improvements. Timelines to develop the selected improvements – and therefore the identification of funding sources and overall budgets – extended over one to four years. Workgroup members were to be mindful of cost increases and revenue shortfalls which might occur as capital projects came online.

[See attached handout, “Life Long Learning Day - 5 November 2005”]

#### V. Practitioner’s Response and General Discussion:

After a working lunch, group leaders representing each team presented their group’s financial plan to Anytown’s city council made up of Life Long Learning Day guest panelists. After a lively give-and-take among city council members and team leaders, Professor Hendrick asked the guest panelists to generally comment upon the capital improvement planning process and the setting / development of financial plans.

Panelists comments include:

- Michael Baker, Assistant Village Manager, Village of Downer’s Grove: Mr. Baker provided a internal staff perspective on developing and providing a capital budget plan. Mr. Baker emphasized that staff must identify criteria for scoring projects and setting priorities. Best practices for determining which capital improvement projects to select include using a team of departmental representatives to identify good candidate projects based upon an agreed on agreed upon framework of public safety criteria and proper infrastructure surveys. When presenting proposals, Mr. Baker emphasized the needs to present pictures and graphs that illustrate each project for council members.

- Scott Niehaus, Village Manager, Village of Tinley Park: Mr. Niehaus emphasized that municipal staff should “champion the process and not the project”. Public administrators need to both know their audience and educate their audience about the range of capital investment selections available to them. Education ensured that public officials can provide the proper due diligence and oversight to the capital investment process. When making decisions, policy makers should understand not simply what the costs of inaction are – but what the choice of a certain project will mean. After education comes follow-up, both in action – i.e. carrying out the capital investment – and in communicating back to policy makers and the public what has been accomplished.
- Patricia Nolan, Financial Advisor, Ehlers & Associates: Ms. Nolan highlighted for the audience that in today’s political and funding environment, “failures define government in public perception”. Capital budgeting is a process – and in all instances, to the greatest extent possible, policy makers and administrators need to connect and communicate the linkage between a community’s quality of life and the choices it makes in selecting capital investments. Public administrators must communicate the process; options for investment; solutions to pressing infrastructure needs; and the implementation strategy associated with the capital improvement process. This communication must not be solely for decision makers, but for other departments of government and the public at-large.
- Kevin McCanna, President, Director & Owner, Speer Financial: Mr. McCanna addressed issues related to the funding of economic development initiatives and capital improvement projects. Financing public projects relies on (at minimum) two votes: (i.) the vote to authorize the investment, and (ii.) the vote to hire the contractor(s) to develop the project. Simply because vote (i.) has occurred does not mean that vote (ii.) will occur. In selecting the finance facility, administrators must understand and consider state and local laws governing municipal borrowing as well as match the financing facility to the project. Municipalities should attempt to leverage their investments. In addition, municipalities should develop and maintain a clear, effective five year capital budget plan.

VI. Adjournment:

Mr. Mark Dwyer, Co-Chair of the Professional Development Committee, thanked all the participating guest panelists and lecturers as well as members of the Professional Development Committee who participated and planned the Life Long Learning day event.

Life Long Learning day adjourned at 1:50 p.m.

**Respectfully submitted this day,  
November 22, 2005  
by Matthew Hickey, MUPP Class of 2001**