

X -- A CAPITAL IMPROVEMENT PROGRAM

## A. CAPITAL IMPROVEMENT PROGRAM

Long-range programming of capital improvements is the surest preventative of future financial difficulties. Too often in the past cities have embarked on over-ambitious or badly timed public improvements with the result that in later years, other urgent needs have, of necessity, been shelved because of financial limitations brought about by an unbalanced program.

The Master Plan contains numerous recommendations for permanent improvements. In addition, there are many other items outside the scope of the Plan which will require substantial investments of public funds. These include the rebuilding and re-surfacing of worn-out city streets, the provision of additional sanitary facilities, improved street lighting and similar projects. All of these planning and non-planning items must be fully considered to give a true picture of the City's needs.

The City is in an advantageous position to undertake a carefully considered public improvement program during the next few years. The bonded debt has been reduced to a very reasonable level and long-term financing can be arranged at extremely low interest rates. The limited building activity during the War made it possible to substantially reduce the bonded debt but, at the same time, created a backlog of essential improvements. The new Master Plan should prove an invaluable tool in meeting the most pressing needs.

The logical agency for preparing the Capital Improvement program and keeping it up to date in the future is the City Planning Board. The Board has a broad knowledge of conditions throughout the City and a keen appreciation of the various needs for public improvements. It is the only public agency that is charged with the duty of coordinating the activities of all departments and agencies on a long-range basis.

While the Common Council, being the elected governing body, must make all final decisions in matters of broad

Table 8

PROPOSED FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM  
UTICA, NEW YORK

	<u>Estimated Cost</u>
1. <u>Major Street Improvements</u>	
1. Arthur-Sherman Connection	\$ 43,138
2. Grove Place Widening	127,010
3. Grove-Noyes Connection	343,254
4. City's Share of Cost of Thruway	206,250
5. Street Reconstruction	<u>1,000,000</u>
Total for Street Improvements	\$1,719,652
2. <u>School Improvements</u>	
1. Kernan site acquisition and Development	\$ 850,000
2. New School replacing Miller-Bleecker	900,000
3. Jones addition and Rehabilitation	40,000
4. Albany site acquisition and new school	530,000
5. Noyes (Bagg) site and plans	120,000
6. Mary site development	5,000
7. Brandagee rehabilitation	31,000
8. Roosevelt rehabilitation	50,800
9. Sunset rehabilitation	47,032
10. Kemble rehabilitation	58,744
11. Bagg rehabilitation	2,000
12. Conkling rehabilitation	37,171
13. Potter rehabilitation and Site Enlargement	39,240
14. Hughes rehabilitation	36,063
15. Wetmore rehabilitation	14,500
16. Proctor rehabilitation	40,000
17. Utica Free Academy rehabilitation	100,450
18. Miscellaneous	<u>10,000</u>
	2,912,000
Less Funds from Milmoie-Feinberg Law	<u>1,000,000</u>
Total Cost for Schools	\$1,912,000
3. <u>Park and Playfield Improvements</u>	
1. Halleck's Ravine Site Acquisition	37,500
2. 17th Ward Park Improvements	25,000
3. Horatio Seymour Park Site Acquisition	30,000
4. Ballou Gulf Park	51,000
5. Chancellor Park	21,000
6. Hirt Park	25,000
7. Brandagee School Playground	35,000
8. Wetmore School Playground	35,000
9. Roosevelt School Playground	35,000
10. Miscellaneous Park Improvements	50,000
11. Rhoads Hospital Site Improvements	<u>400,000</u>
Total Parks and Playfields	\$ 744,500
4. <u>Miscellaneous Improvements</u>	
1. Sunset Avenue Grade Separation	\$ 50,000
2. Sewers	50,000
3. Land for New City Hall	408,990
4. Contingencies	<u>114,858</u>
	\$ 623,848
Grand Total	\$5,000,000

Table 7

SUMMARY OF PROPOSED  
25-YEAR CAPITAL IMPROVEMENT PROGRAM  
UTICA, N. Y.

		<u>Estimated Cost</u>
I.	<u>Major Street Improvements</u>	\$ 9,043,230
	(a) Street Reconstruction	\$5,000,000
	(b) Widened Pavements	1,675,540
	(c) Widened Rights-of-Way & Pavement	1,211,940
	(d) New Streets	92,100
	(e) Connections	637,400
	(f) City's share of Cost of Thruway	206,250
	(g) Grade Separations	200,000
II.	<u>Schools, Parks and Playgrounds</u>	12,464,150
	(a) New Elementary Schools and Additions	\$7,866,300
	(b) Reconditioning Elementary Schools	546,700
	(c) New High Schools	1,650,000
	(d) Reconditioning High Schools	170,750
	(e) School and other Playground Improvements	343,000
	(f) Playfields	160,000
	(g) Neighborhood Parks	602,500
	(h) Rhoads Hospital Site Improvements	1,124,900
III.	<u>New Public Buildings</u>	2,645,170
	(a) Civic Center Buildings and Improvements	\$2,305,170
	(b) Fire Stations	240,000
	(c) Libraries	100,000
IV.	<u>Miscellaneous</u>	1,715,000
	(a) Sewer Construction	\$ 215,000
	(b) Sewage Disposal Plant	1,500,000
	 Total Estimated Cost	 \$25,867,550

financial policy, the action taken should be based on information which can best be furnished by the Planning Board. This information will include facts relative to the physical needs of the community as developed in the Master Plan, and to the financial condition of the City in relation to its ability to incur long-range financial obligations. All this information should be kept up to date and adjusted periodically as conditions change or unforeseen events occur.

While the best judgment has been used in preparing the Master Plan, it is obvious that conditions will change and unforeseen events will occur as the years go by. For that reason, the Plan should constantly be kept up to date and adjusted to keep pace with changing conditions. Likewise, the public improvement program must be flexible and subject to periodic re-examination. Experience has shown that five years is about the longest period for which a detailed public improvement program may be formulated. Each year, the projects for the capital budget should be selected from the five-year program. Each year, too, the list should be re-examined and revised in the light of existing conditions.

#### (A) THE PROPOSED PUBLIC IMPROVEMENT PROGRAM

In order to determine the overall cost of the program, cost estimates were prepared for all improvements recommended in the Master Plan and for all other foreseeable capital improvements. The estimated cost of all capital improvements for Utica is \$25,867,550. The program is summarized in Table 7.

##### The Five-Year Program

Table 8 shows the improvements proposed for the five-year period beginning in 1951. The total five-year cost to the City is estimated at \$6,000,000 which may be reduced to \$5,000,000 by applying state funds for the rehabilitation and construction of school buildings. The new State Aid Law makes approximately \$200,000 available annually for this purpose.

From the Five Year Program, the Capital Budget should be prepared annually to include carefully selected projects in the order of their urgency and need. As each Capital Budget is approved, the Five Year Program should be projected another year into the future to insure a balanced program within the limitations imposed by the long-range schedule of improvements.

#### (B) FINANCING THE PROPOSED PROGRAM

The preliminary report on a Capital Improvement Program submitted to the Planning Board in February, 1950 analyzed the significant trends in Utica's revenues, expenditures, bonded debt, assessed valuations and tax rates from 1930 to the present time. Only by understanding what has occurred in the past may intelligent forecasts be made for the future. This chapter estimates the extent to which Utica may carry out the public improvement program heretofore described without impairing the City's ability to carry on other essential services and without increasing the financial burden on taxable property.

##### Future Assessed Valuations

The value of assessable property in any community largely determines the tax rate which must be established to raise sufficient revenue to operate the City. The general property tax accounts for about 70 percent of all funds raised annually and undoubtedly will continue as the principal source of revenue in the future. Assessed valuations are also of great significance from a legal standpoint as the City's tax rate and bonding limitations are based on their total.

Generally speaking, assessed values increase in about the same proportion as the population increases in a City. The population of Utica as estimated early in the planning studies will be 116,160 in 1970. Between 1930 and 1949, during a part of which period the population of Utica declined, the assessed valuation per capita varied between \$1,186 and \$1,430. The rise from the low point to the maximum has taken place

within the past three years. This increase can be attributed to increased postwar building construction and renovation and to the recent revaluation of property. Assuming that the construction lag which occurred during the war now has been overcome and that the present basis of valuing property for tax purposes will be continued in the future, the present per capita assessed valuation should be a reliable guide for estimating future taxable values.

Based upon a 1975 population of 118,000 and a per capita assessed valuation of \$1,430, the total valuation in 1975 is estimated at \$169,000,000 compared with a valuation of \$153,109,000 in 1950. During the same period, real property values assessable for tax purposes would increase from \$145,643,000 to \$161,000,000.

Consideration has been given to the possible loss in ratables brought about by the various proposed public improvements. The experience of other cities is that such losses are generally temporary in nature and are more than offset by increased values brought about by the benefits resulting from such improvements. It must be emphasized, however, that poorly planned or improperly located improvements, both public and private, may impair adjacent property values. To prevent such occurrences is one of the primary benefits to be derived from the Master Plan.

#### Future Bonding Capacity

As previously pointed out, Utica has reduced its bonded debt to the point where there is no longer any danger that the constitutional limit will be exceeded. Based upon the formula for determining the maximum bonded debt permissible under the constitution, in 1949 Utica could have a bonded debt of \$12,156,684 compared to the actual debt of \$4,887,140 (nine percent of the average value of real estate for the current year and the four preceding years).

In 1975, if the estimates for future assessed valuations prove to be reasonably accurate, the debt limit would be somewhat in excess of \$14,000,000.

Inasmuch as the present bonded debt will be substantially reduced each year, until it is entirely paid in 1969, the margin available for new debt increases in proportion. Deducting the present outstanding debt of \$4,887,140 from the allowable maximum of \$12,156,684 gives a theoretical margin of \$7,269,544 of new debt which could be created now. The allowable margin in the future will depend on the amount of old bonds retired, new bonds issued and the total assessable value of real property.

Based upon the expectation that municipal operating costs have reached their peak and are now leveling off and that Utica may expect a steady if not a rapid increase in population with a resultant rise in assessable values, the city should be able to finance a substantial program of public improvements in the future without seriously impairing its bonding power or causing an exorbitant rise in the tax rate.

If the same amount of money is expended in the future that is now required to service the existing debt, more than one million dollars would be made available annually for capital improvements without requiring an increase in the tax rate.

To carry out the \$25,000,000 program, Utica needs to spend about a million dollars per year. A balanced program of debt reduction and annual appropriation for capital improvements will be the most economical way to accomplish this objective.

It is proposed, therefore, that

(1) The present bonded debt should be paid off in accordance with present schedules. This will be accomplished by 1970.

(2) Additional new debt should be limited to an amount less than that retired annually.

(3) The difference between the required expenditure of \$1,000,000 annually for permanent improvements and the cost

TABLE 9

PROPOSED PLAN OF FINANCING  
25-YEAR \$25,000,000 CAPITAL IMPROVEMENT PROGRAM

Dec. 31	Outstanding Bonded Debt Past Issues	Amount Past Debt Retired During Year	Interest on Past Debt Paid During Year	Total Cost of Past Debt Service	Proposed New Bonds	Outstanding New Debt	Amounts New Bonds Retired During Year	Interest Pd. on New Bonds During Year	Total Cost of Debt Service New Bonds	Total Outstanding Debt	Total Debt Service	Current Funds For Cap. Imp. (1)	Total Cost to Finance Program													
														1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
	\$4,807,140	\$999,315	\$68,060	\$1,067,375	-----	\$500,000	\$25,000	\$15,000	\$40,000	\$4,807,140	\$1,067,375	-----	\$1,067,375													
1950	3,887,825	731,065	56,428	787,493	\$500,000	\$500,000	\$25,000	\$15,000	\$40,000	3,887,825	787,493	\$500,000	1,287,493													
1951	3,156,760	623,065	44,228	667,293	450,000	925,000	47,500	27,750	75,250	3,458,695	707,293	550,000	1,257,293													
1952	2,533,695	503,065	33,526	535,591	400,000	1,277,500	67,500	38,325	105,825	3,308,130	611,791	600,000	1,211,791													
1953	2,030,630	377,065	25,157	402,223	300,000	1,490,000	82,500	44,700	127,200	3,143,565	508,048	700,000	1,208,048													
1954	1,653,565	291,065	20,453	311,518	200,000	1,627,500	92,500	48,825	141,325	2,990,000	438,718	800,000	1,238,718													
1955	1,362,500	248,500	16,839	265,338	150,000	1,685,000	100,000	50,550	150,550	2,789,000	406,663	850,000	1,256,663													
1956	1,104,000	176,000	13,614	189,614	100,000	1,660,000	105,000	50,400	155,400	2,618,000	340,164	900,000	1,240,164													
1957	938,000	157,000	11,354	168,354	100,000	1,670,000	110,000	50,010	160,010	2,451,000	325,754	900,000	1,223,754													
1958	781,000	123,000	9,145	132,145	100,000	1,605,000	115,000	49,150	163,150	2,263,000	292,155	900,000	1,192,155													
1959	658,000	99,000	7,039	106,039	50,000	1,537,500	117,500	46,125	165,625	2,096,500	269,189	950,000	1,219,189													
1960	569,000	98,000	5,804	103,804	50,000	1,467,500	120,000	44,025	164,025	1,774,000	267,429	950,000	1,217,429													
1961	461,000	82,000	4,570	86,570	50,000	1,396,000	125,000	41,850	164,350	1,627,000	249,843	950,000	1,200,595													
1962	379,000	82,000	3,493	85,493	50,000	1,330,000	125,000	39,900	164,900	1,477,500	229,300	950,000	1,199,843													
1963	297,000	62,000	2,440	64,440	50,000	1,242,500	125,000	37,275	164,775	1,335,500	228,711	950,000	1,179,300													
1964	235,000	62,000	1,936	63,936	50,000	1,162,500	127,500	34,875	164,875	1,192,000	227,300	950,000	1,177,300													
1965	173,000	61,000	1,425	62,425	50,000	1,080,000	132,500	32,400	164,900	1,050,000	220,815	950,000	1,170,815													
1966	112,000	55,000	915	55,915	50,000	993,000	135,000	27,900	162,900	824,000	205,339	1,000,000	1,206,389													
1967	57,000	45,000	489	43,489	50,000	810,000	137,500	24,300	161,800	675,000	176,006	1,000,000	1,176,006													
1968	14,000	14,000	206	14,206	50,000	675,000	140,000	20,250	162,250	540,000	162,250	1,000,000	1,162,250													
1969	---	---	---	---	---	540,000	115,000	16,200	131,200	430,000	131,200	1,000,000	1,131,200													
1970	---	---	---	---	---	430,000	92,500	12,900	115,400	342,500	115,400	1,000,000	1,115,400													
1971	---	---	---	---	---	342,500	72,500	10,275	82,775	275,000	82,775	1,000,000	1,082,775													
1972	---	---	---	---	---	275,000	57,500	8,250	65,750	222,500	65,750	1,000,000	1,065,750													
1973	---	---	---	---	---	222,500	47,500	6,875	54,175	184,000	54,175	1,000,000	1,054,175													
1974	---	---	---	---	---	184,000	---	---	---	---	---	---	---													
1975	---	---	---	---	---	---	---	---	---	---	---	---	---													
Total Amount New Bonds Issued												\$2,700,000														
Total Amount From Current Funds												\$22,300,000														

(1) May be reduced by the amount of state or federal funds made available.

of servicing old and new bond issues should be appropriated out of current revenues and cash reserves.

(4) Funds for capital improvements made available by the State or Federal Government should be utilized to reduce the City's costs.

Table 9 has been prepared to show how such a financial program could be carried out in Utica. By combining bond issues and current appropriations, the present debt may be retired, the combined debt will be reduced annually and the entire program may be carried out at a cost of about \$1,200,000 annually.

Retirement and interest charges on the present debt will amount to a little more than a million dollars in 1950. These charges decline rapidly and will be eliminated in 1969 as the last of the bonds are paid off. The recommended program calls for issuance of new bonds each year in an amount approximately 25 percent less than the amount retired during the same period. Appropriations would be made in the budget to make up the difference between the amount of bonds issued and the required \$1,000,000.

Beginning in 1951, \$500,000 in bonds would be issued. Each year a progressively smaller bond issued would be sold until 1967, after which no new bonds would be issued. The annual appropriation for capital improvements would begin at \$500,000 in 1951 and increase to \$1,000,000 in 1968 at which time the City would be on a one hundred percent cash basis as far as capital improvements are concerned.

The amount required for retirement and interest charges on the combined bond issues has been computed. These amounts are in accordance with the terms and conditions of the outstanding bonded debt and for new bonds on the basis of twenty-year serial bonds bearing an interest rate of three percent. While interest rates on Utica's bonds presently are much less than three percent, the latest issues being sold for 1.00 and 1.25 percent, the higher figure of three

percent is used to be on the conservative side. Conditions in the bond market may change in the future and higher rates are to be expected.

Beginning in 1951, the annual cost to the City will be \$1,287,493 and thereafter it will become slightly less each year. The average annual costs in the twenty-five year period is about \$200,000 more than the amount expended in 1949 for debt service. If lower interest rates are obtainable this annual cost may be reduced and if state funds for school construction and rehabilitation continue at their present level further substantial reductions may be made.

During the twenty-five year period the combined bonded debt is reduced annually and by 1975 the balance is only \$184,000.

The \$25,000,000 improvement program will be financed by \$2,700,000 in new bonds and by \$22,300,000 from annual reserves, thus effecting a substantial saving in interest over the twenty-five year period.