Planning for Equity: A Quantitative Analysis of Saint Paul, Minnesota’s Capital Improvement Budget Process

Author: Maxwell Holdhusen
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Advisor: Elliott Sclar
Reader: Moshe Adler
Thank you to the active and concerned citizens of Saint Paul, Minnesota who were never shy about expressing their feelings about the Capital Improvement Budget Process. I am especially indebted to the Summit-University Planning Council and the residents of that district who put so much faith in me over the last few years. They allowed me to experiment and organize in their community and represent them in this process on the Streets and Utilities Task Force. Last, but not least I would like to thank John McCarthy at the City of Saint Paul, Professor Elliott Sclar, and Professor Moshe Adler.
Exploring Participation and Good Governance: An Analysis of St. Paul, Minnesota’s Capital Improvement Budget Process

This project is an exercise in equity planning. Norman Krumholz and Pierre Clavel define equity planning as “a conscious attempt to carry out redistributive policies in favor of the least powerful and enhancing the avenues of participation” (Krumholz and Clavel 1994). Economic equity aims for fairness amongst all citizens, but takes into account unequal access to resources. An equitable outcome requires an understanding of each citizen or community’s starting point, or current status in society. Equality on the other hand focuses on fair treatment and process rather than outcomes. To illustrate this idea, the Multicultural America: Multimedia Encyclopedia describes Keynes’ focus on an “equality of outcomes.” Author Bill Kte’pi states,

“If two children are sitting at a restaurant booth and the smaller one is given a booster seat to bring him to the level of the table, that is not equal treatment in the sense of each party being treated identically, but it is equitable treatment in that the outcome for each party is equal.” (Kte’pi 2013)

The equitable distribution of resources is a normative planning goal and the processes that produce an equitable outcome could be seen as a governance best practice. Thus the processes that lead and detract from equitable outcomes are an important area of study for planning research. Specific case study research can provide insight for practitioners and academics to critically assess the processes and outcomes that define their work.

This discussion sets the stage for a quantitative exploration of Saint Paul, Minnesota’s Capital Improvement Budget (CIB) Process. The CIB process allocates
monies from a variety of funding sources including municipal state bonds, Community Development Block Group (CDBG) funds, and gas tax revenues to pay for local infrastructure projects. This process is a relatively small part of the city’s budget, approximately 18% of the 2006 $536,135,830 budget (City of Saint Paul 2006). However, the process has had a participatory mechanism since 1967 when the state government allowed the city to discontinue a mandated public referendum and replace it with a less direct participation process. It is notable that in a time of increased interest in local control and direct democracy that the city streamlined its budgeting process and made its participation less direct.

This analysis will focus on the outcomes of the CIB process and more specifically the geographic distribution of the allocated municipal funding. Analysis will focus on the outcomes of the participatory process so that recommendations can be made to improve the process and lead to more equitable outcomes. I will actively try to relate this project to the larger literatures centered on governance best practices, participatory processes, and equity planning while focusing on the specific research question.

“How has the CIB funding been distributed geographically across the city of Saint Paul? Could this be considered an equitable distribution of resources?”

**Background**

**Municipal Bonds**

To gain a deeper understanding of the Capital Improvement Budget Process it is important to examine the use of municipal securities to finance public infrastructure. Municipal securities are usually general obligation (GOs) bonds that are sold to provide funds for capital improvement projects, rather than funding
everyday governmental operations (O’Hara 2012). Issuers of GOs are required use their credit and taxing power for the full repayment of the bonds. Funds generated by taxes are usually used to repay the bonds because the financed public improvements are considered a public benefit. New bond issues usually require the approval of the issuer and state laws restrict and regulate the size and structure of the issues and debt (O’Hara 2012).

Table 1.1 Issuers of Long-Term Municipal Bonds, 2000 to 2009

<table>
<thead>
<tr>
<th>Issuer</th>
<th>% of Municipal Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Authority</td>
<td>31.8%</td>
</tr>
<tr>
<td>Local Authority</td>
<td>18.3%</td>
</tr>
<tr>
<td>District</td>
<td>16.0%</td>
</tr>
<tr>
<td>City/Town/Village</td>
<td>13.3%</td>
</tr>
<tr>
<td>State Governments</td>
<td>10.3%</td>
</tr>
<tr>
<td>County/Parish</td>
<td>6.3%</td>
</tr>
<tr>
<td>College/University</td>
<td>2.5%</td>
</tr>
<tr>
<td>Direct Issuer</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Source Thomson Reuters (O’Hara 2012)

State and local authorities such as transportation, economic development, housing or natural resource authorities issue the majority of bonds. School districts and city, county, and state governments also issue a large percentage of GOs. Capital Improvement Bonds in Saint Paul provide funding for public infrastructure and are issued and repaid by the city.

Table 1.2 Major Uses of Municipal Debt, 1989 and 2009

<table>
<thead>
<tr>
<th>Use of Proceeds</th>
<th>% in 1989</th>
<th>% in 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Purpose/Public Improvement</td>
<td>24.5%</td>
<td>31.4%</td>
</tr>
<tr>
<td>Education</td>
<td>15.6%</td>
<td>22.3%</td>
</tr>
<tr>
<td>Transportation</td>
<td>8.8%</td>
<td>12.0%</td>
</tr>
<tr>
<td>Health Care</td>
<td>12.5%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Water, Sewer and Gas</td>
<td>12.6%</td>
<td>10.2%</td>
</tr>
<tr>
<td>Other</td>
<td>8.2%</td>
<td>4.9%</td>
</tr>
</tbody>
</table>
The majority of municipal securities are used to finance public improvements, education, and transportation. The proportion of these major categories has grown from 1989 to 2009. All other categories have seen a decline in the amount of finance from municipal securities. The CIB process funds public improvement, transportation, housing, and occasionally sewer projects. In small municipalities GOs often require approval by voter referendum. However in Saint Paul, the second largest city in Minnesota, a smaller participatory process is used to approve the allocation of GOs.

**The CIB Process**

In 1967 the Minnesota State Legislature passed a law that allowed the city of Saint Paul to use municipal bonds to pay for infrastructure projects without public referendum if a citizen's committee is involved in the decision-making process. To replace the voter referendum, the city established the Capital Improvement Budget (CIB) with a CIB committee composed of citizens and city staff appointed by the mayor. State law dictates the size and composition of Saint Paul's CIB committee. The process also includes a citizen task force, a non-state mandated citizen's panel, which is comprised of representatives from each district council (neighborhood) of Saint Paul.

The CIB process starts about six months before the task force meets when the city accepts project proposals. Neighborhood activists, district councils or city agencies submit project proposals to the planning department. The vast majority of
projects are submitted by city agencies, specifically public works and the parks department. Projects that are potential candidates for funding are split into three categories: Streets and Utilities, Parks and Recreation, and Economic and Residential Development. Each category has its own citizen task force.

The task force, comprised of neighborhood-level volunteers and activists, ranks each project on perceived city need and the CIB committee then further discusses the projects and makes sure that all projects fit within the predetermined budget. The task force and the CIB committee do not make the final decision on the allocation of municipal funding; rather the mayor and the city council make the final decision. Next the mayor presents his CIB budget selections in a series of public hearings. The mayor’s budget sometimes includes projects that were not given priority by the citizen task force’s rankings. Finally, the city council votes on the mayor’s proposed budget and can amend the project list another time.

The projects are funded over a two-year cycle and the city’s public works department decides construction timelines. Occasionally projects are given CIB approval outside of the two-year cycle CIB process described above. This occurs when an outside funding source is available and the city needs to act immediately to secure it. In this case the new project does not go through the citizen task force, but still most go through the mandated CIB committee.

The Role of the District Councils

By eliminating a burdensome mandate for public referendum of infrastructure projects the city of Saint Paul could more effectively fund and construct city infrastructure projects. Also to consider, is the state of Minnesota’s mandate for
public participation through the Capital Improvement Budget (CIB) Committee and the city's non-mandated citizen task force. The city of Saint Paul relies on the district council system for neighborhood planning and local participation. The participatory mechanism of the CIB process is also dependent on the district councils of Saint Paul. In this process the district council selects neighborhood representation for the task force in an informal manner.

There are 17 district councils in Saint Paul. The district councils are an interesting hybrid of government and non-profit organization. Each district council must be a 501-c3 non-profit entity, but their existence is mandated by the city of Saint Paul to provide an advisory government role. Permit, license and variance requests must present their plan to the affected district council's board of directors or sub-committee. The district council can write a letter of approval or disapproval to the city's planning commission or to help influence the decision. The planning commission and city council often follow the opinion of the district council, but sometimes their decisions disregard neighborhood opinion.

The boundaries of the district councils follow historic neighborhood boundaries and are not equal in population. For example District 5 (Payne-Phalen) contains 10.60% of Saint Paul's population, whereas District 16 (Summit Hill) contains only 2.21% of the city's population. The geographic size of each district council varies widely as well (MN Compass 2015). For example, District 1 (Eastview-Conway-Battle Creek-Highwood) has a 4.4-mile north-south boundary on the city's far eastside and 2.1-mile east-west boundary, whereas District 16 (Summit Hill) is two miles east-west and 0.5 miles north-south. District council boundaries differ from
the 7 city council ward boundaries, which are equal in population proportion and do not follow neighborhood boundaries as closely. Evidently, the district councils have different demographic profiles and infrastructural needs that require a developed equity lens in the city’s planning practice.

**Literature Review**

As discussed earlier, this project is rooted in the tradition of equity planning. The study of equity requires a deep understanding of power relations and how the concept of power creates and reinforces planning systems. Equity challenges existing distributions of power and resources, thus the project is framed within the larger literature of communicative planning theory. The work of Innes, Habermas, Flyvbjerg, and Krumholz will be discussed. Krumholz's work in Cleveland is especially important to this project because under his guidance the city specifically focused on planning with an equity lens.

Equity planning and communicative theory emerged alongside the movement to decentralize decision-making and government in the 1960s and 1970s. These movements were in response to the top-down, rationalist planning of the post-war period that devastated the traditional urban fabric of the American inner city. In many cities, such as Atlanta, Boston and Los Angeles, new advisory levels of government were created on the neighborhood level in response to such calls for redistribution of power to the local level (Gittel 1980). However, many of these neighborhood-level governments, including Saint Paul’s district council system, have been deemed ineffective and I will discuss Judith Tendler’s analysis of
the dynamic between the local, civic level and higher governmental levels. One such decentralization technique that has been recently implemented is participatory budgeting. Participatory budgeting is discussed in this section and could prove to be a useful alternative to Saint Paul’s CIB process.

Communicative Planning Theory

The study of institution design, process, governance, deliberation, and ethics are within the emerging planning field of communicative theory. Theorists and practitioners who study communicative practice document what planners do and reflect critically on the practice. In Planning Theory’s Emerging Paradigm: Communicative Action and Interactive Practice, Judith Innes dichotomizes the communicative thinkers with “old-school” systematic thinkers. Systematic thinkers ascribe to the paradigm of rationality and view the planner as a politically neutral technocrat. Communicative thinkers use current practice as raw material to study the field of planning and believe that planners are embedded in politics, public decision-making, and the larger community (Innes 1990). Communicative theory emerged out of a discontent and perceived inconsistency within positivist and rationalist planning. Innes cites Rittel and Webber’s discussion of “wicked problems,” Hardin’s tragedy of the commons, and Rivlin’s work on the limitations of cost-benefit analysis and other analytic planning methods. (Innes 1990)

As communicative action theorists (Innes 1990, Forester 1992, Flyvbjerg 1998, Healey 1995) link planning to the political and social realities of city governance their work is grounded in Jurgen Habermas’ theory of communicative action. Habermas argues that it is appropriate to be motivated by practical interest
in political and social life and that this motivation leads to knowledge. In his theory he states that one must first challenge assumptions to discover the power relations hidden within. Habermas also advocates for self-reflection to uncover one’s own biases within and praxis. Praxis is the idea that when theory and practice intertwine both become stronger and new knowledge is created (Habermas 1981). This concept is especially valuable to practitioners looking to create change. Habermas also believes that a great amount of knowledge can come from discourse and communication itself. Discourse can further illuminate the intricacies of a situation and if it is designed properly can help uncover rationalization that reinforces existing power structures (Habermas 1981, Innes 1990). However, the political reality might make consensus impossible and make discourse moot.

Bent Flyvbjerg challenges Habermas’ emphasis on discourse and democracy in *Rationality and Power*. From his experience within the planning department of Aalborg, Denmark he found that power created and manipulated knowledge for a predetermined benefit. Flyvbjerg believes that planners need to focus their practice on understanding this distribution and concentration of power. As planners we may want to increase democracy’s role in decision-making, but we must understand that democracy is just one element among many elements that guide decision-making. Flyvbjerg studies power in a case-study model because he finds rationality is context-specific and the *modus operandi* changes from location to location. Because of this reality he recommends that planners study “what is actually done” rather than “what should be done” (Flyvbjerg 1998). By studying process and outcomes Flyvbjerg’s logic is clearly within communicative theory.
Norman Krumholz began his planning career during the turmoil of the civil rights era of the 1960s (Krumholz and Forester 1990, Krumholz and Clavel 1994). He found that rational and neutral planning techniques of the post-war period were irrelevant to the highly political urban issues of race relations and poverty. Traditional planning was reinforcing inequality and the distribution of power. Krumholz specifically focused his planning practice on the needs of the poor. Krumholz describes the processes and outcomes of his work in Cleveland in Making Equity Planning Work. Like Flyvbjerg, Krumholz worked within the context-specific reality of a political economy to become an effective equity planner. He understood that his practice alone could not change the political economy, but could produce “tangible benefits for their clientele” (Krumholz and Forester 1990). The research presented by the scholars of communicative planning theory has strong lessons for practitioners looking to create better systems of governance.

**Decentralization and Good Governance**

The implementation of governmental processes and their relation to citizen participation is studied in Judith Tendler’s research on local government practices in the Global South. She found that the path to improved local governance was much more complicated than commonly thought (Tendler 1997). Dominant discourse on decentralized government practices assumes a one-way causality where a good, responsive government is dependent on the existence of a strong, developed civil society. This dynamic is often depicted as a civil society-led struggle with government over increased accountability. However, Tendler found in her study of
governmental reform in a Ceara, a poor state in Brazil’s northeast, that the dynamic was more complex (Tendler 1997).

The result in the Brazilian case study was a three-way dynamic with an activist state government, an ineffective municipal government, and civil society. The strong state government took certain powers and tasks away from the municipal governments and devolved others to them. Furthermore, the state assisted in the creation and organizing of local civic organizations. Once organized, these civic groups then began to pressure the state and municipal governments in the assumed traditional model. Tendler concludes that the increase in civic participation and improved municipal government was primarily a result of the increased role of the state government rather than its retreat and the devolution of power (Tendler 1997).

Similarly Marilyn Gittell found in her study of citizen participation in educational policymaking of Atlanta, Boston and Los Angeles that civil society is not effective at pushing government towards accountability. In the Limits of Public Participation, Gittell finds that economic class, political culture and an equitable distribution of resources and power are the most determinant factors to participation. Community organizations defined as low-income were more likely to be focused on service provision rather than political advocacy, thus limiting their role in policymaking and gains for political power. Gittell then connects political equity as a necessity towards securing economic equity. Middle-income community organizations were found to be the most political active, whereas the underclass was found to participate the least (Gittell 1990).
The changing roles of community organizations from advocacy-based to service-based coincided with political movements of decentralization. In the 1960s the expansion of social service programs aimed to improve the lives of the urban poor and to spark reinvestment in urban areas was coupled with increased local control. A redistribution of power by the federal government required these new social programs to have public participation components. Going one step further, local governments established community-level governmental bodies. Boston established Little City Halls and Atlanta established Neighborhood Planning Units in 1975 (Gittell 1990, Hunter 1980). In theory these bodies would increase local control and provide more responsive service delivery to neighborhoods. In practice, the LCHs and NPUs had limited to no decision-making power, were less used by low-income populations than middle-income populations, and, in the case of Boston were essentially extensions of the mayor’s power into the neighborhood (Gittell 1990, Hunter 1980). Saint Paul’s district council system, founded in 1967, functioned similarly to Atlanta’s NPUs by providing limited, advisory decision-making power to residents. In *A Backyard Revolution*, author Harry Boyte describes this era of decentralization as “a groundswell movement of citizens calling for a return of political and economic power to the local level” (Boyte 1980). However, in practice and implementation local control and decentralization does not necessarily equate to “good” governance.

Norman Krumholz found that planners could play an integral role in creating effective neighborhood organizations and local governmental units. Cleveland’s planning department began supporting the neighborhood organizations with
analytic tools and visioning. This created a reciprocal relationship where local activists would help planners by volunteering their time to assist the department on local projects and provide information on what infrastructure was in most need of repair. With this information, city planning could collaborate with other agencies to provide more efficient public services to the neighborhoods (Krumholz and Forester 1990). Good governance in this instance was created by a progressive city agency pressuring both civic society and other public agencies through their affective and efficient work.

**Participatory Budgeting**

Participatory budgeting is a good governance technique that could become an replicable model for the city of Saint Paul. Saint Paul’s Capital Improvement Budget Process could be considered a participatory budgeting mechanism. Citizens have the opportunity to influence budgetary decisions through participation in the citizen task force or the CIB committee. However, the task force and committee play an advisory role and do not directly decide the city’s allocation of state bonding bills for infrastructure projects. Truer participatory budgeting processes were said to have started in the 1980s in Brazil where local socialist governments enabled citizens to allocate the municipal budget. Since, similar participatory budget processes have spread across the globe and the World Bank became the major distributor of the mechanism.

In *A Brief Reflection on the Brazilian Participatory Experience*, a synopsis of Vera Pereira Coelho study of public deliberation in Brazil’s participatory spaces, Coelho found that the initial intentions of participatory governmental practices were lost...
because of poor process and embedded political interests (Coehlo 2014). Since its beginnings in Porto Alegre in 1989, participatory budgeting has spread to 400 of the 5,507 Brazilian municipalities. Also, more than 28,000 policy councils have been established across the country where, in theory, citizens can help guide policy on varied subjects like healthcare, education and other social services. The hopeful researcher assumed that participatory mechanisms would make policies more likely meet the needs of citizens, increase accountability of the state, “limit the predatory behavior” of the elite classes, encourage the most marginalized people to participate in government, and the opportunity for policy to be based on a citizens personal experience rather than external expertise (Coehlo 2014). On the ground, Coehlo found many instances of participatory spaces without lively meetings or debate, poorly facilitated processes, and no strong evidence that marginalized citizens were included. Coehlo was hard-pressed to find examples of innovative public policies being generated by citizen representatives or that the discussions were changing the policy process. Overall she found that the studied participatory processes have improved or grown since their inception in 1989 partly due to public officials’ desire to maintain the status quo.

Since 2002 the World Bank has replaced leftist South American governments as the main initiator of participatory budgeting processes around the world. The World Bank used the same reasoning as the South American Left to call support for participatory budgeting. The stated reasons included a democratization of local government, increased transparency, a reduction in clientelism and corruption, the
inclusion of poor and marginalized populations into decision making processes, and an extension of public services to underserved areas (Goldfrank 2012).

Peru, where the World Bank has initiated more participatory-budget projects than anywhere else, has replaced Brazil as the country with the most participatory-budgeting programs. The Peruvian government now mandates that all sub-national governments use participatory budgeting. Results in Peru are varied and the shortcomings that Coehlo found in Brazil can be found in Peru, but results are improving. In Albania, World Bank-supported participatory budgeting pilot projects were found to mobilize marginalized Roma populations. The pilot projects have become self-sustaining and have spread to other Albanian cities without World Bank support (Goldfrank 2012). The variation in outcome is affected by the initial design of the program and the economic, social and political conditions of the locality. Such conditions include the strength of local civic organizations, political actors opposed to participatory budgeting because of a perceived loss of power and the bureaucratic competence of public officials and administrators (Goldfrank 2012, Wampler 2012).

North American cities have begun to adopt participatory budgeting practices. In 2011, four of New York City’s council members initiated participatory budgeting in their districts. This set up a mechanism for citizens to allocate a portion of the councilmember’s capital discretionary funds. In the 2014-2015 budgetary cycle twenty-four council districts participated in the budget process (Participatory Budgeting Project 2014). Project categories included school and education, housing, parks and recreation, public health and environment, community facilities, public
safety, and transit, streets and sidewalks. Examples of funded projects include pedestrian countdown clocks, a green roof at a public library, security cameras at public housing, and new technology for public school classrooms (Participatory Budgeting Project 2014). The diffusion of participatory budgeting had diverse implementation by both local progressives and global institutions.

Methodology

To determine how funding allocated by the Capital Improvement Budget Process between 1990-2005 has been geographically distributed across Saint Paul a rigorous methodology was conducted. The methodology included both quantitative and qualitative analysis. Quantitative analysis was used to determine four key findings. First, I explored type of project, categorized by geographic distribution of funding, and how many of those project types were funded per funding year. The second key finding was the proportion of funding by project type per funding year. Third, I examined district council-specific funding and determined the proportion of funding received per district council per funding year. This was compared to the proportion of population of each district council compared to the population of the city. The fourth finding was to determine if funding was allocated to Racially Concentrated Areas of Poverty (RCAP) within district councils. The quantitative analysis utilized municipal budget books, Census data, Social Explorer, Google Maps, demographic data from the Wilder Foundation, a local non-profit, Metropolitan Council reports, Microsoft Excel and ArcGIS.

Qualitative analysis was completed to add context to the quantitative analysis. Qualitative methods included expert interviews with CIB citizen task force
members, CIB Committee members, district council staff and city staff. Historical archival research was also conducted at the Minnesota Historical Society library. Newspaper articles from the *Highland Villager* and *Pioneer Press* were collected to determine public sentiment for the CIB process. Electoral ballots before the implementation of the CIB process in 1969 were also obtained to examine how the bonding bill process has changed. However, the findings and analysis in the project is almost purely quantitative in nature.

In the winter of 2014 and 2015 two site visits to Saint Paul, Minnesota were taken to obtain data pertinent to the analysis of the city’s CIB Process. During the first trip, time was spent in the city of Saint Paul’s budget department library where the old budget books were kept. These files were not digitalized so photographs of each page of CIB budget information were taken. The budget sheets were then transferred to Microsoft Excel so that the data could be analyzed and brought into GIS. Data was collected from 1984-2005. However in this study only the data from 1990-2005 was used because of the time consuming nature of the data collection and digitalization process. More recent (2006-2014) data was recently provided by the city of Saint Paul, but it was not collected in time to be analyzed for this study.

Each photograph was manually entered into Excel due to the varying sizes of text, page orientation, and spreadsheet layout. Software that transfers text from digital photographs to Microsoft Office programs could not be utilized. Thus only necessary information including project code, project title, project submissions, CIB Committee recommendations, Mayor’s proposed budgets, and the City Council Adopted Budgets were included. However not every year included all of this
information. Between 1996 and 1999 the Mayor’s proposed CIB budget was the most final version of the budget available and thus this needs to be considered during analysis. An address, district council, and project type were later researched and added manually.

All projects were then categorized into three project types. Type A projects are neighborhood-specific projects completely located within one district council. An example of a Type A project is funding allocated for the renovation of “Battle Creek Community Recreation Center” because the project is situated completely within one district. Type B projects are projects that are within multiple district councils, but can still be geographically located. For example the “White Bear/Minnehaha Intersection Improvements” are a Type B project because this intersection is the border of two district councils. Other Type B projects that are corridor-based like the “University Avenue Central Corridor” are adjacent to multiple district councils and thus it cannot be assumed that funding was distributed evenly to each district council. Type B projects are excluded from the analysis of funding by district council. Type C projects are projects whose funding are dispersed throughout the city and cannot be geographically located from archival data from the CIB process. For example funding for “Local Street, Alley, Sewer, and Lighting Improvements” can be spent anywhere across the city and the geographic location of spending cannot be determined.

Data was analyzed using the pivot table function in Excel. First a pivot table was created for every funding cycle year and the number of projects per project type was found. Then the amount of funding for each year for each project type was
determined. The proportion of funding per two-year cycle was found by finding the sum of each year and dividing by the total funding for that cycle. Further analysis within Type A projects was done to find the proportion of funding per cycle per district council. The average funding allocated per district council for the sixteen-year period between 1990-2005 was then determined. Lastly, the proportion of funding by district council was then compared to proportion of population by district council. This method was used in similar reports about Philadelphia, the state of New York, and Anaheim (Adams 1988, Rockefeller Institute 2011, City of Anaheim 2013).

The equity analysis was then completed on a more granular level to determine if funding was distributed within Racially Concentrated Areas of Poverty (RCAP). First it was necessary to determine where RCAPs were located within Saint Paul. The Metropolitan Council’s report on racial disparities within the region located RCAP census tracts and visualized the growth of these areas within the metropolitan region between 1990 and 2010 (Metropolitan Council 2014). The Metropolitan Council’s analysis of RCAPs was trusted and the same census tracts were used in this equity analysis.

For the study of funding in RCAPs Type A projects, those completely within a district council were further divided into those that are situated at one individual address or a larger project that was situated within a single census tract. The addresses were then geocoded in ArcGIS and the amount of funding per census tract was determined from the attribute table. Each project was checked with a census tract and street map provided by Social Explorer to determine if the project was
located with a single census tract. For example, the address of “Battle Creek Community Recreation Area” was geocoded to its census tract easily. A project like the “Snelling Avenue Streetscape,” is completely within District 11, but is not located at a single address. However after an examination of the census tract map it was found that all of Snelling Avenue in District 11 is located within a single census tract. An approximate address within that census tract was selected and coded with that project. Some Type A projects could not be coded with an address because some corridor projects were situated in multiple census tracts.

**Analysis**

This analysis will examine the distribution of funding allocated through the Capital Improvement Budget process on three different scales. First, the funded projects will be split into three broad categories. The categories will explain if the funding is district-council specific, spent across multiple district councils or citywide. Second, district council specific spending will be examined to determine how much funding was spent per district. Thirdly, district council-specific funding that can be attached to a specific address will be examined to determine how much funding was allocated per census tract. From this, the amount of funding allocated to Racially Concentrated Areas of Poverty (RCAP) can be explained.

**Project Categorization**

After following the quantitative methodology presented in the last section it was found that the vast majority of projects funded through the city of Saint Paul’s Capital Improvement Budget Process were Type A projects (Figure 1.1). However these neighborhood-specific projects did not receive the majority of funding. The
The vast majority of funding went to Type C projects (Figure 1.2). Type C projects cannot be located geographically because the funding can be spent anywhere in the city. Overall this means it is very hard to determine where the majority of funding allocated by the CIB Process. Type C Projects such as the “Citywide Tree Planting Program” and the “Mixed-Income 5000 Housing Fund” would require an entirely different methodology and data source to find out how funding is geographically allocated across the city. Type C projects could be seen as less transparent allocations of money because it is not clear where they money will be spent when the funding is allocated during the CIB Process.

**Figure 1.1** Count of Projects by Type 1990-2005

**Figure 1.2** Percentage of Funding Allocated by Project Type 1990-2005

sources: City of Saint Paul Budget Books 1990-2005
The proportion of funding for project types has remained relatively consistent over the sixteen-year period. The main change was a peak during the mid to late 1990s when Type B projects were receiving a larger proportion of CIB-allocated funding. This was mostly due to the allocation of funding for a new Wabasha Street Bridge over the Mississippi River connecting District 17 (Downtown) to District 3 (Westside) and Phalen Boulevard, a brownfield redevelopment plan on the city’s Eastside. These large public infrastructure projects captured some of the Type C funding in 1996-1997 and 1998-1999 funding cycles and some of the Type A funding in the 1994-1195 funding cycle.

source: City of Saint Paul Budget Books 1990-2005
Figure 1.3 Total Percentage of Allocated Funding by Project Type

District Council Level Analysis

Among “Type A Projects” certain district councils have been awarded more funding than others through the CIB process. District councils that have been repeatedly allocated more funding include Downtown (District 17), Westside (District 3), and Dayton’s Bluff (District 4). Downtown has been one of the top two recipients of CIB funding 9 out of the 16 funding years, the most of any district council. The Westside has been a top two recipient of funding 7 times and Dayton’s Bluff has been a top two recipient 5 times. Downtown and the Westside have received some funding every year of the studied period, whereas Dayton’s Bluff did not receive any funding in 2001 and 2005. (see Table 1.4)

Many district councils repeatedly receive no neighborhood-specific funding allocated through the CIB process. Macalester-Groveland (District 14) received no funding 11 out of the 16 studied years, Summit Hill (District 16) received no funding...
9 out of 16 years, Midway (District 11) 8 out of 16 years, St. Anthony Park (District 12) 7 out of 16 years, Como (District 10) received no funding 7 out of 16 years, and Eastview-Conway-Battle Creek-Highwood (District 1) also received no funding 7 out of 16 years. Furthermore, certain funding years concentrated CIB funds to fewer district councils than average. In 1995, 9 district councils did not receive any funding. In 1999 and 2005 8 district councils did not receive any funding. In 2000 only 1 district council did not receive any funding and in 1996, 1998, and 2002 only two district councils received no funding at all. (see Table 1.4)

Comparing the proportion of funding allocated to each district council to the proportion of population of each district council it is clear that there is a disparity between the proportions. Funding in the 1990s was more evenly distributed across the district councils. The districts on the city’s Eastside (D1, D2, D4, D5) contain many of the city’s RCAP census tracts. In the 1990s, three out of four of these districts received a larger proportion of funding compared to their proportion of the city’s population. This suggests a somewhat progressive and equitable distribution of CIB funding to areas of need. Other districts that contain RCAP census tracts include D3, D6, D7, D8 and D13. Like some of the Eastside districts, District 3 and District 13 also had a funding proportion larger than their proportion of population. District 6, 7, and 8’s funding proportion was less than their population proportion demonstrating that even though funding in the 1990s was distributed more evenly it still was not an equitable distribution of resources. The difference between the population proportion and the funding proportion in the 1990s was greatest in Downtown (District 17), which received 13.80% of the population, but only 1.52%
of the population. In the next decade even more funding was allocated to Downtown (District 17), as noted by the higher proportion of total funding.

Between 2000-2005 funding allocated for the majority of district councils that contain RCAP census tracts declined. Three out of the four districts on the city’s Eastside (D1, D4, D5) received less funding between 2000-2005 compared to the previous decade. District 1, 2, and 5 received less funding than their population. Other districts containing RCAPs including D6, D7, D9 and D13 also had funding proportions less than their population proportion. The Westside (D3), an RCAP district, received more funding than its population proportion and the second most of any district. CIB funding nearly dried up in wealthier district councils. D11, D12, D13, D14, and D16 all received less than one percent of total funding.

Table 1.3 Comparison of Population Proportion and Funding Proportion for District Councils 1990-2005

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<th>DC</th>
<th>1990 Pop</th>
<th>% of funding 1990-1999</th>
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Census Tract Level Analysis

Similar trends emerge when examining the geographic distribution of funding on the census tract level however it becomes clearer which areas within the district council boundaries received funding. Between 1990-1999 the census tract that received the most funding was in the city's Westside (District 3). The large census tract received 13.49% of CIB funding in the 1990s. The tract is a RCAP and is the historical center of the city's Hispanic population. The tract contains large industrial areas including the city's regional airport and the barge port on the Mississippi River. The tract also contains the only access to Downtown from the Westside with the three major bridges.

The census tract that contains the majority of Downtown (District 17) received 13.41% of the funding between 1990 and 1999. This census tract is the principal center of employment and the second densest employment center in the metropolitan area. The vast majority of tourism accommodations, entertainment, and sites are also located within the downtown census tract. However the census tract is the least populated census tract in Saint Paul according to the 1990 US Census.

25 census tracts in Saint Paul did not receive any CIB funding between 1990 and 1999. Four of these census tracts were RCAP tracts in the Frogtown (District 7) and Summit-University (District 8) neighborhoods. The tracts contain the majority of the city's African-American population and also a large portion of the city's Asian population. Large swaths of census tracts in wealthier, majority white district
councils like Macalester-Groveland (District 15), Highland (District 15), and Summit Hill (District 16) also did not receive funding. The trends found in the 1990s intensify between 2000-2005.

Between 2000 and 2005, 32 census tracts did not receive any CIB funding. This is an increase of 7 census tracts from 1990-1999. The number of Racial Concentrated Areas of Poverty also grew during this time period, increasing to 12 census tracts from 9 tracts in the 1990s. Between 2000 and 2005, 8 RCAP tracts did not receive any CIB funding. This trend shows a concentrating of resource allocation in Downtown (District 17) and Westside (District 3). In this period, the Downtown census tract was allocated the most funding and received 29.82% of funding. The RCAP on the Westside (District 3) received 19.69% of CIB funding.

The analysis of historical CIB funding budgets from 1990-2005 revealed numerous trends. First the majority of CIB funding is allocated for projects that can be spent citywide (Type C Projects) and thus is impossible to tell where this money was spent solely from CIB budgets. Of projects that were allocated to district council specific projects the majority of funding was allocated to Downtown (District 17) and the Westside (District 3). On the census tract level two census tracts within these districts were allocated the majority of funding. The remaining census tracts in the city traded off who received funding and who did not receive funding. However the number of census tracts that did not receive any funding increased, as well as the RCAP tracts that did not receive any funding.
Figure 1.4 Proportion of Funding by District Council per Year 1990-2005

source: City of Saint Paul Budget Books 1990-2005
Table 1.4 Proportion of Funding Allocated to District Councils 1990-2005,

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Recommendations

Are the outcomes revealed through the analysis of the allocation of CIB funding the desired outcomes considering that this a neighborhood-based participatory process? Firstly, are the representatives of the task force and CIB Committee in accord with the fact that the majority of funding is allocated to citywide projects rather than district council specific projects? This question is of significant importance because each representative is usually deeply embedded within the district council organizations. Considering solely district council specific projects, are the neighborhood representatives to the CIB process content with the amount of funding allocated to Downtown and the Westside? If the current outcomes are not the desired outcomes what is the way forward to create a CIB process that results in a more outcome equitable distribution of funding? In the following section I will present three conversation topics that should occur at all 17 district councils, the monthly all-district council staff meeting, the CIB committee, and various city agencies. I will then present an alternative funding allocation guideline that has the potential to create more equitable outcomes within the CIB process. I will also propose new participatory mechanisms that could reinvigorate participation within the district councils and thus the CIB process.

Downtown-centric Model

The geographic distribution of the allocation of CIB funding streams between 1990-2005 led to a Downtown-centric spending model. From a city government perspective this might be a fruitful strategy to funnel funding towards areas that produce high amounts of tax revenue. The high-density commercial district
produces more tax money than the surrounding areas. However downtown Saint Paul struggles with a high office vacancy rate, an almost complete lack of retail and a low residential population. The direction of funding towards this district could be seen as an attempt at revitalization. Downtown also has the highest employment population and visitor population so comparisons of proportion of funding to the proportion of population does not tell the whole story. Downtown is also more connected to transit and the regional freeway system than other districts and logically more Saint Paul residents could benefit from its infrastructure and public amenities more than other localities within the city. The increased accessibility of the district, economic development potential, and the higher daytime population should be considered in an equity model. However, downtown’s white-collar employment base and the users of its entertainment facilities are more likely to be upper middle class or middle class and this could perhaps suggest that money allocated for downtown is not necessarily for the “average” resident of the city. Any recommendation should understand the complexity of the current downtown-centric spending model. A more equitable model would probably reduce funding from the levels seen between 1990-2005, but provide a much greater funding proportion than its population proportion.

The high proportion of CIB funding allocated to the Westside (District 3) is somewhat strange and unexpected. District 3 is across the Mississippi River and directly south of Downtown. It includes an RCAP district, a regional park on the Mississippi waterfront, a large industrial zone, and a regional airport that provides private chartered flights for government employees and downtown executives. In
the late 1990s and early 2000s a large proportion of funding was allocated for flood protection around the regional airport. Though outside of the downtown district the airport could be seen as a downtown-type amenity because of its clientele. Due to its proximity to downtown and its waterfront location most of the funding allocated to the RCAP within District 3 could be considered part of the downtown-centric model. One caveat to this is the large amount of money allocated to the Neighborhood House/Wellstone Center/El Rio Vista social service and recreation complex that predominately serves local RCAP populations.

A New Funding Model

A funding model should be established to create a more equitable distribute within Saint Paul’s CIB Process. All district councils should be allocated some amount of funding every funding cycle. Each district council would be allocated a minimum base proportion of funding to reward the district council for participation. District councils that house racially Concentrated Areas of Poverty (RCAP) would receive funding greater than their population proportion because these areas need additional resources in attempt to alleviate poverty. After further analysis and participatory dialogue, the downtown-centric funding model would be allowed to continue, but to a lesser extent. The rest of the funding would not be allocated to a specific district council and could be matched to infrastructural needs across the city. Below are the recommended levels of funding in the CIB process for each of the district councils of Saint Paul, Minnesota.
Table 1.6 Proposed Funding Formula

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<td>17</td>
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*ACS 5 Year-Estimates 2008-2012, population analysis for the neighborhoods of Minneapolis-Saint Paul by the Wilder Foundation for MN Compass was used.

**District 13 (Union Park) is technically an RCAP because it includes Skyline Tower, a large affordable, 500-unit affordable housing tower that is home to a predominately East-African immigrant population. The tower is physically isolated from the rest of the district and currently has no representation on District 13’s board (Melo 2015). Thus District 13 will be considered a higher-income district and this caveat will be further discussed in recommendations related to participatory budgeting.

***The funding proportion for District 17 is a maximum funding level, rather than a minimum. A maximum was used to control the amount of funding that could be directed to the downtown-area rather than require that funding is spent there. I attempted to find a justifiable figure that was well under the amount of funding received on 2000-2005 (28.30%), but still much larger than the population proportion. I decided to fund District 17 at a level 50% larger than the next largest funding level, District 5.

Three different components were considered to create the funding model.

Firstly, a minimum base was used to create a dedicated funding level in seven district councils that do not contain any RCAP. One percent of funding was applied to these higher income districts because it is the lowest whole percentage that could be while still providing a dedicated funding stream. For example 1.00% of the 2004-2005 CIB Budget of $25,025,000 would result in $250,250 in funding for capital projects in higher-income areas. This is approximately the funding needed for 1
playground rehabilitation project in 2004-2005 funding. I hypothesize that dedicated base funding for all district councils would have the potential to increase participation in the process.

In the district councils that contain RCAP the minimum base funding would be the proportion of population. This is an attempt to direct funding for capital projects and public facilities to areas of need in the belief that high-quality public facilities can potentially benefit low-income populations more than high-income populations. An equal distribution of resources is the first step towards equity. For example District 5 (Payne-Phalen) would receive 10.60% of funding allocated through the CIB process. In 2004-2005 this would have equated to $2,652,650 in funding for the district. This would have been the equivalent to the reconstruction or repaving of two roadways or bridges in 2004-2005 dollars. The continuation, but de-emphasized downtown-centric model is continued in the CIB funding model because of the high level of transit access to the area, the concentration of employment, and the concentration of cultural, governmental and tourist attractions. The reasoning behind the maximum funding level is explained in the footnotes of the funding model table. The funding model dictates where 84.67% of district council specific funding will be spent with the goal of an equitable distribution of CIB funds. 15.33% of district council funding can still be directed to any of the 16 district councils outside of downtown for infrastructural needs.

Changes to Participation Process

With the establishment of dedicated district council-specific funding, changes to the participatory process could also increase the equity of the CIB process by
empowering the district council system and its participants. I recommend that the process shifts toward a neighborhood-based participatory budgeting where participants propose project ideas, work with planners and staff to determine feasibility, and then vote on the projects to allocate funding. This would closely follow the participatory budgeting model that is used in some council districts in New York City. Under the current participatory model all sources of funding for capital projects including Community Development Block Grants, County Aid, Municipal State Aid and Capital Improvement Bonds among others, flow through the CIB Process.

Under the new participatory budgeting model, only Capital Improvement Bonds, which are mandated by the state to include citizen participation, would be allocated through the new process. A smaller budget would give district council more control over a pre-determined funding level, which could increase the agency of the district council and neighborhood participants. The city could be more willing to hand over decision-making of Capital Improvement Bonds if it gained complete control over the other funding sources (MSA, CDBG, etc.) The city could then fund necessary infrastructure projects without a participatory process. For example, road improvements like the Kellogg Boulevard Bridge replacement and the HOV lanes on I-35E, which affect the whole city, but have limited benefits to neighborhoods could be directly funded. I imagine that the participatory budget process within the district councils would more likely vote to fund projects like playground improvements and pedestrian improvements because of the smaller budget and neighborhood interest in place-based projects. The state mandated CIB Committee
would act as “rubber stamp” to approve participatory budgeting projects. After the change in process further analysis would be needed to see if this lead to a more equitable distribution of funding. This redistribution of responsibilities between the municipal government and civic organization would be similar to what Judith Tendler found to help the creation of good governance.

This new process would reinvigorate the district council system by making participatory budgeting one of its central tasks. Participatory budgeting was found to attract more women, people of color and diverse age groups than more traditional participatory models in New York and I expect it would have a similar outcome in Saint Paul. This is especially relevant because a new study was just released in the Pioneer Press that shows the lack of participation by people of color in most of the district councils. It also highlights that certain district councils such as District 1 and 7 have changed participatory procedures to attract a more diverse board of directors. This highlights that changes in process can lead to changes in outcome. A more qualitative methodology would be needed to determine socio-economic makeup of participants and the participant’s level of satisfaction with new process compared to the current process, as was done to evaluate New York City’s process.

Conclusion

By examining Saint Paul, Minnesota’s CIB Process through an equity lens, disparities in funding between neighborhoods become evident and apparent. The majority of funding is spent on citywide projects where the geographic distribution of funding cannot be easily determined. Saint Paul currently and consistently
directed funding towards its Central Business District (CBD) and nearby waterfront between 1990 and 2005. Many neighborhoods repeatedly did not receive funding cycle after funding cycle. Neighborhoods that are Racially Concentrated Areas of Poverty (RCAP) also received a proportion of funding well below their proportion of population. This is an inequitable distribution of funding allocated by the city’s CIB Process.

In Norman Krumholz and Pierre Clavel’s Reinventing Cities: Equity Planners Tell Their Stories, the author’s point out that planning for equity is not a dream, but a reality for many cities across the country. However, it requires the dedication of city planners to focus their energy on the citizen’s with the least amount of choice and who are most in need. They believe that equity is a politically viable coalition because it brings together the working class, people of color, the elderly and young voters. Politicians who are focused on downtown growth without a redistributive equity policy should be wary of this winning coalition (Krumholz and Clavel 1994).

Equity requires both increased redistribution and heightened participatory processes. The Capital Improvement Budget Process provides an opportunity to experiment with both redistribution (outcomes) and participation (process). If successful, the methodology developed here could be used to examine the rest of the city’s budget and press for an equitable distribution of resources throughout.

Bibliography


