

**NEGOTIATED INVESTMENT STRATEGIES:  
A NEW APPROACH TO PUBLIC-PRIVATE PARTNERSHIP**

by

KARITA ANN ZIMMERMAN

B.S., University of Southern California  
(1980)

Submitted to the Department of  
Urban Studies and Planning  
in Partial Fulfillment of the  
Requirements of the Degree of

MASTER IN CITY PLANNING

at the

MASSACHUSETTS INSTITUTE OF TECHNOLOGY

September 1984

c Karita A. Zimmerman 1984

The author hereby grants to MIT permission to reproduce and to  
distribute copies of this thesis document in whole or in part.

Signature of Author: \_\_\_\_\_

Department of Urban Studies and Planning  
September 1984

Certified by: \_\_\_\_\_

Thesis Supervisor

Accepted by: \_\_\_\_\_

Chairman, Departmental Graduate Committee

MASSACHUSETTS INSTITUTE  
OF TECHNOLOGY

FEB 08 1985

LIBRARIES

rotch

**NEGOTIATED INVESTMENT STRATEGIES:  
A NEW APPROACH TO PUBLIC-PRIVATE PARTNERSHIP**

by

KARITA ANN ZIMMERMAN

Submitted to the Department of Urban Studies and Planning  
on August 30, 1984 in partial fulfillment of the  
requirements for the degree of Master in City Planning

**ABSTRACT**

This thesis examines the Negotiated Investment Strategy (NIS) used in the City of Malden, Massachusetts to promote a public-private partnership aimed at solving some of the problems facing that community. NIS is a process by which government, citizen and private business interests formulate strategies for joint actions with the aid of a non-partisan mediator. Malden is the fifth NIS process to be implemented in the U.S. thus far. I served as staff to the business "team" in the Malden process.

To fully illustrate the NIS process as a public-private partnership, it is necessary to identify the varied forms of partnership as well as examine the positive and negative attributes of such a process.

**Chapter One:** Overview of Public-Private Partnerships at the Local Level, defines the term public-private partnership and illustrates the different types of relationships between government business and citizen groups that can be classified as partnerships.

**Chapter Two:** The Malden Negotiated Investment Strategy, describes the NIS process as it occurred in Malden.

**Chapter Three:** Observations of the Malden NIS, elaborates on the proceedings and participant responses.

**Chapter Four:** Policy Partnerships from the Business Perspective, identifies key tensions and misperceptions that impede partnerships.

**Chapter Five:** Effective Use of the NIS Process as a Partnership, briefly summarizes the context in which NIS would be welcomed as a partnership format and identifies some points for more effective implementation of the process.

Thesis Supervisor: Dr. Lawrence Susskind

Title: Professor of Urban Studies and Planning

It is never easy to demand the most from our lives, and from ourselves, and from our work. To go beyond the encouraged mediocrity of our society is to encourage excellence. But giving in to the fear of feeling and working to capacity is a luxury only the unintentional can afford, and the unintentional are those who do not wish to guide their own destinies.

Audre Lorde

Thank you, Larry Susskind, for your patience and support as well as academic guidance. With your help, I was able to recognize more of my strengths and break through some of my fears of working to capacity.

I have received endless support from several people, whom I love very much. Since I have this opportunity to immortalize my gratitude on the shelves of Rotch Library Archives, I would like to dedicate this thesis to:

**Joseph and Margaret Zimmerman**, who have given me everything that parents can possibly give.

**Frank Jones**, whose caring and sensitivity to my struggles kept me going when the going got tough.

The magnificent **Julie Woods**, a woman who has been my buddy, teacher, lifeline, and psychotherapist--she deserves at least half of my MCP degree.

**Van Parish**, my friend always, as well as my partner in academic excellence. He has taught me what it means to love someone.

**Evelyn Lehner**, the best Rolpher in the world. Without her skill and concern for me, I could never have made it to MIT.

**Everett Green**, my guiding force for many years. For your wisdom and for helping me out of the "black hole", I will always be grateful.

**Kim Tarman**, a woman whose capacity to give is infinite. When I love people as completely as she does, I will have truly accomplished something in my life.

**Cindy Cohen**, one of the few people who acts on her beliefs and helps transform the lives of others. Without her help, I never would have even gotten through the CORE!

**Sylvia Watts**, whom I thank for her encouragement and for providing me with a fine example of a scholar.

And special thanks to **Carol Escrich**--the MCP resident shrink and den mother. Her good humor and support is greatly appreciated.

## TABLE OF CONTENTS

Abstract .....	2
Introduction .....	6
Chapter One:	
Overview of Public-Private Partnerships at the Local Level .....	8
Definition of Public Private Partnerships .....	8
Private Provision of Public Sector Goods and Services ...	11
Public Investment in the Private Sector .....	14
Joint Public Private Policy Formation .....	17
Chapter Two:	
The Negotiated Investment Strategy .....	24
Description and Definition of NIS .....	24
Organization .....	26
Negotiation .....	30
Renegotiation and Monitoring of the Agreement .....	33
Chapter Three:	
Observations of the Malden NIS .....	34
Observing the Negotiation .....	34
Active Mediators .....	44
Accomplishments .....	46
Chapter Four:	
Policy Partnerships from the Business Perspective .....	49
Gains in Policy-Making .....	50
Requirements for Success of Policy-Oriented Partnerships .....	52
Impediments to Structuring the Process .....	56
Inherent Problems in Partnership .....	59
Chapter Five:	
Effective Use of the NIS Process as a Partnership .....	63
Appendix .....	69

## INTRODUCTION

In recent years the phrase "public-private partnership" has become a popular euphemism in urban development. Because projects involving both the public and private sectors can take many forms, the phrase evokes no specific image for most people. Indeed, the term "partnership" has become almost meaningless.

While joint ventures under this partnership label have promoted positive changes in many cities, I think the general use of the concept implies some misconceptions on the part of the public sector. Government, particularly at the local level, can place high expectations on its private sector partners. The failure of federal programs like Urban Renewal illustrates such miscalculations of business interests. It is often the case that people who work in the public sector "culture" are unfamiliar with private sector "culture" and how it can best be motivated in the public interest. And as the motivations for venturing with government often lie somewhere between altruism and profitmaking, I think it is important that public partners clearly understand where joint gains can be found for both parties.

In light of these concerns, I have three goals for this thesis: (1) to elaborate on the varied forms of public-private partnerships, (2) to explore the Negotiated Investment Strategy (NIS) as one approach to partnership that I find especially appealing, and (3) to examine its effectiveness, strengths, and weaknesses from the perspective of the private sector participants.

The NIS, as a structured negotiation process, is an approach to partnership that compensates for the unfamiliarity between the sectors--with the expectation that an open forum for discussion and education among parties can promote sound and equitable policies. As a forum, NIS can focus on broader issues that effect government, business, and community groups as well as aid in the formulation of project-specific ventures.

**CHAPTER ONE: OVERVIEW OF PUBLIC-PRIVATE PARTNERSHIPS**  
**AT THE LOCAL LEVEL**

Definition of Public-Private Partnership

In order to assess the Negotiated Investment Strategy or any other approach to public-private partnership, we need a general definition of the term that indicates the objectives being sought. In my view, public-private partnerships are:

Collaborations among business, government, non-profit organizations and residents through which resources, risks and skills can be pooled. Partnerships are necessary when projects that benefit all parties cannot be completed without joint effort.<sup>1</sup>

In other words, the sum of the parts must be greater than the whole.

While collaboration between the public and private sectors is not new, particularly at the federal level, efforts to promote joint ventures have increased during the recent economic recession. They have also been strongly endorsed by the Reagan Administration and its Commission on Private Sector Initiatives. The growing number of projects designed explicitly to share costs and benefits between sectors indicates a trend away from the traditional roles of business and government. Although the "Great Society" era of the 1960s encouraged cooperation between government and business, particularly in employment programs, the philosophy behind those programs was philanthropic. While many current partnerships strive for similar societal improvement, they also incorporate the notion of reciprocity.

Public-private partnerships created to improve urban areas vary both in form and purpose. Before I delineate the variations within the partnership idea, I will illustrate the general notion of public-



private partnership with a description of the design and operation of the Boston Housing Partnership (BHP). A non-profit corporation, the Partnership links the city, state agencies, community based organizations, local financial institutions and other business leaders for the purpose of rehabilitating deteriorating units and provide housing for low and moderate income families. In the past, federally subsidized housing programs provided the impetus for refurbishing abandoned units. With the elimination of "deep subsidy" programs by the Reagan Administration, neither the city nor the private market felt able to undertake the task, despite the shortage of affordable housing.

The BHP is involved in renovating more than 500 units. Several non-profit community development organizations sponsor site selection and rehabilitation while the BHP coordinates the financial planning and manages the project overall. Funding has been obtained through Massachusetts agencies that offer tax-exempt mortgages as well as city agencies that control Community Development Block Grants (CDBG) and Urban Development Action Grants (UDAG). BHP also takes advantage of equity syndication, or the selling of shares in ownership of property to raise capital. This financing mechanism, in itself a type of partnership, allows "limited partner" investors to use property depreciation for tax deduction purposes.<sup>2</sup>

The BHP foresees long term benefits to the partners along with the addition of affordable housing units to Boston's tight housing market. One of the goals of the Partnership is to forge new institutional patterns that will stimulate the construction of still more affordable housing. The BHP seeks to counter the usual institutional impediments

to development--archaic procedures for tax foreclosure, tax title and property disposition--with the establishment of new procedures for transferring abandoned property to community organizations. This relieves the city of management responsibility and puts property back on the tax rolls. The financial institutions gain new business and build relationships with neighborhood organizations. This could ultimately increase the banks' willingness to finance still other community based projects. The community organizations augment their capacity for managing significant resources while aiding their constituents. Thus, we see the key ingredients in a partnership--sharing of risk, pooling of resources, joint effort, and joint gain.

Partnerships such as the BHP are usually designed to fit particular circumstance and to utilize specific sets of resources. However, there are some general characteristics that fit most partnerships. I have grouped the possible forms of urban development partnership under three headings:

1. public investment in the private sector;
2. private provision of public goods and services; and
3. joint public-private policy formation.

The first two categories encourages project-specific collaboration in which the allocation of risk, responsibility and benefit need not be symmetrical. One sector may take the greater risk while the direct benefits may accrue more to one partner than another. Each party may have a different view of a partnership. The private sector, for instance, often argues that whatever aids business ultimately aids a city by improving the economic base. The public sector, on the other hand, may assume that any effort to improve the general welfare also benefits the private sector. For instance,

improvements in the quality of education, the city would argue, provides a more talented labor pool for business.

The third category of partnership focuses on policy and not projects. It emphasizes information exchange, joint decision-making, and the improvement of relationships. A negotiation format is sometimes used as a structure for policymaking. Policy-oriented collaboration is not always labeled as a partnership, although the long term outcome can be much more significant than one-time project oriented activities.

### Private Provision of Public Sector Goods and Services

The current surge of private involvement in the provision of public service can be attributed to two factors. First, the Reagan Administration has promoted corporate participation in community service to counteract cutbacks in federal spending. Presidential support, accompanied by legal and financial incentives, has renewed attention to "corporate responsibility". Second, inflation and the recent tax payer revolts have eroded the financial base of many cities. Municipalities are turning to profit and not-for-profit organizations of all sizes for assistance in providing services that were once considered the sole responsibility of government.

Corporate level partnerships, often coordinated through community based organizations, have been successful in promoting community services programs. The President's Task Force on Private Sector Initiatives has urged corporations, business associations and other private alliances to provide aid to their localities. These sentiments are reflected in a recent United States Chamber of Commerce

resolution:

"As the U.S. enters a new era of turning us to greater self-reliance and less dependence on government, American business has a great opportunity--and challenge--to build upon that tradition and to contribute its expertise and other resources to help the truly needy in our society..."<sup>3</sup>

The Local Initiatives Support Corporation (LISC), is an example of a collaborative effort between the Ford Foundation and several national corporations that contributed funds to support self-help development efforts. LISC has attempted to learn from the mistakes of the community development movement and emphasizes business-style partnerships with community groups instead of unencumbered grants. With a capital base of over \$28 million, LISC has provided loans and loan guarantees for housing revitalization and economic development at a ratio of \$2 loaned or guaranteed for every \$1 of grant money. A small return on investment is sought.<sup>4</sup>

Another outstanding example is the New York City Partnership. This organization created by the city's business leaders has sought personal commitments from the chief executive officers of major corporations in NYC. They must offer to spend 20 to 40 hours a month assisting the Partnership. The CEO's have put pressure on their peers to participate a--strategy the Partnership feels is more effective than repeated requests from government.

One of their most successful projects was a summer youth employment program which, in 1980, employed 18,000 young people. By comparison, CETA (Comprehensive Employment Training Act) placed 2000 youths in New York City jobs the previous summer. The program was conceived and administered by the corporate sector with the aid of community groups.<sup>5</sup>

Corporate-initiated partnerships, such as the two described above, received a great deal of attention from the media. Indeed, this has been one underlying purpose of partnerships (i.e. the improve the corporate image). Although profitmaking is built into some partnerships, tax writeoffs and an enhanced public image are often sufficient to benefits to attract corporation involvement.

This measure often occurs in addition to other expenditure reduction measures such as charging user fees for services, making layoffs and requiring paycuts for municipal workers. As another method of private sector support some municipalities have turned to the private sector for aid in providing key public services. Services such as, gargbage collection, health care, and even fire protection are being contracted out or franchised to private companies much more often than in the past.

There are still other forms of privately administered public services created by offloading public services onto private or non-profit organizations. Some cities depend entirely on voluntary or private organizations to provide services that were once funded or administered by local government. Public works, environmental maintenance, facility management, and building code inspections have been delegated, in a number of cities, to private administrators. In most of these cases, the city retains primary responsibility for the delivery of the service but relies on assistance from volunteers and neighborhood based organizations. In a few situations, community groups have been gaining full control.

In Massachusetts, the Governor's Task Force on Private Sector Initiatives reviewed a range of partnerships initiated by corporations, small businesses and non-profit groups. The following

illustrations are from that report:

**EDUCATION:** Efforts have been concentrated in four areas-career awareness, curriculum development, social programs and technical assistance. The basic goal is to improve the atmosphere of the school, remove impediments to the learning process and assist schools in making full use of available resources to improve the quality of education. One example of such a partnership is Project Re Vap, a multi company collaboration with nine school systems, providing classroom speakers, team teaching, inservice training on career awareness for teachers and internships.

**HEALTH AND HUMAN SERVICES:** Along with the major public-private collaboration of contract service arrangements, health services such as day care and community mental health have been, in part, provided by large employers and non-profit corporations. Some roles for partnership can include the provision of health materials and information as the Community Health Network does in Boston. The greatest potential for partnership in this field lies in management and technical assistance in designing more effective insurance reimbursement plans and medicaid management systems.

**COMMUNITY ECONOMIC DEVELOPMENT:** Homeowner assistance programs are provided through programs such as the Somerville Loan Assistance Program, a low interest loan fund for energy rehabilitation projects provided jointly by the city community development office and several area banks. In the area of technical assistance, the Worcester Loaned Executive Program has provided advisors for to assist with functions such as auditing, computerization, and reorganization of pension planning.

### Public Investment in the Private Sector

The most prevalent form of collaboration in large cities involves public investment in privately initiated development. At the national level, the federal government contributes to the maintenance or creation of entire industries, i.e. price supports for agriculture, bailouts for sagging automobile manufacturers or procurement of military products.

At the local level, similar kinds of partnerships emphasize government contributions to development projects, support for existing

firms, and start-up assistance for new enterprises.

Governmental bodies play several roles in these partnerships--one is that of a financial intermediary. The public sector finances projects that are too large, too small or too risky to be fully supported the marketplace. Governmental assistance in guiding the "invisible hand" of the private market is generally overlooked as an implicit partnership.

As industry has increased it's geographic mobility, state and local governments have found themselves competing with each other to attract new business. Thus, governments take on the role of promoters by advertising tax breaks, reduced land costs and other "kickers" to firms that promise to increase employment. Through such inducements, the public sector subsidizes business. Although some business analysts claim that these incentives are not effective in luring new businesses, most governments are reluctant to halt such practices.

Public investments in private enterprise can take the form of tax forgiveness, direct subsidies, grants, below market rate interest on loans or other incentives that decrease the cost of doing business. Government can also help to reduce risk through loan guarantees. Secured loans lessen the risks of the secondary market and government procurement contracts guarantee primary market transactions.

Government loans and grants provide the most direct method of reducing costs to business. One of the best examples is the UDAG program. Since the early 1970s, HUD has administered revolving loans to developers, "leveraging" one federal dollar for every two private dollars to fund major urban development projects. HUD will not approve projects without private sector commitments and all parties involved must attest that the projects they propose could not occur

but for the infusion of UDAG funds. It is the "but for" clause that makes this program a true partnership.

Tax-exempt revenue bonds, issued by state or local authorities, offer another method used in 48 states to finance the purchase of plant or equipment for specific enterprises. The principal and interest on bonds must be paid out of the proceeds from the business. Such capital subsidies are useful in attracting additional private investment.<sup>6</sup>

Tax abatements are another entitlement the city can offer to firms. A city or state can promise exemptions from personal, corporate, wage or realty taxes, or allow delayed tax payments on land, capital improvements or machinery while a project is under construction.

These examples of grants, tax breaks or low interest loans all reduce costs through conventional monetary mechanisms. Governments also have other means of reducing the cost of doing business. Urban renewal in the 60s, for instance, made use of eminent domain powers to clear developed land. Lots were then sold to private developers at low cost. This not only kept land costs down but it also facilitated the removal of parties who refused to sell their property. Other cities have used similar powers, such as tax foreclosure, to speed property disposition. Finally, government can offer other in-kind assistance, bargaining with a corporation, for instance, to provide roads, sidewalks, sewer, electrical or other utility hookups and other forms of infrastructure required for new development. Or instead of offering financial assistance or debt subsidies, the government can assume part or all of the final risk associated with a private venture. For



instance, SBA's 7a guarantee loan program insures institutional loans. The federal government pledges to cover any default on the loan, lessening financial risk to the lender. A business backed by a government guarantee can lift the barriers to private capital access for those with limited collateral.

Each of these mechanisms allows government to be a partner to business interests, receiving in turn the secondary benefits of a stimulated economy.

### Joint Public Private Policy Formation

Governments are exploring new procedures for working with business and citizens as equal partners in policymaking. Unlike project-specific partnerships that direct efforts towards a singular product, policy-making collaboration occur through an ongoing process of problem solving. Together the parties build a framework for analysis: identifying issues, question assumptions, pooling expertise, and generating strategies for solving problems.

For example, a city may be concerned about criminal activity among youth in the community. A project-specific response might join business, government and neighborhood groups in establishing a summer employment program. A policy partnership would join the juvenile authorities, businesses, schools, parents and others to discuss what the causes of youth crimes are and to examine possible solutions. One solution might be a new employment program. Other possibilities could include increasing penalties for juvenile offenders, creating a counseling program in the high schools, and so on. The suggested solutions would not necessarily require joint action for

implementation. The key elements of partnership lie in the commitment to work together to define problems and solutions and to speak with one voice on behalf of the policies devised.

Policy partnerships provide an opportunity for the private sector to influence decisions on its behalf as well as to contribute new ideas and resources. Traditionally, business has influenced policy through behind-the-scenes lobbying or the sponsorship of technical studies sympathetic to the views of the private sector. Public policies rejected by a sufficient portion of the business community can be contested through litigation. Joint policy formulation, on the other hand, forces conflicts out into the open.

In regard to physical development in urban areas, the public sector cannot realistically make decisions without taking the interests of business into account. A dramatic example of this occurred during the era of urban renewal when government ignored the needs of the private sector and leveled "blighted" areas in cities without considering the incentives that would be needed to induce developers to invest. In the absence of coordination with the private sector, public agencies found that tax abatements and low property assessments were insufficient to stimulate development--cleared land remained undeveloped.

Private interests can dominate public decision-making. A recent public policy forum in Boston, involving national experts from the fields of architecture, city planning, government and the social sciences strongly criticized the impacts of private development on the city. Discussion centered on what this conference called "The Architecture of Affluence". As one participant stated:

"What we need now is a vision of what the public realm should be, one that we can all buy into and work together to accomplish, a vision that benefits private development and all the city's citizens as well; a clearly articulated vision against which we can measure proposals and results. Without such a vision, we will continue to reap the product of neglect--an impoverished public realm in an environment of ostentatious private affluence."<sup>7</sup>

Edward J. Logue, former director of Boston's Redevelopment Authority, spoke about stronger public control of planning in Boston, "There is no architect alive, and no developer alive, who can be trusted to do city planning."<sup>8</sup> A policy forum on land development could expose such extreme intentions of the public and private sectors. Through discussion some mutually beneficial actions could be planned.

Policy partnerships can be "integrative" in style i.e. the objectives of one sector need not be in conflict with those of another. Partnerships can also be distributive in character. Whether integrative or distributive joint policy formulation involves problem identification, information sharing, and collaborative "brainstorming". Such efforts are just as much partnerships as project specific activists because the outcome is consensual and requires the involvement of all parties.

The Citizens Planning and Housing Association (CPHA) in Baltimore is a good illustration of an integrative policy partnership. Its purpose is:

To foster good city planning, provide better land use, improve housing and living conditions and to correct urban decay in the Baltimore Metropolitan Area, by means of research, education, public discussion, legislation, law enforcement, and other methods.<sup>9</sup>

Originally established as a small citizens group for neighborhood

improvement in 1937, CPHA has grown to include architects, planners, professors, real estate and other business interests, financial institutions and law professionals as well as local, state and federal efforts. The members represent only themselves, but in doing so constitute a network of 1800 members, including 200 business and 150 neighborhood affiliates. The group has also expanded its examination of residential concerns to include transportation planning, master planning, rent control, redlining, displacement, gentrification, and air pollution. Much of its work is done through committees formed to address single policy issues.

The results of CPHA efforts are far reaching. As a group, their network has forced neighborhood issues into the political limelight, pushed for legislative and administrative changes, become a training ground for civic leaders and has strengthened neighborhood networks. The first court for housing code violations was instigated by CPHA. At their insistence, a city planning department was established. CPHA efforts also led to the creation of the Department of Housing and Community Development, a consolidation of all development and redevelopment activities in the city. The 150 neighborhood improvement associations organized by CPHA expanded their responsibilities from local clean-up projects to strong advocacy roles.<sup>10</sup>

CPHA has also spawned project-specific partnerships. These partnerships utilize the resources of both public investment and private providers, and have become the vehicles for the largest downtown revitalization efforts in Baltimore.

Other city governments like Baltimore are finding value in teaming up with businesses to analyze problems. And through such

collaboration, business has found new opportunities to influence public policy, not just for the gain of individual businesses but for the improvement of the city as a whole.

In contrast to this integrative approach, distributive situations will occur when goals of the parties are in conflict and the intent of each party is to obtain as much as possible for itself at the others' expense. In this kind of zero-sum game one group's gain is a loss to another. For instance, disputes over the use of land parcels are normally treated as distributive conflict in urban areas. A parcel may be desired by a private interest for the development of a shopping center. The city housing authority may prefer to see the land used for the construction of low income housing. Though a joint policy formulation process new options and trades can be generated that satisfy the interests of all sides (i.e. subsidized housing may be included in a mixed use project or funded with a flow of cash from the shopping center).

The point here is that partnership forums can change the attitude of the participating groups. Improved communication can change a distributive situation into one where joint gains are sought. The Denver Metropolitan Water Roundtable exemplifies this. The Roundtable, managed by ACCORD associates, an environmental mediation firm, involved a 30 member group of representatives from city government, business, agriculture, local water board, environmental groups, neighborhoods and policy makers. In their situation, eighty percent of Colorado's population lives east of the Rocky Mountains while 70% of the state's water supply is on the west side of the Continental Divide. Denver had been diverting water from the western

slope of the Rockies since the 1930s but more recent attempts to secure a greater water supply had been met with resistance. All future development in Denver would require a guaranteed water supply.<sup>11</sup>

ACCORD guided a mediation process that identified all disputants, set groundrules for interaction, and helped the parties explore the issues together. A structured fact finding process ensured that technical information was not biased. The result was an agreement that requires a greater commitment to conserve water, exploration of water shortage issues, and mitigation of negative environmental impacts caused by water diversion.

The final product, the Metropolitan Water Development Agreement, distributes the cost and yield of future water diversion between the Denver Water Department and almost 50 suburban water providers. The agreement calls for construction of replacement reservoirs while providing for conservation programs in ecologically sensitive areas. The agreement also outlines procedures for implementation to provide water through the year 2010.

The Negotiated Investment Strategy, as the CPHA and the Roundtable, is another policy partnership. In the NIS process, private and public interests work together to establish "investment strategies" to improve the urban area. In this forum mediated by a neutral party, diverse groups can determine how they can make their own interests work for the city. Like the Roundtable, the format of mediated negotiation<sup>12</sup> allows parties to share information, explore priorities, and construct new relationships. Although the other project specific forms of partnership mentioned in this chapter can and hopefully do result from a forum like NIS, the negotiation process itself constitutes a public-private partnership. This thesis will

focus on mediated negotiation as a method of promoting policy partnerships. The following chapter outlines the Negotiated Investment Strategy concept and describes the NIS that occurred in Malden.

## CHAPTER TWO: THE NEGOTIATED INVESTMENT STRATEGY

### Description and Definition of NIS

The key elements of a Negotiated Investment Strategy (NIS), are:

- negotiation teams that represent larger constituencies
- face-to-face negotiation sessions involving all the parties
- written agreements containing commitments that all parties make to each other
- supervision of negotiations by an impartial mediator
- public review and adaptation of the written agreement
- monitoring of subsequent performance by each party<sup>13</sup>

The concept was pioneered by the Kettering Foundation of Dayton, Ohio.

The NIS approach was created in response to a need for greater coordination among governmental bodies, particularly those agencies that work with the private sector, to improve social services and physical development, in the city. In Ketterings's original model, three negotiating teams represented the local, state, and federal governments. The NIS forum allowed for open discussions of how best to target state and federal aid to a city. The teams worked on how to synthesize policy objectives and coordinate their activities.

The first applications were initiated by the Federal Regional Council in Chicago, comprised of the ten federal regional offices in that part of the country. These initial NIS experiments involved negotiation between these federal representatives and "teams" representing the local governments of: St. Paul, Minnesota, Columbus, Ohio, and Gary, Indiana. A state team was also involved in each case. The St. Paul NIS focused on four specific development projects. The goal was to secure financial commitments from each level of government. The Columbus process outlined policy changes on a host of issues of local concern. The third NIS in Gary combined the agendas



of prior experiments by developing new policy approaches to economic development. A fourth application of the NIS idea took place in Connecticut. The process was used to determine how to distribute Social Service Block Grant (SSBG) funds of more than 30 million dollars. In this case, the negotiation involved different types of teams. A City team represented over 114 municipalities in the state. A State team represented state agencies eligible for SSBG funds. A private, non profit team represented 800 to 1000 non-profit service providers. In addition, an observer team composed mostly of private interests viewed the proceedings.<sup>14</sup>

The Malden NIS, one of the most recent applications of the NIS concept, took place at a local level. In this application, local business and residents as well as city government interests organized into teams. The presence of citizen and business teams (instead of State and Federal teams) created a very different kind of negotiation. The Malden NIS is the first process to explicitly include a team representing private business interests. As such, it comes very close to the dominant model of Public Private Partnership and ought to be compared to them. Negotiations in Malden focused on problems jointly identified by the parties and worked towards mutually acceptable solutions. The result of the process is a 3 to 5 year plan, targeting public expenditures, private investments, and volunteer efforts.

The following is a description of the NIS process in Malden. The process can best be reviewed in three phases: organization, negotiation and renegotiation/monitoring of the agreement.<sup>15</sup>

## Organization

Malden, located seven miles north of Boston, is a predominantly blue-collar community with a population of 53,000. Like most cities in Massachusetts, Malden has faced problems in providing municipal services because of the restrictions imposed by Proposition 2 1/2, the state's tax limitations law. A slowly declining population, limited available land for new development, and an aging infrastructure are the compounding problems of fiscal constraints. The original home of Converse Shoes, Malden's industrial base has eroded as factories such as Converse have moved out. During the 60's and 70's, Malden leadership took full advantage of federal grants. Now the city is heavily dependent on external funding. Despite some increases in state aid, cuts in federal programs have reduced the city's revenue. Some poor administrative decisions on the part of the city government, such as overburdening itself with debt have exacerbated their financial crisis. The problems resulting from these financial constraints, along with the enthusiasm of a new mayor, prompted the initiation of the NIS process.

The Mayor of Malden heard about NIS at a conference for new mayors at the Harvard Kennedy School of Government. The Mayor wanted to know more. The Director of Harvard's Program on Negotiation and the Mayor met with various church groups, fraternal organizations, business groups and city employees to discuss possible application of the NIS idea in Malden. Reactions to the idea were positive, and the discussions generated sufficient support from Malden civic leaders to initiate the process. In March of 1983, the Director agreed to mediate the process and selected three assistant mediators to work with the business, citizen and government groups.

Team Formulation The initial tasks in organizing the NIS are formulating teams and setting the agenda. Each interest chose a different method of ensuring representation. Teams were structured so that a "core" of 12 people would represent major interests on each team. These core members could gather input from other citizens, businesses, or segments of government, allowing an accessible number of people to be at the table.

The government team was initially convened by the mayor who selected spokespeople from key departments in the city, including the Council on Aging, Police, Code Inspection, and School Departments. Representatives from the Redevelopment Authority, School Board, and City Council also agreed to participate. Because the process was initiated during the mayoral election campaign, the mayor asked the city planner to be team leader.

Citizens at large coalesced under the leadership of the Malden Clergy Association. Letters were sent home with school children, clergy discussions in churches and synagogues, and notices printed in the local newspaper helped spread the word about the initial citizens organizational meeting. At this meeting, forty people met to determine representatives for all community interests. The team included one citizen from each of the eight neighborhood wards and members of several community agencies and civic organizations. The team leader was chosen because of his experience working with groups and his negotiating abilities. The formulation of the business team provides a good example of the care taken in securing representative teams. To form the business team, a meeting was called by the Malden Chamber of Commerce. All of it's members were invited. The first

priority was to identify each of the business interests in the city that might want to be represented. Those present at the organizational discussion realized that to exclude any interest would threaten the credibility of the entire process. They then developed a list of 13 "sub sectors" of the Malden business community: retail and wholesale merchants, banking, legal, real estate, manufacturing, insurance, medical/hospital, housing managers/owners, utilities, transportation, warehousing, and contractors. These were then narrowed a bit to include retail merchants from two shopping areas in the city, real estate, legal, medical, banking, manufacturing, and utilities. The Chamber agreed to select three at large representatives to speak for other Malden Business interests that might not be happy with the list of categories. Two additional at large slots were held open for self-designated nominees who might come forward later. Thus the size of the core team was limited to 14 members.

Next, those present discussed methods of selecting specific people to represent each of the groups listed. It was agreed that each sector with an association or umbrella organization would be asked to designate a representative. For instance, the Bar Association was asked to designate its head or the person to fill the legal "slot". Other sub-sectors that were in regular communication, like the banking community, were asked to choose a designee.

After discussing how to choose a team leader, the group decided that the representative Data Printer, a computer hardware manufacturer, would act as head of the business team since the company is the largest employer in Malden.

Establishing the Agenda After teams were formulated, the agenda

for the NIS had to be established by the participants. Each team generated a list of Malden's problems that, from their perspective, were most important to resolve. For an example the initial discussion of issues that concerned business are listed below. The primary areas of concern were grouped into 5 topic areas to be used as a framework for discussion:

#### City Services

- quality and availability of services to the business community
- impacts of Proposition 2 1/2
- downtown police control
- parking needs
- infrastructure
- establishing ongoing communication between business and government

#### Attitudes Toward Business

- tax classifications for commercial versus residential properties
- distribution and type of new downtown stores
- rezoning for new commercial development

#### Education

- general private sector support for the city educational system and development of a sound school system that can attract a professional residential base
- strengthening inter-relationships between education and business community in terms of training and awareness of business opportunities
- examination of overall responsibility towards education system

#### Pride

- defined as both attitude toward community and physical appearance
- need for community responsibility and positive image
- beautification campaign focusing on pride

#### Business Commitment Toward the Community

- exploration of general private sector responsibilities in the community
- team recognized commitment, was willing to explore it

After the citizen and government teams formulated their lists, the three teams met together and five issues were chosen as topics for

negotiations: Public Education, Community Economic Development, Crime and Public Safety, Pride and Beautification and City Revenue and Finance. Later in the process, the participants agreed to add a fourth topic- Human Services. In addition to setting the topical agenda, the mediator presented some standard procedures to govern the negotiation. All parties agreed to rules of confidentiality and procedures for releasing information to the press (to insure equal presentation of all three perspectives). The mediator also outlined the functions of the support staff and methodology for documenting the negotiating text. With all this in place, the group began the first stage of negotiation in August 1983.

### Negotiation

The negotiation process occurred in three stages: problem articulation, team confirmation, and full negotiation. An illustration of these stages is shown in Figure 1.

In the first stage, problem articulation, teams selected one member to work on each of the six issues, forming tri-partite committees of one business, government, and citizen representative. Usually the representative had some professional or personal familiarity with the topic. Each of these tri-partite committee met several times to define and explore the problem, "brainstorm" about possible options, and with the help of the facilitator, draft a "single text"<sup>16</sup> from which the formal negotiation sessions could focus. This text identified the scope of the problem, listed a series of concerns and corresponding problem and solution statements. Drafting the concerns within this structure allowed for assumptions

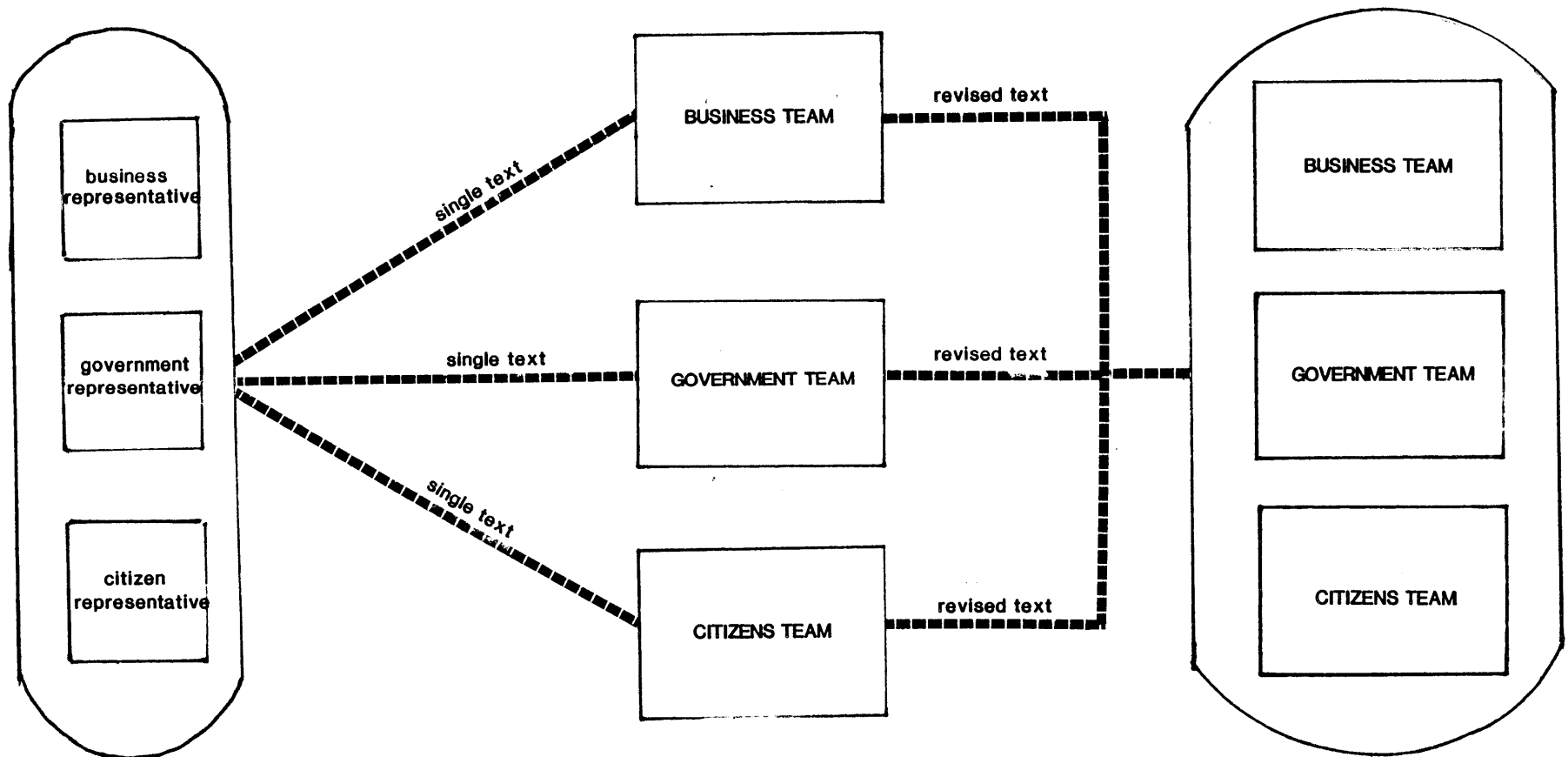
FIGURE 1

# FLOW OF INFORMATION IN NEGOTIATION PROCESS

STAGE ONE  
PROBLEM ARTICULATION

STAGE TWO  
TEAM CONFIRMATION

STAGE THREE  
FULL NEGOTIATION



Tripartite Committee Formulates Single Text

Each Team Meets to Discuss Possible Changes

Teams Meet in Joint Session to Negotiate Final Version of Text

behind problem and solution formulation to be explicit. It also gives room for a number of solutions to be proposed. (See appendix A for a copy of one negotiating text)

After the tri-partite committee completed their draft recommendations, the second stage of team confirmation took place where each team reviewed the document to critique it solely from their perspective. Changes and additions were added to the text when necessary. This usually took one or two meetings of two hours each. The team "check" strengthened input from team interests and broadened representation beyond individual opinion. In some cases, outside groups reviewed the document for additional comment.

In the third stage of full negotiation, the revised drafts are discussed between the teams in a joint negotiating session. It is here that participants either agree on the draft text or edit them until all teams are satisfied. The three teams met on an average of two evening meetings of three hours each to discuss the differences in how they viewed the negotiating text. Although the participants had agreed to the proposals during their team meetings, there was still room for discussion and change of the document. During the full negotiating sessions, the mediator would read through the draft proposal and compare the proposed changes from each team. Disagreements on the articulation of the problems and solution statements reoccurred throughout each negotiating session as did suggestions for additional recommendations. The mediator helped the parties clarify the intent of the proposed recommendations and aided in the exchange of information pertinent to the proposals.

Negotiation between parties took place as each team entrenched



themselves in a position and could not agree on policies they felt were important. These three stages of negotiation took approximately nine months.

#### Renegotiation and Monitoring of the Agreement

After negotiation of all six issues was completed, four public hearings were held in Malden to involve more citizens and obtain additional suggestions. The negotiated agreements were printed in the local paper, and residents and business people in Malden were invited to discuss the process, ask questions, add to or challenge the recommendations as written. Appendix B lists the 148 recommendations as published in the Malden Evening News.

With the addition of some new ideas obtained from the public meetings, the set of recommendations was completed and on June 15, 1984 and signed by all the participants in a formal signing ceremony. Attached to the document is an implementation appendix that provides specific suggestions for carrying out all the recommendations. In addition, a monitoring plan will describe specific actions that must be accomplished overtime. This plan will outline a "watchdog" process by which NIS team leaders meet once every six months to review progress on implementation.

## CHAPTER THREE: OBSERVATIONS OF THE MALDEN NIS

With this basic description of the NIS in Chapter Two, I can elaborate on the events in a subjective manner. As one of three facilitators or assistant mediators to the process, I was able to observe how the participants acted in and reacted to the process. The first part of this chapter describes the process of the mediation and how the three stages of negotiation--problem articulation, team confirmation and full negotiation--were carried out. The second part of this chapter describes the role of the mediators. The third part discusses the accomplishments of this process, as I view them.

### Observing the Negotiation

As an assistant mediator, I participated in all three levels of negotiation. In the first stage of problem articulation, I aided the Revenue and Finance tripartite committee in producing a draft statement of concern. In the second stage, team confirmation, I facilitated meetings with the Business team as they reviewed draft statements from the six tripartite committees. During the full negotiation sessions, the head mediator convened the meetings between the three teams. As an assistant, I supported this effort by introducing additional information in the session and editing the final version of the agreement as necessary.

Problem Articulation This stage, in my opinion, has the greatest impact on the outcome of the process. I see four reasons for this. First, the mediator has tremendous opportunity to guide the tripartite committee because the participants were new to each other and new to

the process. Second, the bulk of the background information in which the process based its decisions on was absorbed through these committee members. Third, in such a small group, the participants interact with each other on a personal level and seem more willing to hear other perspectives clearly. In large groups it is easier to stick to a position as opposed to the principle of the discussion. 17 Fourth, and most important, the tripartite committee has "power of the pen"--meaning the authors make choices from a range of options. The rest of the participants reacted to their choices and for the most part kept the discussion within the parameters set by the tripartite committee.

A description of one tripartite committee can illustrate how problem formulation took place. Revenue and Finance, included the head of a private hospital for the business representative, the city planner representing government, and a bank employee representing the citizens. Their initial discussions were terse and few ideas were contributed. Their hesitancy was understandable given the complexity of a topic like city finance. Although the members had agreed early on a Statement of Concern:

"Present economic conditions and trends in Malden indicate a serious threat of financial failure. All possible methods of intervention should be explored to alleviate current financial problems."

they had difficulty identifying approaches to solution.

The facilitator then listed facts related to Malden's city budget (like Malden's decreasing percentage of intergovernmental funds, low bond rating and high debt ratio). The committee members then began prioritizing those statements until they arrived at five categories of intervention--reducing expenditures, planning around dependencies on

intergovernmental aid, improving the city's bond rating, generating additional revenue and overriding the Massachusetts property tax limitation law (Proposition 2 1/2).

Brainstorming sessions about a complicated and controversial issue like municipal finance allow for varied reactions from the participants. In general the discussions centered around disaggregating the root of the problems, acknowledging the externalities associated with each issue, and examining varied perspectives. For instance the level of inter-governmental aid hinges on the whims of state and federal funding sources. It is also related to the population level of the city--which is not a well known fact among many of the participants. The committee constructed some draft statements related to maintaining present levels of funding or securing additional aid. Then, turning the problem around, the members discussed how the city could reduce its consumption of federal and state grants and plan for cutbacks in the future. The discussion progressed even further to the notion that Malden should not seek out some grants that ultimately cause the city to spend more money. So, for example, if Malden was eligible for state money to construct a new recreation facility, the grant requirements must be closely scrutinized to ensure that the city would not have to fund some associated costs like utility hookups. Or, the net result of the project (including costs like additional recreation personnel) does not cost the city more than is received. A wholistic approach towards problemsolving, as I have illustrated here, occurred frequently during tripartite meetings. Other discussions, however, reflected the committee members' personal beliefs and often their statements became strongly positioned.

While discussing reduced expenditures, the business and citizen representatives became highly critical of government and the government representative became defensive. As the facts on city salaries and services were examined, it was clear that Malden city government needed to stimulate productivity of some employees. The tripartite committee suggested identifying methods of increasing performance. This was one issue that was dominated by the business representatives and the recommendation grew in importance in the other stages of negotiation.

Initially, none of the committee members wished to address Proposition 2 1/2, although the limitation in taxes was the fundamental reason for the cities fiscal crisis. A city of only five square miles with virtually no land to induce growth has limited means of collecting additional revenue under Proposition 2 1/2. The committee, however, resisted discussing the topic for weeks, stating that no one would ever agree to it. After a few more meetings it became clear that there was no reason to avoid proposing an override of the proposition other than assuming it to be an unpopular idea. The business and citizen members eventually admitted they knew little about the law despite the fact that they had voted for it. It was agreed that a public information session should be held with state officials to that more citizens could understand how Proposition 2 1/2 limited the city budget and what effect and override would have. They also felt that if citizens could vote on what the increased revenue would be spent on, an override could be supported by a majority vote. This change in attitude by the committee happened over a four month period of discussion.

As the facilitator for the Revenue and Finance tripartite committee, I felt there was an even balance of participation between the government, business and citizen representatives. Government played on role of informer and defender of city policy, business gave a critique of government from their standpoint, suggesting new approaches to operations in the city. And the citizens provided reactions to both problems and solutions from the perspective of a recipient. The members were able to debate issues and ultimately reach some agreement.

On another committee, Human Services, the recommendations were not drafted with such equitable participation. This tripartite group consisted of a dentist in the private sector, the director of Malden's elderly services and a resident who works with a non-profit human services agency. The initial statement of concerns was drafted with less information and was skewed by the two members who worked with service agencies. The business representative had little input because he did not experience health care on such a broad scale. The recommendations did not give sufficient definitions of terms, factual justification for statements, nor provide solutions with realistic methods of implementation.

In general, the products of the six tripartite committees emphasized problems created by administrative oversight, insufficient funds and/or other reasons that were rooted in governmental efficiency. Accordingly, the solutions required substantially more action from the government than from other interests. Of the 148 final recommendations 119 indicate one or more branches of municipal government as the key implementor as compared to 24 recommendations that suggest private sector responses.<sup>18</sup>

The tripartite committees were a focal point in this process not only because they determined the scope and depth of the issues discussed but because they provided options separated without having to make immediate decisions on them. The committees overcame the obstacles associated with limiting options in negotiations: premature judgement, searching for the single answer, and the assumption of a fixed pie.<sup>19</sup> The single text prepared for team review eliminated the need for teams to position themselves to the point of polarization; at least one tripartite member with the perspective of the team had agreed to the ideas and thus making the teams more open to the proposals. I think overall the tripartite committees worked extremely well in this process.

Team Confirmation In the second stage of the negotiation, the teams reviewed these tripartite proposals. Figure 2 lists the interests represented on each team. The team meetings brought out the critical differences in the perspectives of the three groups. The citizen's team related to the draft proposals from an experienced viewpoint. The tone of their meetings sometimes took on the characteristics of a gripe session where personal complaints were aired. The government team assessed the draft statements for their feasibility in the existing administrative, and political structure.

There was rarely conflict between the team members because their critique was based on an administrative perspective that is clearcut. Also the most active team members already worked together in City Hall so that there was no need to build relationships.

As the facilitator for the business team, I can make stronger generalizations about the process of team confirmation for the

FIGURE 2

INTERESTS AND ORGANIZATIONS REPRESENTED ON THE  
MALDEN NIS NEGOTIATING TEAMS

CITIZENS	BUSINESS	CITY GOVERNMENT
One from each of the eight neighborhood wards	Chamber of Commerce	Mayor (elected)
Malden Clergy Association	Several small businesses	Malden Redevelopment Authority
Friends of Malden Public Library	The largest employer	Planning department
Malden Historical Commission	Rotary Club	Police department
Young Women's Christian Association (YMCA)	Malden Hospital	Council on Aging
Human Rights Committee	Representatives of the local banking community	Department of Public Works
Disability Commission	Assorted civic organizations	Wire department
TRI-CAP, a community action organization representing low-income residents	Private health care practitioners	City Council (elected)
B'Nai Brith Girls	University Professor	Public Schools department
Boy Scouts of America		
Loyal Order of Moose		
Alcoholics Anonymous		
League of Women Voters		



business representatives. There were 15 members who remained active in these team meetings, although some shifted in and out of the process, depending on their level of interest in the issue. The attendance of meetings held two to three times a month, usually included four to eight members--as did the government and citizen meetings.

The business team members could be placed into four categories. They were either a part of some service or quasi-public organization like a hospital or university, they were active in planning and politics prior to the process, they were residents of Malden or they were an employee from a large business who was delegated to work with the process as a representative of the firm.

The business team reaction to the content of the tripartite proposals, (as opposed to their reaction to the process, which I will discuss later) took on a critical tone. Since many of the recommendations were aimed at improving governmental procedures the team members could be more objective about how these improvements took place, particularly since the private sector was not directly affected. For this reason, the responses of the team seemed less committal as well as fault finding in nature.

The business team responses, though critical of many of the recommendations, were not always homogenous. Approximately half the team members were residents of Malden and would often react to proposals with what seemed to be the perspective of a citizen. The recommendations to increase the city's population was met with opposition by some business members who liked the character of Malden despite the benefits they could gain from promotion of the city. Also

issues important to small merchants--downtown lighting or Christmas decorations, for instance--were of no importance to businesses of greater scale. And similarly, some of the larger organizations had representatives who preferred to discuss issues such as taxation to meet their needs on a more sophisticated level. For some issues, however, all participants had similar reactions.

The team reaction to proposals like performance standards for the city were met with enthusiasm. Team members discussed this particular suggestion at length, and added ideas such as salary incentives to the recommendation which was originally drafted in vague terminology by the tripartite committee. The members also agreed that the ideas presented by the Human Services Committee were not well substantiated. And, like the tripartite committee, the team members went through a series of attitude changes as they learned from discussions on the proposal to override Proposition 2 1/2.

Full Negotiation While the team meetings centered around critique of the draft recommendations, the full negotiating sessions served a different purpose. During the full session parties were able to settled differences in perception on the issues, understand the intent of the other parties and obtain additional background information before reaching a decision.

Articulation of the problems, like human services, took a great deal of time in this process. What is a human service? Which services need to be provided locally or privately? Some of the problem statements were redefined even in this last stage of negotiation. During the last joint session, business team reiterated their concern that the recommendations designed by the human services tripartite committee were inappropriate and did not reflect the

interests of private providers of human services under any definition of the term. The mediator proposed an approach for the study human service needs at a later time.

Because many of the recommendations focused on the responsibility of city government, the intent of some proposals were questioned. Many participants thought an override of Proposition 2 1/2 was unnecessary and the city employees "wanted more money for nothing". The intent of the override had to be clarified. In another instance, the city planner was speaking on behalf of stimulating population growth in Malden. The businesspeople had agreed with this idea after team discussion, particularly the merchants who foresaw profit from an expanded market. The citizens held onto anti-growth sentiments because they feared the character of the city would change dramatically. What both groups came to understand is that the city must seek out new residents because the population is shrinking dangerously close to 50,000. After recognizing that a population below this number reduces intergovernmental aid substantially, the citizens recinded their protests. As you can see by these examples, new information was brought to the table each negotiating session.

The positions of each team became clear as they discussed the actual phrasing of the agreements. Generally the citizens team pushed for stronger governmental commitment while the government team preferred to be less committal. Few commitments were made by the business team, as they mostly lent their expertise to the discussion. Strength of commitment to the ideas took semantical form as parties debated about the use of phrases like "government will do this" versus "government could do this". These debates over wording represented a

negotiation around the level of responsibility the parties were willing to accept.

For example during the Crime and Safety joint session a response to the concern of youth crime was:

The Police Department will establish an education program in conjunction with the schools. An additional police officer will be assigned full-time to the schools with responsibility for maintaining communication with the student population. The city government should investigate the possibility of obtaining state or other funding for this effort.

The government team changed the third sentence to "should include establishing programs... if funds are available". The citizen's team wanted a stronger commitment by proposing this change:

The police department shall establish an education program in conjunction with the schools. A police officer shall be assigned to the schools whose responsibility it shall be to implement such program and establish communication with youth. The city government shall investigate the possibility of obtaining state and other funding for this program.

The ultimate choice of terminology represented a compromise from each team's position on the level of responsibility the government should take on an issue.

#### Active Mediators

The mediation team played a crucial role in the Malden NIS. Mediators in this process were active in helping the parties reach a solution. As discussed in prior evaluations of the NIS process, there are several responsibilities for the mediator and the mediation team in the activist role: (1) establish the context for the process, (2) clarify the issues, (3) help generate and evaluate possible solutions, (4) examine externalities related to options and review the consequences, and (5) examine implementation.<sup>20</sup> Both the head mediator for the joint sessions and the facilitators of the tripartite

and team meetings took on these responsibilities.

In this version of the NIS process, the staff spent a great deal of time promoting the process to Malden residents and business. The mediators created the context for the process in all three stages of negotiation. Because there was no strong sense of conflict or problem (Malden's problems were not perceived as distributive by the participants to draw the parties to the tables), the mediators worked harder to stimulate participation. The problem formulation stage strongly relied on the mediator to provide framework for the creating recommendations. Mediator role was also strong in translating the concerns of the teams and aiding in their presentation of the issues.

The examination of externalities and consequences of possible solutions was an important function of the mediator. When the Revenue and Finance Committee suggested that all programs financed by the city raise their own funds and submit a proposal to the city council to solicit for whatever was the unfunded remainder of their budget, I quickly illustrated the problems inherent in such a policy. While such a scheme could work for a high school athletic program, for instance, it would be highly impractical for a home health care program. In another example, the rejection of the Human Services proposal by the majority of the participants could have been prevented if the mediator had pushed the tripartite committee to foresee other reactions to their ideas.

The mediator also aided the participants in establishing realistic policies and pushed for discussion of possible implementation procedures. I saw my role of facilitator as a translator. I forced assumptions out into the open and put ideas into words for team members to revise. Helping the parties generate

options was the most difficult task but I feel it is the most important task in the process. Conflicts between interests are quickly settled in a mediator can devise a solution which incorporates the main issues of both parties. Many of the final recommendations were created at the full session as the mediator compiled the key points of the discussion into a recommendation that all the participants could live with.

### Accomplishments

What are the accomplishments of the NIS process in Malden? As I have mentioned, the participants created 148 substantive recommendations to improve local government and other aspects of the city. In Malden, this is perhaps more of an accomplishment than one would think. Malden is, by the admission of numerous residents, a city with a negative self-image. The participants in the NIS viewed the process as an event, simply because it was such a positive step toward improving the city. I think it is safe to assume that many of the ideas expressed in the NIS would never have reached a public forum despite the fact that most of the recommendations for improvement seem more routine than innovative. Some suggestions, like city wide clean-up, were picked up by the city councilmen and were in the implementation stages before the negotiations were completed. Other recommendations, like an updated master plan and a public process to rezone land had not ever been considered. And still other proposals--particularly the override of Proposition 2 1/2--were considered politically infeasible. It is unclear how many of these recommendations will be followed through. I think the agreement does provide a clear direction for city agencies in Malden. In this sense

the NIS accomplished its goal to develop a three to five year "action plan" for the city.

In addition to the action plan, I think the NIS provided some less tangible benefits. Participant education played a crucial role in this process. The negotiating sessions, the information session on city finance, the newspaper insert and the public hearings informed citizens and increased their awareness of critical issues. Much of what team members learned was passed on to neighbors, Chamber of Commerce members, and other personal networks. During the process it became apparent that most of the participants did not understand the property tax proposition they strongly supported on the ballot three years ago. Given this notion, it seems that any information forum can only be an asset in a community.

This process was an impetus to city government. As the police captain stated at a public hearing: "I didn't realize people cared about how we did things. I didn't think anyone thought it was important. It's good for us to know that people care." Because the final agreement was signed by the mayor and other government representatives, citizens and business people have some recorded statement of intent from the city. This can be used as political leverage should any of the recommendations be neglected. And because the action plan was created through a community process, the shortcomings of the city government were brought out into the open. Some recommendations, such as timely collection of taxes, will be followed simply because public acknowledgment of the city's inefficiency is an embarrassment.

The process also fostered relationships between groups who would never have met otherwise. Many citizens grew to know the city planner as one of the more effective actors in the city hall. Some new business relationships were also established. The connections created through the NIS not only strengthened professional interactions between business or between business and customer but also paved the way for future public-private interactions in the city.



#### CHAPTER FOUR: POLICY PARTNERSHIPS FROM THE BUSINESS PERSPECTIVE

These descriptions of successful collaborations both in the first chapter and the example of Malden NIS do not tell the whole public-private partnership story. Despite the benefits, there are some tensions, inherent to partnership, that inhibit participation. I think these tensions are strongest with the private sector, as business people are the least likely to "come to the table" in a policy making negotiation setting. For citizen groups, a process like NIS may be one of the few opportunities to contribute to policies that affect them. For government representatives, public policy is the basis for their career. But for business people, policy making--particularly in a non crisis or integrative a situation--is not always perceived as a relevant activity for the private sector. The attitudes of the business community in Malden exemplified a number of conflicts related to private sector involvement in public processes.

Those business people who lived in the city had special concerns about improving it. No business member felt that the NIS process would directly benefit their business, although some felt that the potential secondary effects such as improved police protection, cleaner streets, and changes in zoning were important enough reasons to participate.

When business team members gathered initially, they were hesitant about the process because it was unclear how the recommendations would be implemented. In addition, there was a negative attitude towards the city administration, the assumption being that government was not capable of implementing any innovative policy. Some of this discouragement was justified; the majority of the recommendations

identified actions that the city government should have already undertaken. Late tax collection resulted in a loss of thousands of dollars. In 1972, the city bonded for both a new high school and a new city hall. And a 1.2 million dollar error in the budget calculations threatened the jobs of city employees. As one business member said, "Because we have to cover the basics the government hasn't covered, we can't really get creative with this process."

In observing the business members I think it was their hope that this process would promote change but it was their assumption that it would not. Overall, the commitment was easy to give because the business members could not speak for the entire business community nor did they have the authority to delegate specific businesses to get involved in community action.

From my observations of business people involved in the NIS policy partnership, I see four areas of concern from the business perspective: What are the gains business can associate with joint policy partnerships? What are the requirements? What are the impediments to making such interactions work? Does informal collaboration outside the formal auspices of the electoral process create problems? The following sections provide a synoptic discussion of private sector concerns.

### Gains in Policy-making

At the onset of a policy partnership, the outcome cannot be predicted. This unpredictability creates hesitancy among the parties to get involved in the process. As an interest group evaluates the pros and cons of joint ventures, they should consider the value

derived from participation in the process along with the content of the final outcome.

A key benefit derived from a process like NIS is the opportunity for a broad spectrum of representation in decisionmaking. This is particularly important for the private sector because of its numerous "sub sectors" with diverse perspectives. In urban development the private sector includes not only those who design and build new development but other businesses who are affected by it. For instance, small downtown merchants may be adversely affected by a new shopping mall that upgrades the competition. Public sector interactions with business in this case may only focus on real estate brokers or construction companies, excluding the smaller atomistic businesses. A policy partnership could convene all the parties, connected to the issues at hand.

These policy-making partnerships also allow parties to assess net gains. The process provides an opportunity to examine the externalities in any situation so that potential benefits can be evaluated in context. Is the creation of this new shopping mall actually creating jobs if several small merchants go bankrupt? Similarly such a process can balance the concerns of current residents with plans for future growth. Often cities will try to attract new businesses without meeting needs of existing ones.

A partnership format is versatile. It allows for education between sectors and an exchange of ideas and priorities between groups affected by broad policies. The examples in the first chapter dealt with community development and ecological conflicts but other issues can be examined, such as economic policy, land use, or tax policy. For instance, many regions faced with the flight of industries are now

having to make decisions about what incentives to offer businesses and how to structure the policies that will most affect them. A forum for bargaining between business and government could be used to "brainstorm" new methods for increasing employment. Or, if the situation is zero-sum, groups could identify the concessions that would persuade business to curtail deindustrialization. The creation of taxation policies is still another area where this method could be useful. How should a state government tax a regional branch of a multinational corporation like Xerox? Should the payroll, sale receipts, or property value be used as a tax base? How can you segregate the taxable assets of a sales branch or manufacturing plant and avoid multiple taxation on the entire corporation? Business input in this case could be useful in devising an approach to taxation that is realistic and equitable to both the city and the private sector as a whole. The possibilities for identifying joint gain through this process are endless. Getting a business sector to recognize these possibilities, however, could be a difficult task.

#### Requirements for Success of Policy-Oriented Partnerships

From successful partnerships such as the NYC Partnership and CPHA as well as those illustrated in the Massachusetts Task Force on Private Initiatives, five general requirements for success can be identified: (1) leadership and initiative, (2) time and commitment, (3) planning and organization, (4) spokespeople with vested authority to make decisions, (5) civic foundations. The NIS process, promoted these requirements.

First, no partnership can exist without leadership. There must be at least one person who can lead others into partnership. Taking initiative to sell ideas is especially important since the gains in policy partnerships are not always evident. Although the mediators in the Malden NIS were instrumental in organizing the process, civic leaders had to sanction the idea and initiate participation. If the initiators of partnerships are already respected leaders in the community, the credibility of the process is greatly enhanced. Leadership includes the imagination to foresee solutions from the process, a willingness to take risks, an openness to compromise and to share decision-making with others and a real conviction that the process is valuable. Leaders must have a sense of urgency about a problem and a willingness to commit early to active solutions.<sup>21</sup> CPHA acknowledges these leaders as "civic entrepreneurs" who push for change regardless of the political climate.

After the idea of partnership is accepted, participants must be willing to commit themselves to the process and to the interests of their constituency. Partnership blends members of several groups to form a new organization, thus laying the ground work for this new entity takes time and energy. This was particularly true for the business people in Malden, who had no relationship with one another prior to the NIS.

The length of the process has a bearing on the necessary time commitment for the participants. An ongoing policy-making process like CPHA can have a large number of people who float in and out of the procedures and who work on smaller tasks or committees. A conflict-oriented forum, like the Water Roundtable, may have a shorter life but demand consistent participation to ensure continuity.

Organization of the process is perhaps the most difficult task in a policy partnership. Ground rules and procedures must be established in before the topic of the discussion can be addressed. Who speaks and when can they speak? How long will the process last? How is conflict handled? How is fairness maintained? How is necessary information introduced into the process? What is expected of the participants? Does consensus or majority vote achieve agreement? A series of procedures like these must be agreed upon by all parties. In mediated processes like the Roundtable and the NIS, the mediator organized the process. This non-partisan approach eliminates procedural conflicts and allows participants to concentrate on the issues.

While other forms of partnership simply require partners to extend their professional roles into a joint ventures, policy partnerships ask participants to build ideas and new plans in an atypical setting. And unlike performing a familiar task the necessary discussion and negotiation is dependent on affirmative personal interaction for success. And because a policy partnership can be open to a broader group of people than most decisionmaking settings, numerous and conflicting personalities must be managed--personalities that are not quelled by any authority. Therefore the quality of participant interaction is critical to this type of process.

Another important factor in this partnership setting is the presence of authorized spokespeople during decisionmaking. In order for the process to be viable, the representatives should be able to commit to decisions with authority, as in a mayor allocating city funds to a project, or a Chamber of Commerce speaking for downtown

merchants. Without authority, the discussions are merely wish lists that have no potential for implementation. Not only should the spokespeople vocalize the concerns of their constituency, the constituency must acknowledge them as representatives and authorize them to make commitments and decisions. In the Malden NIS, only the government team had authority to make commitments the business and citizen teams could only surmise what their peers would agree to.

But the process can work with non-authoritative representation. In the case of CPHA, participants only represent themselves. However, the network reached over one thousand people and was built over forty years time. A newly initiated partnership may not command that level of direct involvement and so representation of all the interests is of greater concern.

Along these lines, it is imperative that the proper "civic foundations" be in place. The Committee for Economic Development in New York outlined several of these elements including:

- A civic culture that fosters a sense of community and encourages citizen participation rooted in practical concern for the community.
- A commonly accepted vision of the community that recognizes its strengths and weaknesses and involves key groups in the process of identifying what the community can become.
- Building-block civic organizations that blend the self-interest of its members with the broader interests of the community and translate those mutually held goals into effective action.
- A network among key groups that encourages communication and facilitates the mediation of differences.
- Leadership and the ability to nurture "civic entrepreneurs," that is, leaders whose knowledge, imagination, and energy are directed toward enterprises that benefit the community.
- Continuity in policy, including the ability to adapt to changing circumstances, that fosters confidence in sustained enterprise.

CPHA also acknowledges stable local political leadership as key to their efforts. Baltimore has had only two mayors in the last fifteen years one with twelve years of continuous leadership and municipal policies. In contrast, Malden's mayor must be elected every two years. It was this instability of the city administration that discouraged many business team members from working on public sector issues.

### Impediments to Structuring the Process

As I mentioned earlier, managing a partnership process involves interpersonal skills. While partnerships are usually critiqued for their structure, I think there are some fundamental tensions between groups which go unexamined in discussions of partnership. If the previously discussed requirements are building blocks for partnership, then communication is the glue that holds it all together. When tensions become great, communication will inevitably falter.

After observing the NIS, I categorize some of these fundamental tensions as differences in perception and definition between the sectors. The following summarizes the tensions that can impede communication and ultimately the success of the partnership process.

Fragmentation and Accountability As I alluded to earlier, the term "private sector" belies the multiple perspectives held within it. A neighborhood grocery store, ITT, a shoe manufacturer, and a private attorney-at-law are all in businesses of different scales and purposes. Subsectors like retail, manufacturing or utilities have little connection to each other even within one city. The lack of a natural relationship between subsectors decreases the potential for



communication. This was exemplified on the business team where downtown merchants perceived several issues differently than the banking or manufacturing representatives.

The scale of a business also effects the approach toward partnership. Along with the different levels of resources accesible to corporate and local businesses each differs in perspective on how to serve their community. A local store must be accountable to its market--the residents in their city. A large chain store still relies on local customers but has the option to sell in other cities as well. These differences have an impact on how businesses approach policymaking. Local businesses may feel more responsibility and obligation establish policies that serve the community. Corporations make great impacts on a city but may not feel responsible or committed to it enough to be a partner nor dependent enough to feel they can barter with other groups in the city.

Perceptions of the Public Sector Just as the term "private sector" is too broad to categorize all it's members, the phrases "public sector" and "public good" evoke more than one definition and require clarification. In particular, there are two points of confusion when dealing with the public realm. One involves the difference between politics and administration. In a forum setting with government, when are you interacting with a politician who makes promises to get elected versus working with bureaucrats who understand what proposals are really feasible? How does a non-government partner recognize political and administrative authority? What happens when a politician makes a promise and then does not get re-elected? The roles of governmental factors must be spelled out

clearly.

Another point of confusion lies in the responsibility of government to provide public goods. Citizens look to the government to provide goods and services that must be consumed by all residents, like street lights or police protection. But unlike a private good it is difficult to assess how much service to provide to residents for the cost. The typical taxpayer response, whether business or resident, is that if you pay your taxes you are entitled to all the services you want. City administrators, on the other hand recognize the costs for these public goods and limit their distribution through some type of standard.

For example, downtown merchants may want bright streetlights to attract shoppers during the months when nightfall comes early. Their desire is to have enough light, say, to read a newspaper. The city planner uses the recognised standard for street lighting which provides enough light to read street signs from 20 feet away. Any more electricity used would be considered a luxury by the government but for the merchants it seems like their right as tax payers.

Externalities can exacerbate a conflicts between consumers and providers, as in the case of police services. Let's suppose the standard measure for police protection is measured in officers per capita. Under this standard, an exceptional police force would hire 10 officers per 100 residents. If the incidence of crime were to double overnight, the effective level of officers per capita would be reduced to 5 officers per 100 residents. Citizens would complain about insufficient protection while the police department would point out their admirable 1 to 10 ratio of police to citizen. Both positions

would be reasonable since no one could account for the external effect of a doubled crime rate. Although this is a simplistic example, it helps to explain the conflict between government and non-government perceptions of public goods.

Differences in Culture Without extended discussion, it is reasonable to generalize about the differences between government and business culture. There are numerous constraints that limit the ability of public agencies to make quick decisions and actions. Government, in its effort to provide goods equitably, requires several levels of approval from different constituencies before a decision is made. Businesses are essentially responsible for making profits and do not legally have to seek approval from multiple sources of authority before making a decision. Despite the fact that these differences are fairly obvious, they can create frustration when the sectors try to work together. This frustration did occur in the Malden NIS. The nature of private enterprise demands flexibility and innovation in producing a tangible product. Government does not function in this manner. According to government, business doesn't understand the "red tape" and political relations to move through the system. According to business, government is inefficient.

#### Inherent Problems in Partnership

Clearly, no type of partnership can eliminate all the conflicts between any two groups. Furthermore, the fact that the processes are not controlled or bound by legality can exacerbate problems. Trust, then, becomes a critical element to policy partnerships. While I think a well structured and well managed process can reduce mistrust,

potential conflicts caused by partnership are important to consider.

There is a danger that these processes can strengthen collusion between business and government to the exclusion of the public interest. Much of my discussion of private sector involvement stresses participation of less influential business interests, when in fact, a common assumption is that businesses are already too powerful in the realm of policymaking.

Businesses, particularly industry, can have a stronghold on city policy by threatening to relocate, reduce jobs or curtail expansion. Because a city derives its strength from private sector growth, larger businesses can either "blackmail" government with these threats or can make special bargains when policies are unfavorable to their interests. Policy partnerships could easily legitimize such collusion--especially if the public at large is not well informed.

A partnership cannot ensure that private negotiations between sectors will not happen. A formal process could be a facade for decisions that have already been made. The partnership then takes on the same role as other "public participation" processes where people add criticisms after the decisions have been made.

On the other hand, there are positive attributes to private negotiations. Concessions between government and business are not infrequent and even concessions made outside the rules can ultimately benefit the public. I recall an example of this in my own experience where a city councilman allowed zoning regulations to be ignored for a 40 story office building in the central business district. Instead of a mandatory 45 foot setback from the curb, the contractor got a 35 foot setback. Even ten extra feet increased the contractors profit

considerably. The contractor, in turn, agreed to renovate some public housing for a below-market rate costs. I think this would not have been accepted in a public exchange, yet done privately, no problem was created.

This concession was not be technically legal and zoning regulations are not created to be ignored. However, the net result does not create hardship to any party. Such tradeoffs conceivably would take place regardless of any public processes available.

Power imbalances, perceived or actual, can deter parties from participation in a process. A corporation attempting blackmail by cutting off jobs may see no need to become partners with city government. In another instance, a scattered group of businesses in a small city may feel overwhelmed by the politics of city government and decline from working with them. Relative power positions change according to the context of the partnership. In a zero-sum setting, parties are dividing the pie and the greater power may end up with the larger slice.

In the book Getting to Yes, the party with the Best Alternative to Negotiated Agreement (BATNA) has the most power in a negotiation setting. The BATNA for the Roundtable communities with water was to walk away from the negotiating table because there was nothing for them to lose. Denver representatives, on the other hand, had no better alternative than to reach an agreement to guarantee their water supply. Business team members in Malden also felt they had the least at stake in the process since most of the recommendations served citizen and government interests directly. The business BATNA was also to walk away from the negotiation. If abandoning the process is the best alternative to negotiating, it is easy to see how insincere

or noncommittal attitudes could be held by business.

In general, a process like NIS can be an equitable supplant to governmental systems only when: the mediator is truly neutral, the decisions are consensual, the actors have authority to make commitments and the entire process is made public. Given these requirements, it would not be difficult to skew the process to produce an inequitable results. Inequitable, in this case, would mean an imbalance of power, presumably with the unempowered remaining in a powerless state. Some would argue that a mediated process such as NIS could legitimate unfair decisionmaking and eliminate non-standard but effective methods of political power such as a protest, negative publicity and private negotiation. Without consensus, neutrality, even-sided authority and public process, I think a policymaking partnership could be dangerous to the interests of less sophisticated parties.

Despite the tensions and problems in policy partnerships, the Malden experience illustrates the notion that a process like NIS has exciting possibilities that should not be ignored.

## CHAPTER FIVE: EFFECTIVE USE OF THE NIS PROCESS AS A PARTNERSHIP

In this thesis, I have first described three types of public-private partnership--private provision of public goods, public investment in the private sector, and joint public-private policy formation. With these distinctions made, I next offer the NIS process as one approach to joint policy formation. The critical question then becomes: can the NIS process be effective as a partnership format? I think the effectiveness of this process is contingent on these two factors:

1. That the NIS process be found both useful and acceptable to the party with the least incentive to participate--namely the private sector; and
2. That the process is managed and mediated efficiently.

Although the previous chapter outlines the private sector perspectives on public policymaking, I have some additional comments to accompany the notion that business can actively approve of an NIS. And in summary, I offer some suggestions for effective management of the process.

For several reasons touched upon in the previous chapter, it is difficult to provide a definitive statement on private sector acceptance of a process like NIS. Because the NIS process is a model, it can be seen as an idealistic approach--one that may work better in theory than in practice. The Malden NIS initially received support from the local business sector. And those business participants who were active throughout the year long process were excited about the concept. Given the small-town political and social atmosphere of Malden, generalizations about business sector attitudes toward an NIS process should not solely stem from the Malden experience. Some members of the business community chose to construct their own

planning forum--Malden 2000--in an attempt to target issues strictly concerning business in Malden. Others, who had little confidence in the municipal administration valued the idea of NIS but felt the city would never follow through on the ideas generated. I think these reactions, while not directly affirming the Malden NIS, do support merit in the idea that the business community sees the process overall.

As a supplement to our judicial and administrative forms of government, the NIS allows for consensual decisionmaking. I think the appeal of this process to business and other sectors is the opportunity for integrated ideas to grow from the contributions of individuals. In this process, multiple interests can affect policy without competing against one another for the support of a few politicians. The idea of creating legitimate policies or programs without working through slower-paced administrative systems can be attractive to people seeking change in their community.

As the physical, environmental and economic problems of our urban areas spill beyond city or state boundaries, the authority of jurisdictional decisionmakers becomes insufficient. The multijurisdictional issues addressed by the Denver Metropolitan Water Roundtable illustrate the need for forums like NIS.

The Massachusetts Governors Task Force on Private Initiatives recommends that ongoing forums with local businesses, non-profit organizations and public agencies be convened by business leaders to discuss a wide range of community issues--thus the task force also supports using an integrative approach to problem solving without a perceived crisis as motivation. Like CPHA, businesses and other groups could take the opportunity to consensually establish priorities



for Massachusetts cities.

Regardless of the problems to be addressed, an NIS process can only be effective if the structure and organization is clear. After participating in the Malden NIS, I see several issues to be considered when implementing a policy forum, and more specifically a Negotiated Investment Strategy that features Mediated Negotiation. These suggestions could be helpful to others interested in implementing an NIS.

Consider the Desired Outcome Before Structuring the Process

Since the impetus to initiate an NIS stems from a general recognition of one or more complex problems, assess whether the problems to be worked on are integrative or distributive. Do the parties most concerned with these problems view the situation as strictly win or lose or would they enter into a process with a more open, exploratory attitude? The structure of the process should be tailored differently for a "crisis" situation. For instance, in a non-crisis or brainstorming format such as in the Malden NIS, it is less important for teams to have consistent attendance at all joint sessions if views can be adequately represented by other members. A more controversial situation would require continuity in participation.

Also when the situation is not viewed as critical, the Best Alternative to Negotiated Agreement in the short run may be non-participation, hence the process should not be too demanding. The initiators of the process should devise a schedule that allows adequate time for education and discussion among the parties but does not take so long that the enthusiasm is lost.

Obtain support from those who must implement potential agreements. The participants of the process must be authorized to make decisions for their constituencies. Participants and organizers of the process should get the endorsement of all agencies or groups who may implement the proposed outcome--if they are not already in the negotiating process.

Acknowledge the role and responsibility of the mediator. Use of a mediator is one method of structuring a policy process so that it is truly a partnership. The mediator can provide the context and parameters to insure the outcome meets the needs of all parties involved. Some of the partnership tensions discussed in Chapter Four are reduced through the use of mediators. As a neutral manager of the process, the mediator can help GAINS to be identified for all parties. Many of the REQUIREMENTS for successful partnership can be maintained through the use of a mediator who establishes procedures, maintains order, inspires enthusiasm, and solicits participation from interests that would want representation. DIFFERENCES in perceptions can be bridged through the mediator's careful observation of attitudes and tensions exhibited during the process. And PROBLEMS like imbalances in power can be neutralized to some extent by the direction of information and discussion overseen by the mediator. Partnership essentially creates a relationship where none existed before and the mediator helps to fill in the gaps in these fledgling relationships. The mediator must determine his or her level of involvement before entering the process. Particularly when the mediator is active, as in the Malden NIS, trust must be built between the participants and the mediator.

Limit the focus of the discussions. One recurring comment about any type of partnership is that they can become overly ambitious in what they attempt to do. The Malden NIS covered a broad range of topics within the six general areas of concern. Unless there are a large number of participants representing a constituency that take on different topics, the discussions should not have a broad focus. The purpose of negotiating on several problems in Malden was to allow for trade of concessions between the groups. Unless the participants are well versed on the subjects, the amount of background information required to make insightful decisions on issues makes discussion of numerous topics in a short time difficult to achieve. The possibility of trading concessions becomes lost when participant experience information overload.

Be aware of the difficulty in enlisting participants, particularly if the process is time consuming. Unless the topic is viewed as controversial or relevant to their immediate lives people are not always willing to devote the amount of attention a policy partnership requires. This realization does not invalidate the process and should not be seen as discouraging. It simply requires proper planning of the structure and clear marketing of the process. Extensive publicity of the process also serves as political leverage when implementing the agreement as well as restimulating interest in the proceedings. An informed public becomes the watchdog in a controversial negotiation.

The main concern here is that all interested and affected groups be represented. If interests strongly affected by the outcome are not included in the process, the results will not be fully consensual. This would decrease the legitimacy of the final agreements and leave

room for the outcome to be contested at a later time.

Formalize the exchange of information. All of the data used to inform the decisionmakers should be made available to the public. Condensing the information exchanged during the process are based on such information, and without it, non-participants cannot discern how agreement were reached. In the Malden NIS it would have been helpful to document all supporting facts that went into the agreement, so that any person entering the process late could understand why the decision was made.

In conclusion, the Negotiated Investment Strategy provides a flexible framework to help citizens, business people and government work together on improving their community. It is my hope that open integrative forums like NIS will be used more frequently as cities begin to tackle new and greater problems.

# **APPENDIX**

## FOOTNOTES

1. This definition of public-private partnership is an altered version of a definition provided by the Report of the Governor's Task Force on Private Sector Initiatives, Commonwealth of Massachusetts, February 1983, p. 9. This revised definition includes the notion that community residents also can act in a partnership role.
2. The Boston Housing Partnership, Inc., Request for Proposals, August 18, 1983, p. 44.
3. C. William Verity, Jr., "The Role of Business in Community Service", Journal of Community Action, Vol. I, No. 4, 1982, p. 7.
4. Mitchell Sviridoff, "Neighborhood Revitalization: The Role of LIISC", Journal of Community Action, Vol. I, No. 3, 1982, p. 4.
5. Faculty Seminar on Public-Private Partnerships, Harvard University Center for Business and Government, February 24, 1984.
6. Lawrence Litvak, Belden Daniels, Innovations in Development Finance, The Council of State Planning Agencies, 1979, p. 100.
7. David Mehegan, "Conference Focuses on Need to Monitor Boston's Growth", The Boston Sunday Globe, April 15, 1984, p. 37.
8. Ibid.
9. Katherine Lyall, "A Bicycle Built for Two: Public-Private Partnership in Baltimore", National Civic Review, Citizens Forum on Self-Government, November 1983, Vol. 72, No. 10, p. 534.
10. Ibid, p. 536.
11. W.J.D. Kennedy and Henry Lansford, "The Metropolitan Water Roundtable: Resource Allocation Through Conflict Management", Environmental Impact Assessment Review, April 1, 1983, Vol. 4, No. 1, p. 68.
12. The term "Mediated Negotiation" is highlighted in the article, "Mediated Negotiation in the Public Sector" (Susskind and Ozawa, 1983), and "is used rather than mediation in order to emphasize the presence of a neutral intervenor and to distinguish mediated negotiation from other consensual approaches to dispute resolution that employ the assistance of a third party".
13. Center for Public Policy Analysis, "Rethinking Urban Governace: An Assessment of the Negotiated Investment Strategy", SRI International, July 1981.
14. Sylvia L. Watts, "Description and Assessment of the Connecticut

- Negotiated Investment Strategy Experiment", unpublished paper for the Program on Negotiation, Harvard Law School, 1984.
15. Lawrence Susskind and Denise Madigan, "Six Innovations in the Process of Public Sector Dispute Resolution", publication in process, 1984.
  16. Single text, negotiation, as suggested by Fisher and Ury (1981) simplifies multilateral decisionmaking by providing one set of solutions that can be agreed or disagreed upon--as opposed to negotiators generating all proposals at the negotiating table.
  17. Howard Raiffa illustrates through gaming theory how parties often stick to a set idea or position to defend themselves against other parties. Fisher and Ury in Getting to Yes, have popularized four guidelines for establishing principled negotiations: separate the people from the problem, focus on interests, not positions, invent options for mutual gain, and insist on using objective criteria. These four themes were helpful to remember in mediating NIS discussions and were most applicable in the problem articulation stage.
  18. A Negotiated Investment Strategy for Malden, Mass. Final Agreement Index, 6/15/84.
  19. Howard Raiffa, The Art and Science of Negotiation, Cambridge, Mass, 1982, p. 219.
  20. Sylvia Watts, op. cit., p. 46. NOTE: Watts makes a distinction between active and assertive mediators, acknowledging that a highly active mediator could lose his/her impartiality. The term assertive tries to imply a strong, watchful presence but does not connote involvement in the outcome.
  21. The Report of the Governor's Task Force on Private Sector Initiatives, op. cit., p. 19.

## REFERENCES

- Bloom, Howard S., The Determination and Expression of Demand for Public Services: The Case of Local Public Schools, pp. 21-44.
- Boston Housing Partnerships, Inc., "Request for Proposals", August 18, 1983, p. 44.
- Brooks, Harvey, Lance Liebman, and Corinne S. Schelling (ed.), Public-Private Partnerships, New Opportunities for Meeting Social Needs, Ballinger Publishing Co., Cambridge 1984.
- Caine, Gressel, Midgely, Slater, Inc., "Local Initiatives Support Corporation", Program Summary April 9, 1982.
- Center for Public Policy Analysis, "Rethinking Urban Governance: An Assessment of the Negotiated Investment Strategy," SRI International, Menlo Park, July 1981.
- Colosi, Thomas, "Negotiation in the Public and Private Sectors, a Core Model", American Behavioral Scientist, Vol. 27, No. 2, November/December, 1983, pp. 229-253, 1983 Sage Publications.
- Commonwealth of Massachusetts, "The Report of the Governor's Task Force on Private Sector Initiatives", February 1983.
- Fisher, Roger, "Negotiating Power", American Behavioral Scientist, Vol. 27, No. 2, November/December 1983, pp. 149-166, 1983 Sage Publications, NY.
- Fisher, Roger, William Ury, Getting to Yes, Negotiating Agreement Without Giving In, Penguin Publishing, NY 1981.
- Garn, Harvey A., "The N-I-S: A Review of the Concept and Its Implications for Revitalizing Cities", A Report for the Committee on Economic Development, Subcommittee on Revitalizing America's Cities, NY, 1980.
- Harvard Program on Negotiation, "A Negotiated Investment Strategy (NIS) for Malden, Massachusetts, Final Agreement and Implementation Appendix", June 15, 1984.
- Harvard University Center for Business and Government, "Faculty Seminar on Public-Private Partnerships", February 24, 1984.
- Kennedy, W.J.D. and Henry Lansford, "The Metropolitan Water Roundtable: Resource Allocation Through Conflict Management", Environmental Impact Assessment Review, Vol. 4, No. 1, 1983, Plenum Publishing Co., NY.
- Langton, Stuart, "Public-Private Partnerships: Hope or Hoax" National Civic Review May 1983, Vol. 72, No. 5, National Municipal League, City Forum on Self-Government, NY.



Litvak, Lawrence, Belden Daniels, Innovations in Development Finance, The Council of State Planning Agencies, Washington, DC, 1979.

Lyall, Katherine, "A Bicycle Built for Two, Public-Private Partnership in Baltimore", National Civic Review, November, 1983, Vol. 72, No. 10, Citizens Forum on Self-Government, National Municipal League, Inc., NY.

Malden (Massachusetts) Evening News, "A Potential Cure for Solving Cities Current Ills" Tuesday, May 29, 1984.

Mehegan, David, "Conference Focuses on Need to Monitor Boston's Growth", The Boston Sunday Globe, April 15, 1984, p. 37.

Pease, Robert, "Faculty Seminar: A Tale of Two Cities", August 28, 1983.

Raiffa, Howard, The Art and Science of Negotiation, Harvard University Press, Cambridge, 1982.

Stever, James A., "Citizens Participation in NIS" Journal of Urban Affairs, Summer 1983, Vol. 5, No. 3, Virginia Polytechnical Institute and State University.

Susskind, Lawrence and Connie Ozawa, "Mediated Negotiation in the Public Sector-Mediator Accountability and the Public Interest Problem", American Behavioral Scientist, Vol. 27, No. 2, November/December 1983.

Sviridoff, Mitchell, "Neighborhood Revitalization: The Role of LISC", Journal of Community Action, Vol. I, No. 3, 1982, Center for Responsive Governance, Washington, DC.

Verity, C. William Jr., "The Role of Business in Community Service", Journal of Community Action, Vol. I, No. 3, 1982, Center for Responsive Governance, Washington, DC.

Walton, Richard E. and Robert McKersie, A Behavioral Theory of Labor Negotiation, McGraw Hill, NY, 1967.

Watts, Sylvia L., "Description and Assessment of the Connecticut Negotiated Investment Strategy Experiment", unpublished paper, Harvard Program on Negotiation, 1983.

\_\_\_\_\_, "The Connecticut Negotiated Investment Strategy Experiment: The Uses of Mediation in Governmental Negotiation", unpublished thesis, MIT, 1983.

Wilson, James Q. (ed.), Urban Renewal the Record and the Controversy, MIT Press, Cambridge, 1966.

# SAMPLE OF NEGOTIATION TEXT

Malden NIS  
Revenue and Finance Tri-Partite Committee  
Recommendations

DRAFT

## Statement of Concern

Present economic conditions and trends in Malden indicate a serious threat of financial failure. All possible methods of intervention should be explored to alleviate current financial problems.

1. **Concern One:** Malden government, businesses and residents must jointly seek methods of reducing expenditures to meet current needs while maintaining acceptable levels of service.
  - A. **Problem Statement A:** The present structure, administration and budgeting of city resources warrant re-examination and possible reorganization to improve efficiency.
    1. **Diagnosis One:** In order to insure the highest degree of efficiency in the management of municipal resources, representatives from key departments within the city, residents and business interests should review city operations and examine both user and provider concerns.
      - a. **Response A:** A task force of city/business/resident representatives could be formed to examine possible methods for enhancing productivity. Technical consultants could be engaged by this task force to respond to problems which require greater expertise if necessary.
      - b. **Response B:** Specific items for examination are: review of budget to identify cost saving measures; review of department staffing and management to look for methods to increase efficiency; an inventory of equipment and supplies; review of city bidding procedures.
    2. **Diagnosis Two:** The city has not implemented the necessary incentive systems needed to enhance productivity.
      - a. **Response A:** Each city department should prepare a performance budget indicating the cost per unit of service it provides. These should be compared each year and used to measure improvements in departmental productivity.

- 
- b. **Response B:** Each city department should propose specific measures each year by which it proposes to improve its productivity. These should be widely publicized. The results of the previous year's efforts should also be publicized. Whatever merit pay increases and promotions are given should take these results into account. If current labor contracts don't permit such attention to performance, contracts should be renegotiated when they come up again.
2. **Concern Two:** Malden is highly dependent on State and Federal revenues as compared to other communities. Were these funds to be cut off or reduced substantially, the city would be in serious financial difficulty.
- A. **Problem Statement A:** External funding sources leave the city vulnerable to Federal and State allocation cuts.
1. **Diagnosis One:** Malden must ensure that Federal and State funding continue at stable levels, accounting for inflation.
- a. **Response A:** City officials should lobby state federal agencies for a multi-year guarantee that city aid will remain at current levels.
- b. **Response B:** Malden representatives should press the state to take over the MBTA debt. Malden pays \$2 million a year to the MBTA to cover this debt.
- c. **Response C:** Along with all efforts to ensure current funding, the city should identify its options for coping with the likelihood of reduced state/federal money.
2. **Diagnosis Two:** As discussed in the Development recommendations, if the current decline in population continues, Malden could be exempt from State and Federal funds which help to maintain basic city services.
- a. **Response A:** Reiterating the responses as outlined in the Development proposal, the city should explore all possible options to improve the physical condition of the city and thereby attracting new residents.
- b. **Response B:** Malden businesses, government and citizens should jointly stimulate interest in Malden through a "city appreciation" type of advertizing campaign, stressing the positive aspects of the city.

- B. Problem Statement B:** External funding sources limit the city's control over the use of funds awarded to the city.
1. **Diagnosis One:** The solicitation and use of restricted intergovernmental funds should be re-examined.
    - a. **Response A:** Malden should evaluate the restrictions on state/federal dollars to ensure that funds match city priorities and capabilities in effectively utilizing those funds.
    - b. **Response B:** Malden, through its representatives should push the state legislature to allow more flexibility in the use of state funds.
3. **Concern Three:** Malden bond rating (Baa) in one of the lowest in the Commonwealth, increasing the cost of the debt service.
- A. Problem Statement A:** The reasons for this low rating and approaches to improving this situation need to be researched and developed.
1. **Diagnosis One:** The present time lag in the collection of taxes unfavorably affects the bond rating.
    - a. **Response A:** Develop a community-based method to assure early collection and voluntary payment of estimated taxes as a standard collection procedure.
    - b. **Response B:** Send early notices to taxpayers requesting voluntary payment based on their previous year's tax bill. Identify possible incentives for early payment of taxes.
    - c. **Response C:** Urge banks to participate in this process through contact with bank boards of directors, stating the problem from both the bond rating and community involvement point of view.
  2. **Diagnosis Two:** The city's bond rating is low because Malden has a high rate of bonded indebtedness. Note: Malden issued a bond for the new high school and a bond for the Government Center in 1982.
    - a. **Response A:** Identify and abide by a maximum level of debt per capita.
    - b. **Response B:** Require all future bonding efforts be made on a revenue bond basis rather than a general obligation basis until the city's bond rating is approved.

- c. **Response C:** Enlist the services of an investment banker as a trustee and consultant to city bonding issues.
- d. **Response D:** Identify strategies for financing the city's present and future unfunded pension liabilities, which if not addressed, will exacerbate the current debt problem.

4. **Concern Four:** Additional methods of generating municipal revenues should be explored.

A. **Problem Statement A:** Malden, like other municipalities in this state, must identify alternative methods of obtaining additional operating revenues and identify more effective ways of pooling and regenerating existing resources.

1. **Diagnosis One:** New methods of generating additional revenues must be identified and carefully reviewed. The task force described in Concern One could also undertake the following:

- a. **Response A:** The city fee schedule should be reviewed along with pertinent state laws to identify services for which fees could be raised or charged if no fee exists.
- b. **Response B:** City services should be reviewed to see which could be contractually sold to other municipalities or non-governmental organizations (such as is currently the case with Malden's data processing services).
- c. **Response C:** A process should be established to determine programs funded by the city treasury that could be required to raise funds as a primary source of revenue for their operating budgets. The city would then consider funding the remainder of the money required to meet each program's need. While all city services could not be placed in this self-perpetuating or "pay-as-you-go" category (police and fire services could not be funded in this manner, for example), programs which can identify and quantify specific services and constituencies could be considered.

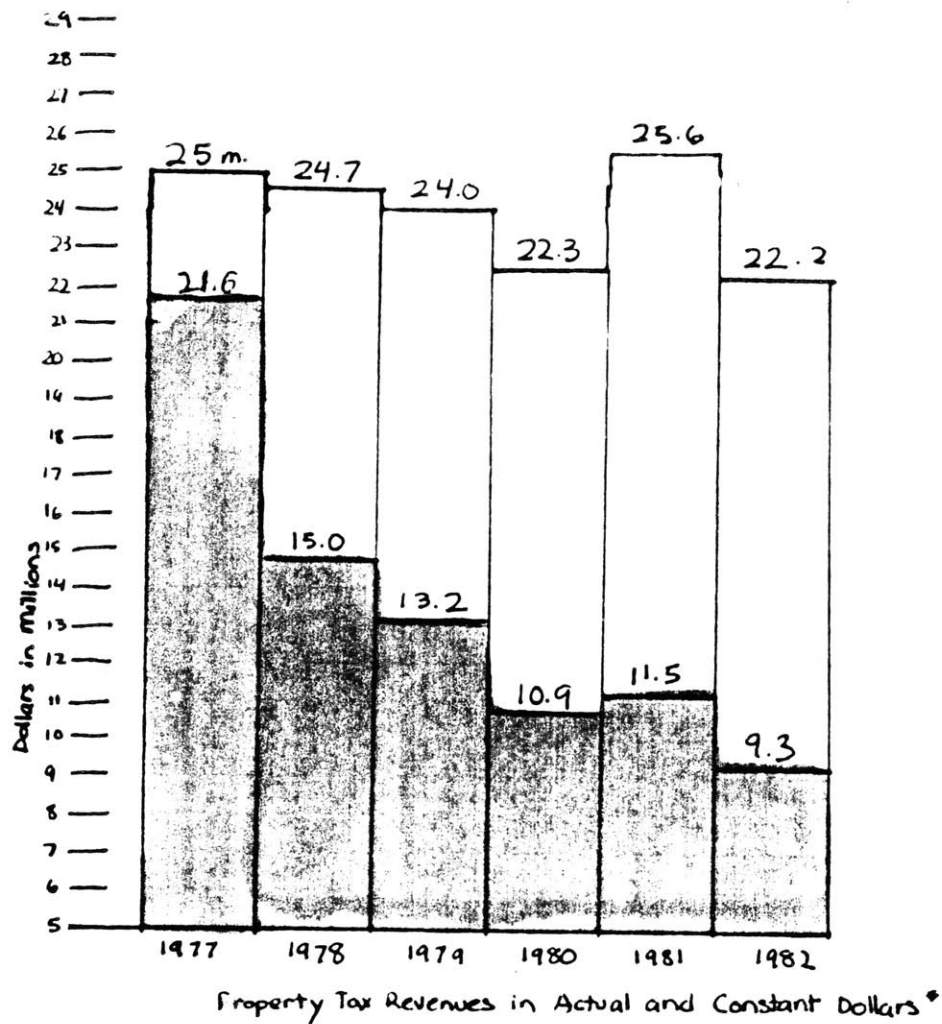
2. **Diagnosis Two:** Examine new ways of pooling and regenerating benefits from existing resources.

- a. **Response A:** The city should work with Malden businesses in an ongoing manner to identify common needs and resources that could be pooled for mutual gain. (I.e. Century Bank now collects taxes as

payment for holding city accounts. Another example could be a coalition between the Planning Board, MRA, and the Chamber of Commerce to promote the city image and attract new businesses and residents.)

- b. **Response B:** City resources could be made available to the public for a fee (i.e. Malden schools could rent out athletic or classroom facilities to junior colleges, businesses, organizations or the public at large; schools or other municipal departments could rent out use of equipment like computers).
  - c. **Response C:** Malden could create a consortium with other communities to share expenses such as administrative supplies.
  - d. **Response D:** Identify city services that could be offered privately.
  - e. **Response E:** A coalition of fraternal organizations, business, and citizen groups should prepare a detailed list of city services that could be provided through these organizations.
5. **Concern Five:** Operating revenue for Malden's public services have decreased. Without taking action to restore some cutbacks, the existence of some services, considered essential to the community, will be threatened.
- a. **Problem Statement A:** The 2 1/2 ceiling on the growth of the property tax levy constrains the major traditional source of city revenue: property taxes.

**Supporting Facts:** According to Financial Trends in Malden Mass. (U. Mass Amherst, 1983) Malden's property tax revenues for 1977 were \$21,605,685. In 1982, inflation eroded the purchasing power of these dollars to \$9,254,993 - a decrease of \$12,350,392 in constant dollars or 57% less purchasing power. These decreases were primarily due to the ceiling placed on property tax levies and to the impacts of inflation.



This chart illustrates the amount of property taxes collected and the reduced spending power of the tax dollar due to inflation. These constant dollar amounts shaded in grey are based on the Consumer Price Index (base year 19 )

\* From Financial Trends in Malden, Massachusetts, August 1983  
Umass, Amherst

1. **Diagnosis One:** In order to keep up with reasonable salary increases and inflation levels, as well as to meet future city needs, additional funds are necessary to cover the costs of basic services.

- a. **Response A:** The city of Malden should undertake a vigorous public education program to explain the extent of the city's financial crisis and what the options are for alleviating current shortfalls.
- b. **Response B:** With full understanding of the implications, Malden residents should consider the option to override Proposition 2 1/2 for one year as a means of increasing revenues for specific city services (including debt service) when no sufficient revenue sources are identified and/or cuts in expenditures are not found satisfactory to the citizenry in that year.

**Supporting Definition:** The Revenue/Finance Committee defines an override of Proposition 2 1/2 as raising the ceiling on taxes levied from 2 1/2% of the tax base to a maximum of 5-7 1/2% of the tax base for one year. An override can be held if approved by 2/3 of the city council for ballot. A ceiling increase would take advantage of potential revenues created by the revaluation of property values. The monies generated from the override could be targeted toward specific uses identified by the public.

- c. **Response C:** The city of Malden should instruct its public officials to lobby more actively for an increase in state aid to local governments as well as for a fairer aid distribution formula that guarantees cities like Malden which has a high proportion of needy residents a larger share of the aid distributed each year.



# FINAL NEGOTIATED AGREEMENT

AS PRINTED IN THE MALDEN EVENING NEWS

## PUBLIC EDUCATION

Providing quality public education to Malden's pupils in an environment supportive to learning is a high priority. Achieving this goal is the responsibility of the entire community. Awareness, communication, and cooperation among all interest groups are essential.

## INVOLVING PARENTS

Some parents are not sufficiently involved in policy decisions regarding their children's education.

### THE PROBLEM

Parents do not always have adequate information about the education of their children nor are they always aware of the significance of information that is available to them.

### RECOMMENDATION #1

To continue and expand dissemination of information about education-related activities available in the community (such as contests, trips, etc.)

- Department heads should inform teachers of relevant education-related activities in Malden during the monthly departmental meetings. Teachers should be asked to encourage their students to participate. The School Committee should issue a policy statement to this effect.
- Appropriate school personnel should post correspondence about education-related activities on bulletin boards in each school where such information can be seen easily by teachers, students and parents. Parents should be directed to these bulletin boards on parents nights. A notice describing these bulletin boards and asking parents to encourage their child's participation should be enclosed with the first three report cards each year. All three NIS teams encourage local media outlets to devote additional coverage to school issues and to make this information readily recognizable.

### RECOMMENDATION #2

To disseminate information and get parents involved in their children's course selection and performance:

- The NIS Education Committee will review the high school course selection pamphlet to suggest ways it might be improved. The course selection pamphlet should include a cover letter addressed to parents describing the course selection process and the parents' role. The course selection sheet should require parents to sign a statement that they have read the course selection pamphlet, discussed the selection with their child, and that they understand the significance of that selection. The cover letter should encourage parents to consult their child's guidance counselors if they have questions about which courses to help their children select. The course selection form should not be considered complete until it has been signed by a parent.
- The NIS citizens' team will suggest ways by which parents' organizations can increase parental involvement.

### RECOMMENDATION #3

School administrators should continue to be available to address parental involvement groups on school policies and programs.

### RECOMMENDATION #4

Parents should be made aware of the preparation needed by children first entering school. Existing materials (such as the Scout's pamphlet) and specific guidelines should be handed out at kindergarten registration.

### RECOMMENDATION #5

The schools should be certain that parents are informed of the changing nature of their children's homework assignments and encourage the completion of these assignments. This should be accomplished by sending home notices, or including notices with report cards, indicating the amount of time expected to be spent on assignments for students in each grade. Furthermore, general advice should be included in these mailings to parents regarding desirable study habits.

### RECOMMENDATION #6

In addition to midterm notices that are sent to parents, forms should be sent to parents at all grade levels about attitude, discipline, or learning problems (i.e. grades below C) whenever they arise.

## MAKING SCHOOLS RESPONSIVE TO COMMUNITY NEEDS

Schools must be responsive to community needs. School programs do not adequately meet the needs of all segments of the community.

### THE PROBLEM (Diagnosis #1)

Mechanisms for involving the community in setting school policy are not adequate.

### RECOMMENDATION #7

Each fall, the schools should survey residents and businesses (using the least costly, most effective means), to discover what issues, problems, and programs are the community's top priorities. Every effort should be made to ensure that expectations are not raised unreasonably and that constraints are explained at the time suggestions are solicited. The results of this annual survey should be analyzed by members of the school administration and presented to the public at the special meeting described below.

### RECOMMENDATION #8

School administrators, the school committee, and parents should meet to discuss the survey findings. Timely notice of these meetings should be placed in local newspapers. Flyers should be sent home with students to parents notifying them of this meeting.

### RECOMMENDATION #9

Each year, the School Committee should issue a statement of its agenda for the coming year, commenting on linkages between its agenda and the survey results discussed above. This statement should describe what tasks being worked on at each level of the school system, what the school system has accomplished in the past year, and where the school system feels it needs more work.

#### ENCOURAGING COMMUNITY SUPPORT FOR SCHOOLS

The community is not sufficiently supportive of the schools.

##### THE PROBLEM

The majority of community members are unaware of how they can be supportive.

##### RECOMMENDATION #10

The schools should publish a list and description of volunteer opportunities twice a year in the local newspapers and in take-home flyers. This solicitation of additional volunteers should be tied to existing community programs such as the elder outreach program.

##### RECOMMENDATION #11

A special ad hoc committee representing administrators, teachers, parents, students, and business representatives should review school programs and school needs to determine how community involvement could be more effective in helping to solve problems and to identify sources of community support. This special committee should make recommendations to the School Committee.

#### MOTIVATING STUDENTS TO PERFORM

Some students are not sufficiently motivated and thus do not achieve their full academic potential.

##### THE PROBLEM

One reason this problem exists is that the array of educational programs available and the teaching methods used are not always responsive to all students' needs.

##### RECOMMENDATION #12

If funds become available or if voluntary efforts can be arranged, the Major Works program should be reinstated and expanded to all grades.

##### RECOMMENDATION #13

Local residents, businesses and/or business organizations should establish a volunteer mentor program to provide students with access to career information and one-to-one counseling.

##### RECOMMENDATION #14

Career development planning, student self-assessment and skills assessment should receive more emphasis in the schools.

##### RECOMMENDATION #15

If funds become available, Advanced Placement courses should be reinstated and expanded.

##### RECOMMENDATION #16

The schools should assist students who want to arrange with local junior colleges and colleges to take advanced courses for credit. Schools should alert students to these opportunities.

##### RECOMMENDATION #17

Traditional and non-traditional vocational programs should be expanded with the participation and advice of the business and professional community in Malden. Students should be given special assistance in preparing for the job application process.

##### RECOMMENDATION #18

Because student motivation is an ongoing problem, a standing committee (linked with the ad hoc committee described in Recommendation #11 above) should be formed to work closely with the schools and School Committee to examine the problem of motivation. Committee members should include older students, teachers, parents, administrators, business people and School Committee members. The committee should avail itself of information on motivational problems from sources such as teaching colleges and education associations.

NOTE: There may be other reasons for motivational problem including insufficient parental guidance and support or some students' lack of interest. At this time, we do not have responses to all these possibilities, but we feel it is important to make this acknowledgement.

#### INCREASING AWARENESS OF HOW SCHOOL RESOURCES ARE USED

Community awareness of the ways in which the public schools use their financial resources could be improved.

##### THE PROBLEM (Diagnosis #1)

Some members of the community are not aware of all the information available regarding the schools' financial decision.

##### RECOMMENDATION #19

There should be greater publicity given to the ways in which the schools make financial decisions. Citizens should be encouraged to use this information to increase their understanding of the schools' budget process.

##### THE PROBLEM (Diagnosis #2)

Community members do not have sufficient opportunities to become involved in the school system's financial decisions early in the planning stages.

##### RECOMMENDATION #20

At an early stage in the budget process, school administrators should create at least one opportunity for citizens to make helpful suggestions regarding the annual school budget.

#### MANAGING SCHOOL STAFF EFFICIENTLY

Management of school staff is not as effective as it could be. This sometimes leads to morale problems and inefficient use of staff.

##### THE PROBLEM

Educational administrators should have greater incentives to offer the teaching staff.

##### RECOMMENDATION #21

The faculty union and school administrators should continue to work together to investigate appropriate incentive programs and methods of reducing inefficiency.

#### ENLISTING COMMUNITY RESOURCES FOR SCHOOLS

Additional utilization of community resources could help increase the efficiency of the schools.

##### PROBLEM

Underutilization of community resources occurs because the citizens of Malden are unaware of how they can help increase the efficiency of school operations.

##### RECOMMENDATION #22

A list of the equipment and services the schools need should be distributed annually to businesses to elicit assistance in the form of contributed goods and services or donations to cover the purchase costs.

##### RECOMMENDATION #23

Businesses and community groups should sponsor free "courses" (when enrollment is sufficient) and publicize the availability of the classes.

##### RECOMMENDATION #24

Businesses and community groups should be encouraged to sponsor speakers as well as educational and cultural events in Malden.

**INCREASING TEACHER AWARENESS OF AND RESPONSIVENESS TO STUDENTS' NEEDS**

Some teachers are not sufficiently aware of their pupils' needs.

**THE PROBLEM (Diagnosis #1)**

A lack of awareness of students' needs sometimes stems from teachers not having enough time to interact informally with their students.

**RECOMMENDATION #25**

More teachers should be hired whenever possible and more teachers' aides should be hired to allow teachers more time to familiarize themselves with students' needs.

**THE PROBLEM (Diagnosis #2)**

A lack of awareness sometimes stems from students not voicing their needs to their teachers.

**RECOMMENDATION #26**

The school administration should continue to explore ways of opening up additional channels of communication among parents, teachers, and students.

**RECOMMENDATION #27**

Guidance counselors should act as a liaison between students and teachers to a greater degree than they do now.

**ENCOURAGING STUDENTS TO ACT RESPONSIBLY**

Some students do not always act responsibly.

**THE PROBLEM (Diagnosis #1)**

Students are not always made explicitly aware of what is expected of them.

**RECOMMENDATION #28**

Every year students should be encouraged to read and sign a Code of Behavior in which the consequences for infractions are spelled out. Every parent should be encouraged to support this Code.

**THE PROBLEM (Diagnosis #2)**

Some students do not have sufficient incentive to act responsibly.

**RECOMMENDATION #29**

Schools and community organizations should continue to give recognition to students for outstanding school and community service. To the greatest extent possible, the full range of school related accomplishments should be duly recognized.

**ENSURING HIGH QUALITY EDUCATORS**

Ensuring the highest quality education is a complex and ongoing task.

**THE PROBLEM**

Not enough information about the quality and performance of Malden's public school educators is currently available.

**RECOMMENDATION #30**

The NIS education subcommittee should continue to review the quality of Malden's educators and their ability to transmit knowledge effectively to students.

**COMMUNITY ECONOMIC DEVELOPMENT**

The city of Malden must find better ways of promoting and shaping its residential, commercial, and industrial development. The process of community economic development must balance the need for the preservation of recreation, open space, and historic property with the need for densification and renewal.

**MAINTAINING A MINIMUM POPULATION LEVEL**

Malden must maintain, and preferably expand, its population to ensure a minimum level of 50,000 residents. If this level isn't maintained, the city risks the loss of substantial federal and state revenue badly needed for the maintenance of city services.

**THE PROBLEM**

The population of Malden has dropped by about 2,500 in the past ten years. The city has very little undeveloped land left. Without some higher density redevelopment the city will not be able to attract upper income and younger residents.

**RECOMMENDATION #31**

City government, local businesses and citizens should seriously consider developing currently vacant areas and redeveloping low density areas to attract more people, taking account of environmental constraints and the zoning of adjacent areas.

**RECOMMENDATION #32**

Malden should allow more mixed-use development to increase housing units in commercial zones without disrupting commercial development.

**PRESERVING THE CITY'S HOUSING STOCK**

Because the housing stock in Malden is advanced in age, special steps must be taken to preserve and enhance the supply of housing in the city.

**THE PROBLEM**

Existing conditions can lead to serious neighborhood blight. While the city has had some success recently in attracting upper-income families, not enough has been done to meet the housing needs of lower-income families through government programs. Neighborhood blight discourages investment by middle-income families.

**RECOMMENDATION #33**

The city or private developers should undertake a survey of the condition of Malden's housing stock to identify areas of potential blight. The city and a qualified expert from the private sector, working with the local Historic Commission, should also identify properties of historic or architectural significance. Special cooperative development efforts should be made when both conditions of blight and historic or architectural significance exist.

**RECOMMENDATION #34**

Using Community Development Block Grant (CDBG) and other available money, the city should continue and, if possible, expand its low-interest loan program for home owners interested in making improvements. (The priority currently given to owner-occupied, one to four unit structures should be continued.)

**RECOMMENDATION #35**

Local business, citizen groups and city government should avail themselves of all possible subsidy and mortgage guarantee programs (i.e. MHFA low interest mortgage programs for first time home buyers and for veterans; MHFA and other mortgage assistance programs for neighborhood preservation; and reverse equity program), in an effort to encourage further investment and home ownership in Malden.

**RECOMMENDATION #36**

The city should look into the possibility of creating a local mortgage guarantee program to encourage homeownership incorporating all available public and private resources (CDBG, Urban Development Action Grants (UDAG), Paybacks, etc.)

**RECOMMENDATION #37**

The city should target low-interest loan programs and other housing funds for veterans (as defined by federal regulations) to encourage and assist them in locating in the city.

**RECOMMENDATION #38**

The city should target low-interest loan programs and other housing funds specifically designated for the mentally retarded, mentally ill, and physically handicapped to encourage and assist them in locating in the city.

**RECOMMENDATION #39**

The city should continue its city-wide code-enforcement program as a way of maintaining the city's housing stock.

**MAINTAINING AND UPGRADING INFRASTRUCTURE**

The viability of the city is dependent on the maintenance and improvement of existing roads, walkways, and subsurface infrastructure (waters, sewers, drainage, etc.), and on the expansion of the infrastructure in areas where future development is desired.

**THE PROBLEM**

The city's previously antiquated traffic circulation system had a detrimental effect on retail, industrial, and residential development in some areas.

**RECOMMENDATION #40**

The city should continue to update and implement its Capital Improvement Plan. This is the means by which priorities should be set and infrastructure scheduled (e.g., repairs, replacement and expansion of streets, watermains, sewers, etc.).

**RECOMMENDATION #41**

The city should continue to pledge CDBG and other available state and federal aid to finance needed infrastructure improvements throughout the city.

**RECOMMENDATION #42**

The city should study the rates charged by all local utilities to be sure that current rates take into account the need to set aside dollars for future repairs, improvements, etc.

**RECOMMENDATION #43**

Developers of all major new development projects should work with the city to ensure that additional infrastructure necessitated by their projects can be provided.

**PRESERVING AND MAINTAINING OPEN SPACE AND RECREATION AREAS**

As segments of the city's population grow, the need to preserve open space and maintain existing recreation areas will increase.

**THE PROBLEM**

Currently, parks in Malden suffer from abuse due to vandalism and overuse. This deterioration will continue unless steps are taken to turn things around.

**RECOMMENDATION #44**

All new residential development should be required to add adequate open space as currently specified by existing zoning ordinances.

**RECOMMENDATION #45**

The city should implement its Parks and Recreation Recovery Program which outlines a method for preserving and fully utilizing existing open space in Malden.

**RECOMMENDATION #46**

The city should continue to encourage and assist community groups in upgrading, renovating and policing recreational spaces in Malden.

**TAKING ACCOUNT OF THE IMPACT OF NEW DEVELOPMENT ON CITY SERVICES**

New development may require expansion of key city services such as police and fire protection.

**THE PROBLEM**

Currently, city services are being used to their maximum capacity.

**RECOMMENDATION #47**

The impacts of future planned development should be reviewed to assess possible effects on city services. Every effort should be made to explore ways of encouraging public-private sharing of the costs of providing increased services.

**IMPROVING MALDEN'S RETAIL BASE**

The retail base in Malden has significantly declined over the past twenty years. Malden's merchants and citizens have suffered from the lack of new quality retailers.

**THE PROBLEM**

The downtown retail area suffers from a lack of a good mix of stores to attract shoppers.

**RECOMMENDATION #48**

A cooperative effort should be undertaken by government agencies, business representatives and property owners to secure well-known, national, quality retail operations for downtown Malden.

**RECOMMENDATION #49**

The Chamber of Commerce and city government should take steps to create a management organization to administer and promote retail activities in the downtown area.

**RECOMMENDATION #50**

The city should continue and expand its use of federal CDBG and UDAG funds, and state Commercial Area Revitalization District (CARD) designation to encourage new development and renovation of existing buildings in commercial areas throughout the city. Renovations should be sensitive to the architectural and historic integrity of existing properties.

**MAINTAINING AND UPGRADING THE CITY'S INDUSTRIAL BASE**

Malden must continue to maintain and upgrade its recently revitalized industrial base\* in order to prevent the reoccurrence of blight.

**THE PROBLEM**

In the past, the city has experienced problems associated with industrial blight in such areas as Suffolk Square and Commercial Street.

**RECOMMENDATION #51**

The city should continue to take advantage of industrial revenue bonds and state revenue bonds to finance renovations and improvements in industrial areas (e.g. Suffolk Square, Commercial Street, Charles Street, Green Street, etc.) and commercial areas (e.g. Downtown, Maplewood Square, Linden Square, etc.).

**RECOMMENDATION #52**

Existing design and building standards for Malden's commercial and industrial sectors should be reviewed by a committee of city officials and business representatives. Standards should be codified and enforced through periodic inspections. Every effort should be made to help affected businesses meet codes with the least economic hardship.

\* We are referring to those firms that are already part of Malden's economic base.

#### ATTRACTING NEW RESIDENTIAL DEVELOPMENT

Malden, while continuing to maintain and upgrade its existing housing stock, should also work to attract new residential development.

##### THE PROBLEM

Because the city is now so densely developed, it is difficult to develop significant new residential projects.

##### RECOMMENDATION #53

The city and the citizenry should actively encourage further development of the few remaining large parcels of undeveloped land in Malden.

##### RECOMMENDATION #54

The city should investigate the possibility of higher density use of the remaining land suitable for residential development, provided that higher densities are in harmony with the interests of the surrounding neighborhoods.

#### UPDATING THE CITY'S MASTER PLAN

In order to stimulate intelligent, orderly growth utilizing to the fullest potential the land in the city, the master plan and the zoning ordinance need to be updated.

##### THE PROBLEM (Diagnosis #1)

The existing master plan was adopted in 1970. Since then, the city has undergone significant physical, social, and demographic changes. It is time to review and update the plan. It is important, however, that all sectors of Malden, government, business and citizen, have input into the rethinking of the city's master plan and its zoning ordinances.

##### RECOMMENDATION #55

The Tri-partite Development Committee (that prepared these recommendations) should gather information from all sectors of Malden (government, business, and citizen) regarding the inadequacies of the existing master plan as well as suggestions for improvement.

##### RECOMMENDATION #56

The appropriate city agencies should gather data on the current needs and resources of Malden. The NIS Tri-partite Development Committee (representing citizen, business and government teams) should then meet with the City Council, the MRA, the Planning Board, and the Mayor's Office to synthesize all the information that has been gathered. The product of these meetings should form the first draft of the updated master plan.

- The first draft of the updated master plan should be distributed to the people of Malden through newspapers, the schools, the Chamber of Commerce, the City Government and other groups.

##### RECOMMENDATION #57

Up to four ward meetings should be held (each meeting combining two wards) to elicit reactions to the draft, updated master plan. These meetings should be attended by ward members, the appropriate city councillor, a representative of the Mayor's Office, a representative of the MRA, a representative of the Planning Board, and the NIS Tri-partite Development Committee. At these meetings, the draft should be updated, presented, and discussed. Citizen reaction should be invited.

##### RECOMMENDATION #58

Meetings with the Chamber of Commerce, Planning Board, and Appeals Board, attended by the same representatives as above (City Council, Mayor's Office, MRA, Planning Board, and the NIS Tri-partite Development Committee) should then be held to discuss the draft, updated master plan. Comments from these groups should be invited.

##### RECOMMENDATION #59

The input received (through the process outlined above) should be taken into account in preparing the final version of the updated master plan. This final plan should be submitted to:

- Citizen representative from each of the wards
- Business representative from the Chamber of Commerce
- The MRA, the Planning Board, the Mayor's Office, and the City Council
- The NIS Tri-partite Development Committee

These groups should sign the final, updated master plan indicating their support for the recommendations it contains. The City Council must then vote on adoption of the plan.

##### RECOMMENDATION #60

Mechanisms should be included within the final version of the updated master plan to provide for ongoing citizen input on a regular basis at the neighborhood or ward level regarding future development in Malden.

##### THE PROBLEM (Diagnosis #2)

In developing an updated master plan, the zoning of existing parcels should be re-examined to open up additional growth possibilities.

##### RECOMMENDATION #61

Review of residential, commercial and industrial zoning should be undertaken as part of the process outlined above. Parcels that could permit more residential units or parcels that could be shifted from residential use to commercial/industrial use (or vice versa) should be identified.

#### IMPROVING COMMUNITY AWARENESS

It is important that all sectors in Malden--citizens, business and government--are aware of and understand (1) development that has taken place, (2) development that is currently planned, and (3) development that will be planned in the future.

##### THE PROBLEM

Currently, citizens, businessmen, and other interested community members remain generally uninformed about development issues in Malden.

##### RECOMMENDATION #62

Information about current plans for development should be prepared and distributed annually by the city in conjunction with neighborhood, civic, and business organizations.

##### RECOMMENDATION #63

A booklet describing the organization and services of the Malden Government Center should be prepared and distributed by city, business, and citizen representatives so that citizens have a directory informing them of how to get information, advice, and other services provided by Malden's government.

#### CRIME AND PUBLIC SAFETY

Protecting the people and property of Malden is a high priority. Improved protection must go beyond a complete reliance on police presence, the legal system and the courts. Public safety depends on the education and involvement of all community members and cooperation with the police.

#### REDUCING YOUTH CRIME

Crime involving young people is a continuing problem in Malden. Establishing better lines of communication with Malden's youth is crucial to reducing crime involving young people.

##### THE PROBLEM (Diagnosis #1)

This problem exists because many young people have not been educated about their responsibilities as citizens and because some have not accepted responsibility for their actions.

**RECOMMENDATION #64**

Public meetings should be held in each ward to discuss the problems of youth crime and crime, in general, in that ward. A panel of concerned citizens, business people, law enforcement officers, and the ward city councillor should chair these meetings. These meetings should be announced in the local papers,\* and students should be urged to attend (i.e. through notices distributed at school). The Police Department should make every effort to involve past juvenile offenders as speakers at these discussions.

\* The public notices mentioned throughout this set of recommendations are meant to include articles in religious, civic, and neighborhood association newsletters and bulletins.

**RECOMMENDATION #65**

The Police Department must establish an education program in conjunction with the schools. A police officer should be assigned full-time to the schools with responsibility for maintaining communication with the student population. The city government should investigate the possibility of obtaining state or other funding for this effort.

**RECOMMENDATION #66**

The public should be made aware of all programs in Malden for troubled youth, such as the Mayor's Community Service Program. An informational notice should be sent to all segments of the community, including churches and synagogues, schools, and local newspapers. Information about these programs should also be included in a city Directory of Services. These programs should be discussed at the ward meetings presented in Recommendation #64.

**THE PROBLEM (Diagnosis #2)**

This problem exists because young people are not sufficiently involved in helping to curb crime.

**RECOMMENDATION #67**

Malden young people, 18 years and older, should be encouraged and supported in their efforts to join the Auxilliary Police and/or to participate in the REACT program.

**RECOMMENDATION #68**

Each school should determine and set aside the proportion of its annual budget needed to repair damage due to vandalism. Students should then be told how much money has been set aside. If any money remains in this fund at the end of the year (because damage decreases or because students volunteer to help with repair efforts), this money should be allocated to the senior class for a class activity.

**COMMUNITY SUPPORT OF LAW ENFORCEMENT**

The community, in general, has not been involved enough in crime prevention.

**THE PROBLEM (Diagnosis #1)**

The public is unaware of what is involved in crime prevention and how they can participate.

**RECOMMENDATION #69**

The public should be made aware of the location of high crime areas in the city through the ward meetings described in Recommendation #65. The current police department information system should be improved so that data on high-crime areas are available on a regular basis. Alternative sources of manpower assistance to help compile and disseminate this information (such as local college students) should be investigated.

**RECOMMENDATION #70**

The Crime Watch program should be expanded vigorously. A campaign to alert the public to the program should be undertaken by the Police Department, with the help of other appropriate city departments, in the local media. The business community has indicated a willingness to help defray the costs of such a campaign (i.e. printing the necessary literature).

**RECOMMENDATION #71**

An additional police officer should be assigned to handle crime prevention and community relations programs in Malden.

**RECOMMENDATION #72**

A directory of the names of Police Department officers assigned to each area of specialization should be distributed (using newspapers, crime watch groups, etc.).

**RECOMMENDATION #73**

Employers should be encouraged to establish "buddy systems" in their areas so that employees and customers wishing additional security will not have to walk alone to their cars or to public transportation after dark. Participating employers should publicize their buddy systems.

**RECOMMENDATION #74**

- Police presence should be more visible in the downtown area during the evening hours (5 p.m. to 11 p.m.), and in any other areas for which data suggest there is an incidence of crime during certain hours.

**THE PROBLEM (Diagnosis #2)**

This problem exists because citizens hesitate to follow through on legal proceedings.

**RECOMMENDATION #75**

The new Victims/Witnesses Advocate Program should be tapped to work in conjunction with the Police Department. This group informs victims of their rights and of the legal process they will encounter, and helps to keep them apprised of their case's progress throughout their period of involvement. The Malden Police Department should make every effort to encourage the District Attorney's office to publicize this Program.

**RECOMMENDATION #76**

Local judges should be encouraged to address groups of concerned citizens, law enforcement officials, and lawyers to inform them about the Victims/Witnesses Advocate Program.

**USING PUBLIC SAFETY RESOURCES MORE EFFICIENTLY**

Police department and community resources for crime prevention and public safety are not, in some cases, being utilized to the maximum.

**THE PROBLEM (Diagnosis #1)**

This problem exists because some resources--such as community involvement--are not being fully tapped.

**RECOMMENDATION #77**

The citizens of Malden should receive an independent appraisal of how closely the Police Department has complied with the recommendations of the Touche-Ross report. The Mayor should present this analysis after appropriate consultation with the Police Commissioner. The data upon which this analysis is based should also be made available to citizens and members of the business community for review.

**RECOMMENDATION #78**

The Police Department needs an adequate, on-going information system to analyze crime statistics. This will allow the police department to maximize deployment and to inform citizens about the problems that exist.

**THE PROBLEM (Diagnosis #2)**  
This problem exists because Malden's growth has changed the focus of public safety needs.

**RECOMMENDATION #79**  
For all future development in Malden, the city and the appropriate agencies should prepare and publicize an analysis of what they expect the demands to be on public safety resources (traffic, protection, etc.) and how these demands will be met.

**THE PROBLEM (Diagnosis #3)**  
This problem exists because many police officer man-hours are spent on internal duties (e.g., clerical, administrative, dispatch work) or on low-risk activities that could be handled by less highly trained personnel.

**RECOMMENDATION #80**  
To the extent that funds and union contracts permit, internal and low-risk activities could be handled by civilian dispatchers, thus freeing official police personnel for duties which better utilize their skills.

#### IMPROVING TRAFFIC PATTERNS

Traffic patterns in certain areas are not presently effective.

**THE PROBLEM (Diagnosis #1)**  
Traffic trouble spots continue to exist.

**RECOMMENDATION #81**  
Whenever traffic trouble spots are caused by poor visibility of signals or signs, the necessary physical changes should be made.

**RECOMMENDATION #82**  
The Police Department should continue to assign personnel to the worst trouble spots within the city at certain times of the day and year.

**RECOMMENDATION #83**  
The Police Department should rigorously enforce regulations and stop violations in an effort to focus public attention on traffic laws.

**THE PROBLEM (Diagnosis #2)**  
This problem exists because the city's traffic signalization is not fully operable.

**RECOMMENDATION #84**  
The city, the MRA, and the State Department of Public Works should continue to work towards completing the city's signalization system by the summer of 1984.

**RECOMMENDATION #85**  
The city should have access to the professional assistance necessary to monitor and analyze traffic patterns and to help improve those patterns where and when necessary.

#### IMPROVING ACCESS TO THE POLICE STATION

Public access to the Police station is a serious problem.

**THE PROBLEM**  
This problem exists because of limited parking on Pleasant and Commercial Streets as well as questionable pedestrian safety via Congregational Way or the proposed ramp from Commercial Street.

**RECOMMENDATION #86**  
Ways to improve public access to the Police Department from Exchange Street should be investigated.

**RECOMMENDATION #87**  
Highly visible signs identifying the Police Station should be erected on Pleasant, Exchange, and Commercial Streets.

#### IMPROVING POLICE PERFORMANCE

According to the Touche-Ross report and other management studies, there are few incentives and not enough programs to improve the Police Department's operations and the efficiency of individual police officers.

**THE PROBLEM (Diagnosis #1)**  
Police officers are not receiving sufficient training and education to sustain and improve their job skills. This problem exists because the police department does not have sufficient funding to take advantage of available training and educational opportunities.

**RECOMMENDATION #88**  
A substantial increase in the funds for police training should be made available in the City budget. Part of this cost could be met by charging fees for services currently provided for free (such as target range, talks to groups, burglary reduction audit, etc.).

**RECOMMENDATION #89**  
An educational incentive program should be initiated to encourage officers to obtain career-oriented college-level education. One method of doing this would be to offer pay incentives to officers for obtaining career-oriented A.S., B.S., and M.S. degrees.

**THE PROBLEM (Diagnosis #2)**  
Police Officers are not sufficiently recognized for superior performance in their work.

**RECOMMENDATION #90**  
The Police Department should establish a system of rewards and/or recognition for police personnel who excel in their duties (e.g., a Policeman of the Month Award).

#### PROVIDING LEGAL PROTECTION FOR THE POLICE

Police officers are working with constant concern about the loss of their personal property because of civil suits.

**THE PROBLEM**  
This problem exists because recent Federal Supreme Court cases have allowed awards in civil suits in many more areas than in the past.

**RECOMMENDATION #91**  
Law enforcement administrators should research options (like indemnification insurance) and establish procedures to provide appropriate protection to police officers. This should be undertaken in conjunction with an assessment of possible responses to similar concerns facing other city employees.

**RECOMMENDATION #92**  
Additional funds should be allocated for training and education, to help prevent actions which could result in civil suits. Training and education would also serve as a defense in civil suits and reduce costs of awards and insurance.

**RECOMMENDATION #93**  
A committee of representatives from government, business and citizen groups should contact local congressmen in an effort to change laws to require indemnification insurance for police, and to explore the appropriateness of limited liability for other public employees.

## PRIDE, IMAGE, AND BEAUTIFICATION

Pride, image, and beautification must all be improved to enhance the growth and development of Malden.

### IMPROVING THE IMAGE OF MALDEN

The citizenry and the business community as well as the city government should become more involved in efforts to improve the image of Malden.

#### THE PROBLEM

There is a sense of apathy in Malden, and there is a need to develop greater civic pride. Malden needs a city-wide public campaign to promote a positive image for the city.

#### RECOMMENDATION #94

The city council should appoint representatives from the neighborhoods to work with the business community and the city's neighborhood liaison officer. This group should initiate a public relations campaign to promote Malden's public image.

- A theme or logo should be created which can be used by the Chamber of Commerce, city offices, volunteer groups, etc. to promote the city. This could be developed in a city-wide contest, open to students and all other city residents and businesses.
- Consistent with the new theme or logo, "Welcome to Malden" signs at the borders of the city should be installed as quickly as possible. To the extent that sponsoring organizations can be found, their help should be sought. Sponsoring organizations should be publicly acknowledged, but their names should not actually appear on the signs.
- Press releases and feature articles about Malden people, programs, organizations, history, and activities in area newspapers should be prepared and distributed by the city's neighborhood liaison officer.
- The city government's booklet describing the services provided at Malden Government Center (see Recommendation #63) should be designed in a fashion consistent with the city logo mentioned above.
- The city's cable and t.v. networks and local radio and t.v. stations should be utilized more fully (i.e. through public service announcements) to promote a positive image of the city.
- A larger component of the public school curriculum concerning the history of Malden should be developed.

### CITY-WIDE CLEAN-UP

#### THE PROBLEM

Malden's image can be enhanced through active participation in beautifying and cleaning up the city.

#### RECOMMENDATION #95

Organizers of Malden's public relations campaign should also initiate a major clean-up of the city (including residential areas, business areas, streets, park areas, and public areas).

- A major clean-up effort should occur twice yearly (spring and fall) throughout the city. The city should contribute equipment and workers. Citizens and businesses should volunteer their time and labor. In addition, young people in Malden (students, scouts, etc.) should be asked to help. The Mayor's Community Service program should also become involved in this effort.
- The city should establish and publicize two trash pick-up periods per year when the city or the sub-contracted Trash Removal Co. could go around the city and remove objects that would not normally be picked up. This should be undertaken in connection with the clean-up efforts described above.

#### RECOMMENDATION #96

The Department of Public Works should continue to instruct citizens and businesses regarding proper and acceptable practices for disposing of trash (e.g. describing proper containers).

#### RECOMMENDATION #97

A business group, such as the Chamber of Commerce, should be encouraged to sponsor a "Keep Malden Clean" litter basket project for public areas. Businesses could, for example, donate litter baskets with advertising logos on them to the city. The city, in turn, could agree to dump trash from the baskets regularly.

#### RECOMMENDATION #98

A matching fund of up to \$1000 should be established by the city to join with monies raised by businesses to improve the Christmas lights in public areas. This should continue on a yearly basis.

#### RECOMMENDATION #99

The city should implement a Park Beautification and Maintenance Program with the city providing equipment and private groups providing labor. This program should be coordinated with efforts by local beautification groups.

#### RECOMMENDATION #100

The city in cooperation with community groups should encourage the development of community garden projects utilizing vacant space.

#### THE PROBLEM

Some people do not take adequate responsibility for their pets.

#### RECOMMENDATION #101

Owners should be made aware that they are responsible by law for the actions of their pets.

#### RECOMMENDATION #102

City ordinances concerning animals should continue to be enforced.

#### THE PROBLEM

Problems of littering and defacing of public and private property occur because some people do not accept sufficient responsibility for their actions.

#### RECOMMENDATION #103

Parents and guardians should be made aware that they are responsible by law for the actions of their offspring and wards.

#### RECOMMENDATION #104

City ordinances concerning littering and defacing of public and private property should continue to be enforced.

### UPGRADING AND BEAUTIFYING THE BUILT ENVIRONMENT

There is a need to encourage owners of property in Malden to upgrade and beautify their structures.

#### THE PROBLEM

Some people do not have enough money to improve the appearance of their businesses and/or homes.

#### RECOMMENDATION #105

The city should increase its effort to advertise its current loan program which provides low-interest loans for home improvements in targeted areas.

#### RECOMMENDATION #106

The city should offer advice on how to secure commercial and private loans for property improvement. This advice should be offered in the form of a brochure or a referral service for people who need loans.

#### RECOMMENDATION #107

The city should work with banks to put up additional amounts of money for improvement loans for homes and businesses throughout the city.

#### RECOMMENDATION #108

Neighborhood, civic and business organizations should help to organize a co-op through which citizens could secure construction materials and home improvement supplies at the lowest possible cost.



**THE PROBLEM**

Some people have the money, but lack sufficient incentive to improve their property.

**RECOMMENDATION #109**

The city government or civic organizations should sponsor awards for beautification and improvements. These awards should be mentioned in the local media.

**RECOMMENDATION #110**

Volunteer organizations or youth groups should be assembled to aid businesses or residents who would like to improve their property but have no time or assistance to do so. The city should explore the possibility of using community development block grant funds to establish appropriate training programs.

**RECOMMENDATION #111**

The Malden Historical Commission should encourage owners of potentially historic properties to restore and preserve these properties, and to make known to the public their historic significance. The commission should also encourage owners to seek National Register of Historic Places status.

**CITY REVENUE AND FINANCE**

Present economic conditions and trends in Malden indicate a serious threat of financial failure. All possible means of alleviating the city's current financial problems should be explored.

(NOTE: The following sequence of concerns implies that the reduction of costs, improvement in administrative procedures, and the pursuit of additional revenues should be implemented prior to exploring increases in the property tax levy.)

**REDUCING COSTS THROUGH PRODUCTIVITY ENHANCEMENT**

Malden government, businesses and residents must jointly seek methods of reducing expenditures and promoting the most efficient use of money, manpower and materials while ensuring that acceptable levels of service are maintained.

**THE PROBLEM (Diagnosis #1)**

The present structure, administration and budgeting of city resources warrant re-examination and possible reorganization to improve efficiency. In order to insure the highest degree of efficiency in the management of municipal resources, representatives from key departments within the city, residents and business interests (as identified by their constituencies) should review city operations and examine both user and provider concerns.

**RECOMMENDATION #112**

A task force of city/business/resident representatives should be formed to examine possible methods for enhancing productivity. If necessary, technical consultants could be engaged by this task force to respond to problems which require greater expertise. Outside funding, local and/or free sources of

expertise should be tapped (e.g. State Technical Assistance, Local Experts).

**RECOMMENDATION #113**

Specific items for examination include: a review of departmental budgets to identify cost saving measures; review of department staffing and management to look for methods to increase efficiency; an inventory of equipment and supplies; review of city bidding procedures.

**RECOMMENDATION #114**

As recommended in the Touche Ross report (on city efficiency), Malden should take advantage of opportunities to utilize enterprise funds (an accounting procedure that identifies costs and expenditures for self-supporting services) for internal budgeting purposes.

**THE PROBLEM (Diagnosis #2)**

The city has not implemented the necessary incentive systems needed to enhance productivity.

**RECOMMENDATION #115**

Each city department should identify measurement standards and prepare a performance report indicating the levels of service it provides. These should be based on program goals and objectives, compared each year, and used to track improvements in departmental productivity.

**RECOMMENDATION #116**

Each city department should propose specific strategies every year by which it expects to improve its performance. These should be widely publicized. The results of the previous year's efforts to improve performance should also be publicized.

**RECOMMENDATION #117**

The Mayor and the City Council should give consideration to introducing performance-based salary incentives into city personnel and salary guidelines.

If current labor contracts don't permit such attention to performance, contracts should be renegotiated when they come up again.

**RELYING ON STATE AND FEDERAL AID**

Malden is highly dependent on State and Federal revenues as compared with other communities. Were these funds to be cut off or reduced substantially, the city would be in serious financial difficulty.

**THE PROBLEM (Diagnosis #1)**

External funding sources leave the city vulnerable to Federal and State allocation cuts. Malden must ensure that Federal and State funding continue at stable levels, accounting for inflation.

**RECOMMENDATION #118**

To ensure that Malden receives the maximum amount of aid possible, city officials should lobby state and federal agencies for a multi-year guarantee that city aid will remain at current levels, accounting for inflation.

**RECOMMENDATION #119**

Malden representatives should press the state to take over the MBTA debt. Malden pays over \$2 million a year to the MBTA to cover this debt.

**RECOMMENDATION #120**

Along with all efforts to ensure current funding, the city must identify its options for coping with the likelihood of reduced state/federal aid.

**THE PROBLEM (Diagnosis #2)**

As discussed in Recommendations #31 and #32, if the city's current decline in population continues, Malden could be excluded from some State and Federal funds which help to maintain basic city services.

**RECOMMENDATION #121**

The city should explore all possible options for improving the physical condition of the city and attracting new residents.

**RECOMMENDATION #122**

Malden businesses, government and citizens should jointly stimulate interest in Malden through a "city appreciation" advertising campaign, stressing the positive aspects of life in the city. (See also Recommendation #94.)

**THE PROBLEM (Diagnosis #2)**

External funding often has "strings" attached, limiting the city's control over the use of the aid funds it receives. The solicitation and use of restricted intergovernmental funds should be re-examined.

**RECOMMENDATION #123**

Citizens and businesses should support the city's evaluation of restrictions on state/federal dollars to ensure that funds match city priorities and capabilities.

**RECOMMENDATION #124**

Malden, through its representatives, should push the state legislature and Congress to allow more local flexibility in the use of state and federal funds.

## IMPROVING THE CITY'S BOND RATING

Malden's bond rating (Baa) is one of the lowest in the Commonwealth, increasing the cost of the debt service.

### THE PROBLEM (Diagnosis #1)

The reasons for this low rating and approaches to improving this situation need to be researched and developed. The present time lag in the collection of taxes unfavorably affects the bond rating.

### RECOMMENDATION #125

City government should take whatever steps necessary to get tax bills out on time.

### RECOMMENDATION #126

The city should develop a community-based method to ensure early collection and voluntary payment of estimated taxes as a standard collection procedure. This should include the mailing of early notices to taxpayers requesting voluntary payment based on their previous year's tax bill.

### RECOMMENDATION #127

The city should consider adopting possible incentives for early payment of property taxes.

### RECOMMENDATION #128

The city should urge banks to participate in the early voluntary payment of property taxes through contact with bank boards of directors, describing the need with reference to the bond rating problem.

### THE PROBLEM (Diagnosis #2)

The city's bond rating is low because Malden has a high rate of bonded indebtedness. (Note: Malden issued bonds for the new high school and for the Government Center.)

### RECOMMENDATION #129

The city should identify and abide by a maximum level of debt per capita.

### RECOMMENDATION #130

The city should require all future bonding efforts to be made on a revenue bond basis rather than a general obligation basis until the city's bond rating is improved.

### RECOMMENDATION #131

The city should enlist the services of an investment bank as a trustee and consultant for all future city bonding issues.

## GENERATING ADDITIONAL REVENUE

Malden, like other municipalities in Massachusetts, should identify new methods of obtaining additional operating revenue.

### RECOMMENDATION #132

The city, in conjunction with state government, should try to identify strategies for financing the city's present and future unfunded pension liabilities. If this problem is not addressed, it will exacerbate the city's current debt problem.

### THE PROBLEM (Diagnosis #1)

New methods of generating additional revenue must be identified and carefully reviewed. The task force described in Recommendation #112 should also undertake this task.

### RECOMMENDATION #133

It would be desirable if changes in the tax law were made to permit persons paying fees to treat those fees as tax deductible expenditures.

### RECOMMENDATION #134

City services should be reviewed to see which could generate income by selling services to other municipalities or non-governmental organizations (such as is currently the case with Malden's data processing services).

### THE PROBLEM (Diagnosis #2)

Examine new ways of pooling and regenerating income from existing resources.

### RECOMMENDATION #135

The city should work with Malden businesses in an ongoing manner to identify common needs and resources that could be pooled for mutual gain. One possibility is a coalition between the Planning Board, MRA, MHA and the Chamber of Commerce to promote the city image and attract new businesses and residents.)

## RECOMMENDATION #136

City resources, when feasible, should be publicized and made available to the public for a fee (i.e. Malden schools could rent out athletic and/or classroom facilities to junior colleges, businesses, organizations or the public at large; schools or other municipal departments could rent out use of equipment like computers to a greater extent than is currently the case).

## RECOMMENDATION #137

Malden should create and participate in a consortia with other communities to share expenses such as the purchase of supplies.

## RECOMMENDATION #138

Identify city services that can be offered more cost-effectively by private contractors.

## RECOMMENDATION #139

A coalition of community organizations, business, and citizen groups should prepare a detailed list of city services that might be provided through these organizations.

## LIVING WITHIN THE LIMITS OF PROPOSITION 2 1/2

Operating revenue for Malden's public services have decreased. Without taking action to restore some cutbacks, some services, considered essential to the community, are threatened. The 2 1/2 ceiling on the growth of the property tax levy constrains the major traditional source of city revenue: property taxes.

o **Supporting Facts:** According to Financial Trends in Malden, Mass. (a report by U. Mass Amherst in 1983) Malden's property tax revenues for 1977 were roughly \$25 million. In 1982, they were only \$22.2 million. But if these figures are converted to "constant dollars" (where inflation is considered), then Malden's property tax revenues fell from \$21.6 million in 1977 (measured in 1977 dollars) to just \$9.3 million in 1982! This represents a 57% drop in the purchasing power of Malden's property tax revenues. This drop is primarily due to inflation and the ceiling Proposition 2 1/2 places on the growth of property tax levies.

### THE PROBLEM (Diagnosis #1)

In order to keep up with reasonable salary increases and inflation levels, as well as to meet future city needs, additional funds are necessary to cover the costs of basic services.

## RECOMMENDATION #140

The city of Malden should undertake a vigorous public education program to explain the extent of the city's financial crisis and what the options are for alleviating current shortfalls.

## RECOMMENDATION #141

With full understanding of the implications, Malden residents should consider voting to override Proposition 2 1/2 for one year as a means of capturing the increased revenues made available by increases in property values. This is necessary whenever revenue sources are not available or cuts in expenditures are not found satisfactory to the citizenry in that year. The form of the referendum should be such that approval of any override must involve the targeted use of the increase in funds. In other words, the additional money generated through the override should be designated for specific purposes, and these purposes should be identified on the ballot.

o **Supporting Definition:** A levy override will not permit Malden to tax property at a rate of more than 2.5% of fair market value. What it will do is allow the city to increase its total tax collections by more than 2.5% above last year's total collections. So, if property values increase by more than 2.5% in a single year (which they almost always do), then Malden would need to have an override to be able to take advantage of this increase in value.

A levy override can be placed on the ballot only if 2/3 of the city council approve placing it on the ballot. Levy overrides must be voted on annually.

The money generated by an override can be limited to specific uses (e.g. police, fire) identified by the public.

(ADD TO PUBLIC EDUCATION RECOMMENDATIONS)

**SUPPORTING THE PUBLIC LIBRARY**

You need a good public library for good public education.

**THE PROBLEM**

Funding for the Malden Public Library, with its nationally famous art gallery, has been cut to such an extent that it may soon no longer qualify for State matching funds.

**RECOMMENDATION #148**

The trustees of the Library and the City should immediately begin plans to establish a major fund raising drive, and to seek ways of increasing the annual operating funds available to the library.

**RECOMMENDATION #142**

Malden residents should consider the option of excluding from the tax levy ceiling all prior city debt.

- o **Supporting Definition:** A prior debt override would allow the amounts required for payment of principal and interest on bonds to be raised outside the limits of Proposition 2 1/2. Like a levy override (Recommendation #141), 2/3 of the city council must approve a prior debt override for the ballot. A simple majority vote must be achieved in a referendum. A one-time vote of this type would put old debt outside the 2 1/2 ceiling for however long it takes to pay it off. Any new debt would not fall under the terms of this override. The money generated could legally be applied to debt alone.

**RECOMMENDATION #143**

The city of Malden should instruct its public officials to lobby more actively for an increase in state aid to local governments, and for a fairer aid distribution formula that guarantees cities like Malden (which has a high proportion of needy residents) a larger share of state aid distributed each year.

**HUMAN SERVICES**

Because of the importance of Human Services, the NIS participants feel that much more work than they were able to complete in the time allowed needs to be done. The recommendations which follow seek to shape the direction of ongoing efforts in Human Services.

**RECOMMENDATION #144**

A coalition of public and private human service providers and consumer representatives should be established to assess the human service needs of Malden, monitor the delivery of human services in response to identified needs, and advocate for more and better services in those areas where unmet need is greatest.

The participants in the NIS process shall take responsibility for convening the first meeting. The Coalition members will then choose their leadership, procedures and means of self-perpetuation.

**RECOMMENDATION #145**

The coalition should formally undertake periodic human service need assessments in the following areas: Homeless persons; Day-care; Mental health and retardation; Low-income housing; Drug and alcohol services; Elderly and handicapped; Energy programs; Family counseling; and Home health services.

These assessments should be used to: (1) Determine the extent and types of social problems in Malden; (2) analyze the impact of these problems on population groups in the City; (3) determine where gaps exist in social services designated to address these problems; and (4) to combine a citizen perspective of needs with a service provider perspective.

**RECOMMENDATION #146**

An analysis should be conducted to identify those service areas where additional city, state, federal and private funds are needed. The coalition should seek to identify new sources of revenue to meet unmet needs. These areas should be compared to the aforementioned needs assessment. Areas where significant unmet need has been identified, and which also have suffered from state and federal cutbacks, should be brought to the attention of the City Council; and any attempt to cut City funds in those areas should be specifically justified with reference to the results of the needs assessment.

**RECOMMENDATION #147**

An analysis should be conducted to compare Malden's human services spending per capita with cities in Massachusetts of comparable size and socio-economic mix. The instances in which Malden's public or private per capita spending levels for particular human services are below expected levels should trigger close scrutiny by the coalition described in Recommendation #144 and by Malden's elected officials.