



KCStat Follow-Up Memo
Finance and Governance KCStat
Meeting
December 5, 2017, 9:00 AM

Full presentation and link to video
(when available) can be found here:
<http://kcmo.gov/kcstat/meetings>

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searching Twitter for #kcstat

The December 5 KCStat meeting on Finance and Governance focused on reporting progress toward the objectives outlined in the Adopted 2018 - 2023 Citywide Business Plan (see table below). Major discussion points, follow-up items, and data questions that arose at the meeting are summarized below. For questions on these items, please contact Julie Steenson (julie.steenon@kcmo.org).

1. Major Discussion Points

- a. Finance is deploying training that will cover the basics of finance, budget and the city's travel policy. The goal is to match training with the role each employee has in the PeopleSoft system to maximize the benefit of the training.
- b. The Law Department will deploy a training on basic ordinance writing to help hone the consistency of ordinance language. The course will be rolled-out first to attorneys in the Law Department and will then to other employees involved in the ordinance writing process.
- c. The city's general fund balance as a percent of operating expenditures (GAAP basis) is now at thirteen percent, up from three percent in 2009 and eight percent in 2012 when a fund balance policy was adopted. The Finance Director indicated that this is evidence that the five-year financial plan and city's fiscal discipline is paying off.
- d. Finance will release a Revenue Report in early 2018, which continues the work of the Citizens' Commission on Municipal Revenue (2012) and will include an analysis of existing revenue and potential new sources.
- e. Of the four main tax categories for the city, earnings and sales are elastic and respond to changes in the economy. Since 2013, annual collections of these two sources have trended up. Annual collections of real property and utility taxes have been steady.
- f. Ordinance No. 170919 was introduced November 9 and calls for an election on April 3, 2018 to renew the one cent sales tax dedicated to capital maintenance.
- g. The City's credit ratings with Moody's and S&P were affirmed last spring. In February 2017, Moody's revised their outlook from Stable to Negative, citing the city's high debt profile and future debt issuance plans and elevated pension liability. On April 6, 2017, Moody's did note that the passage of the General Obligation bond is a credit positive for the city.
 - i. There was discussion on the economic impact of the city's credit rating, showing that for the general obligation bond interest rate, the difference between a AA rating (3.16) and an A (3.57) is relatively narrow, but has been higher at different points. Pension liability has a large impact on ratings and the Finance Department indicated that pension liability needs to be addressed soon to maintain favorable credit ratings.
- h. The Human Resources Department described the Workforce Advancement Model. This employee promotion model enables departments to identify necessary competencies and

then work to assess, evaluate and develop a talented pool of employees that could be eligible to move into critical leadership positions over time. It was approved in January 2016 under Administrative Regulation No 1-28. Human Resources believes that this program has in part contributed to the increase in the percentage of internal hires for leadership positions, currently at sixty-seven percent. Currently, twenty-one departments have approved WAMs, which cover two hundred ten employees.

- i. The city's four pension systems (employee, firefighters, police and civilian police) saw slight declines in their funded ratio in fiscal year 2017. Discussion on this topic centered around the main levers that can be adjusted over time.
- j. The city's occupational injury and illness incidence rate was 19.4 per 100 employees in FY2017. The total net cost for workers compensation claims was over thirteen million, averaging fifteen thousand per claim.
- k. The occupational injury and illness rate for the Kansas City Fire Department was forty-seven in 2016, higher than benchmark cities. Staff in KCFD and the Office of Performance Management are currently looking at data to evaluate root causes.
- l. The Risk Management Division discussed training initiatives they have deployed or are deploying in 2018, including a confined space training which takes place in a trailer that simulates a confined space such as inside a manhole. Additionally, a training on sprains and strains is being deployed, as these injuries have a high frequency.

2. Follow Ups for Departments to report back (next F&G KCStat December 4, 2018):

- a. Benchmark call volume of ambulance calls across region and national (if possible).
- b. Explore types of calls to determine if there are root causes of call volume increase

Objectives: The following objectives from the Adopted 2018-2022 Citywide Business Plan were discussed at the 12/5/17 KCStat on Finance and Governance.

| Objective | Related Department Strategies |
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| <p>Implement policies, procedures, and practices to ensure the resiliency of City government</p> | <ul style="list-style-type: none"> • Provide training within two years that result in an organizational standard of administrative, governance, and financial core competencies for employees. (Finance) • Review the City's revenue structure and identify potential new sources of revenue. (Finance) • Develop a citywide succession plan to maintain institutional knowledge and continuity of City services. (Human Resources) • Develop a plan that renews the Capital Improvement Sales Tax by August 2018. (Finance) |
| <p>Maintain and strengthen the City's General Obligation AA credit rating.</p> | <ul style="list-style-type: none"> • Build the General Fund balance to at least two months of operating expenditures. (Finance) • Develop a long-range plan in conjunction with collective bargaining groups to fully fund benefit programs including pension, healthcare, and other post-employment benefits. (Finance) |

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| | <ul style="list-style-type: none"> Propose and adopt annually a Five-Year Financial Plan that is structurally balanced and includes the General Fund, Special Revenue Funds, and General Obligation Bond Funds. (Finance) |
| <p>Identify and take advantage of opportunities for cost-savings and efficiencies.</p> | <ul style="list-style-type: none"> Develop recommendations to reduce Fire overtime expenditures. (Finance) Conduct a process improvement study on revenue collections. (Finance, Revenue Division) Prepare a recommendation to develop a pilot project for a citywide inventory system, beginning with the Kansas City Fire Department (KCFD). (Fire) Conduct a review of citywide timekeeping and payroll functions. (Finance) Complete the OneIT initiative between the City and the Kansas City Police Department. (Office of the City Manager) Identify additional opportunities to integrate and coordinate services between the City and KCPD. (General Services) Develop and implement a comprehensive risk management program. (Risk Management Committee) Implement a priority-based budgeting (PBB) system. (Finance) |
| <p>Implement policies and procedures to reduce workplace accidents and injuries and associated costs.</p> | <ul style="list-style-type: none"> Collaborate with collective bargaining groups to implement a Fit-for-Duty program. (General Services) Analyze the effectiveness of the Temporary Transitional Duty Program for workers' compensation claims. (General Services) Complete the development of functional job studies for all labor positions. (General Services) Develop and implement a workers' compensation fraud prevention program. (General Services) Provide enhanced safety training for employees in positions that traditionally have a high number of work-related injuries. (General Services) |
| <p>Update the City's charter, ordinances, policies, and procedures, as well as the City's state and federal priorities, to ensure a responsive and representative City government.</p> | <ul style="list-style-type: none"> Review the City Charter to identify the need for revisions, including a recommendation on the initiative petition process. (Law) Develop and pursue a plan to modify Kansas City Police Department governance to include local control by the City. (Office of the City Manager) |