

# KCStat

[kcstat.kcmo.org](http://kcstat.kcmo.org)

December 4, 2018

#KCStat

Finance and Governance



# Finance and Governance

To be transparent and employ best practices in governance and management, and strengthen, expand, and make judicious use of Kansas City's economic resources to maintain solvency and build resilience. 2

# How To Get There: 2018-2023 City Objectives and Strategies For Finance and Governance

## 3. Implement policies, procedures, and practices to ensure the resiliency of City government.

- a) Provide training within two years that result in an organizational standard of administrative, governance, and financial core competencies for employees. (Finance)
- b) Review the City's revenue structure and identify potential new sources of revenue. (Finance)
- c) Develop a citywide succession plan to maintain institutional knowledge and continuity of City services. (Human Resources) - COMPLETED: 2017
- d) Develop a plan that renews the Capital Improvement Sales Tax by August 2018. (Finance)
- e) **Develop a plan to sustainably fund maintenance and replacement of existing fixed assets starting with Parks and Recreation. (Parks and Recreation) – NEW: 2018**
- f) **Leverage community partnerships and identify new sources of revenue through sponsorships, grants, and contributions starting with Parks and Recreation. Parks and Recreation) –NEW:2018**
- g) Provide coordinated support and training to departments in order to sustain the organization's commitment to data -driven governance (DataKC)

## 4. Maintain and strengthen the City's General Obligation AA credit rating.

- a) Build the General Fund balance to at least two months of operating expenditures. (Finance)
- b) 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)
- c) *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)- COMPLETED: 2017
- d) **Proactively engage Credit Rating Agencies (Standard & Poor's (S&P) and Moody's Investor Service) by hosting visits to Kansas City (Finance) – NEW: 2018**

# How To Get There: 2018-2023 City Objectives and Strategies For Finance and Governance

## 1. Identify and take advantage of opportunities for cost-savings and efficiencies.

- a) Develop recommendations to reduce Fire overtime expenditures. (Finance)
- b) Conduct a process improvement study on revenue collections. (Finance -Revenue Division)
- c) Prepare a recommendation to develop a pilot project for a citywide inventory system, beginning with the Kansas City Fire Department (KCFD). (Fire)
- d) Conduct a review of citywide timekeeping and payroll functions. (Finance)
- e) Complete the OneIT initiative between the City and the Kansas City Police Department. (Office of the City Manager)
- f) Identify additional opportunities to further OneIT consolidation with Police by focusing on data and system integration. (General Services)
- g) Develop and implement a comprehensive risk management program. (Risk Management Committee)
- h) Implement a priority-based budgeting (PBB) system. (Finance)
- i) Continue to consolidate processes between the City and KCPD, beginning with a review of the procurement process. (General Services) – NEW: 2018**
- j) Consolidate management and operations of museums and their collection. (Parks and Recreation) – NEW: 2018**

# How To Get There: 2018-2023 City Objectives and Strategies For Finance and Governance

## 5. Implement policies and procedures to reduce workplace accidents and injuries and associated costs.

- a) Collaborate with collective bargaining groups to implement a Fit-for-Duty program. (General Services)
- b) Analyze the effectiveness of the Temporary Transitional Duty Program for workers' compensation claims. (General Services)
- c) Complete the development of functional job studies for all labor positions. (General Services)
- d) Develop and implement a workers' compensation fraud prevention program. (General Services)
- e) Provide enhanced safety training for employees in positions that traditionally have a high number of work-related injuries. (General Services)

## 2. 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.

- a) Review the City Charter to identify the need for revisions, including a recommendation on the initiative petition process. (Law)
- b) Develop and pursue a plan to modify Kansas City Police Department governance to include local control by the City. (Office of the City Manager)
- c) Develop a plan to ensure continuation of the \$2 million State appropriation to match the City's obligation under the agreement with the Jackson County Sports Complex Authority. (Finance) -NEW: 2018
- d) **Draft state law amendment to allow KCMO and KCPD to provide health insurance to their respective employees through a single entity. (Law) - NEW: 2018**

# Citywide Measures of Success

| Objective | Measures of Success   | Actual FY16 | Target FY17 | Actual FY17  | Target FY18 | Actual FY18  | Target FY19 |
|-----------|---|-------------|-------------|--------------|-------------|--------------|-------------|
| B1        | Percent of employees who agree that their department is prepared for future retirements | --          | --          | 26%          | --          | 29%          | 40%         |
| B2        | General Fund unreserved fund balance as a percent of annual operating expenditures      | 11.2%       | 16.7%       | 12.8%        | 16.7%       | 17.3%        | 16.7%       |
| B2        | Pension system funding ratio for employee pension system                                | 86.5%       | 100%        | 83.3%        | 100%        | 83.1%        | 100%        |
| B3        | Percent of residents satisfied with the value received for tax dollars                  | 41%         | 46%         | 41%          | 46%         | 40%          | 46%         |
| B4        | Workers' compensation claim frequency rate  | 17.8        | 15          | 19.4         | 15          | 21.4         | 15          |
| B4        | Cost of workers compensation claims   | \$17,478,54 | --          | \$13,595,670 | TBD         | \$14,352,185 | TBD         |
| B5        | Percent of residents satisfied with City Manager and appointed staff                    | 52%         | 55%         | 48%          | 55%         | 44%          | 55%         |

**Objective 3: Implement policies, procedures, and practices to ensure the resiliency of City government.**

# Strategy G

- a) Provide coordinated support and training to departments in order to sustain the organization's commitment to data-driven governance.  
(Office of the City Manager)

# The Office of Performance Management (OPM) is now DataKC



CITY OF  
KANSAS CITY,  
MISSOURI

## DataKC Mission

Partner with city staff to leverage data in order to help the organization understand customer feedback, manage effectively with data, improve operations and tell stories with data.

# SCOPE *of* SERVICES



## **CUSTOMER FEEDBACK:**

HELPING YOU UNDERSTAND YOUR CUSTOMERS' AND/OR YOUR EMPLOYEES' NEEDS

- A. Identify your customers and the right method and tool to gather feedback
- B. Advise on survey design, administration and analysis
- C. Facilitate design thinking exercises to understand and identify customer perspectives
- D. Extract insights from citywide surveys for your operations
- E. Use survey feedback to improve and prioritize operations



## **MANAGING WITH DATA:**

EMPOWERING YOU TO GET THE MOST OUT OF YOUR DATA

- A. Improve or establish ways to collect and track data
- B. Performance measure creation and review
- C. Understand what your data says about your operations
- D. Integrate data into budget requests
- E. Advise on ongoing data reporting, analysis, and performance management methods

# SCOPE *of* SERVICES

## 3

### CONTINUOUS IMPROVEMENT:

WORKING WITH YOU TO CREATE POSITIVE CHANGE FOR YOUR TEAM AND YOU

- A. Assist in problem definition and solution brainstorming
- B. Understand and clarify processes in your daily work using Lean process improvement tools (e.g., process mapping, gap analysis)
- C. Analyze customer and operations data in order to make policy and process recommendations
- D. Facilitate inter- and intra- departmental collaborations and process improvements
- E. Design and implement random control trials to test possible solutions

## 4

### DATA STORYTELLING:

HELPING YOU TO UNDERSTAND AND PERSUASIVELY COMMUNICATE YOUR STORY THROUGH DATA

- A. Distill data into meaningful insights
- B. Create impactful narratives that integrate data insights and contextual information for presentations/reports
- C. Assist in creating customer-friendly data visualizations (e.g., charts, slide decks, infographics, dashboards, maps)
- D. Advise on available tools for visualizing data (e.g., PowerBI, ArcGIS, Adobe Creative Suite, Sidewalk Labs, MySidewalk)

# 2018 Trainings Provided

- Process Improvement Academy
- Data Academy
- Plain Language Training
- *Coming soon – Survey Design*



Office of the City Manager

# Strategy A

- a) Provide training within two years that result in an organizational standard of administrative, governance, and financial core competencies for employees.  
(Finance)

# Training

- Finance Training Academy
  - Hands-on, dynamic training designed to bring policies and procedures to life
    - Not just “what to do” but “why”
  - Total of 19 courses planned
  - 8 courses complete or under development
    - Finance 101 – first course
      - Fiscal Officer focus group
  - Launch 1<sup>st</sup> quarter of calendar 2019

# Training

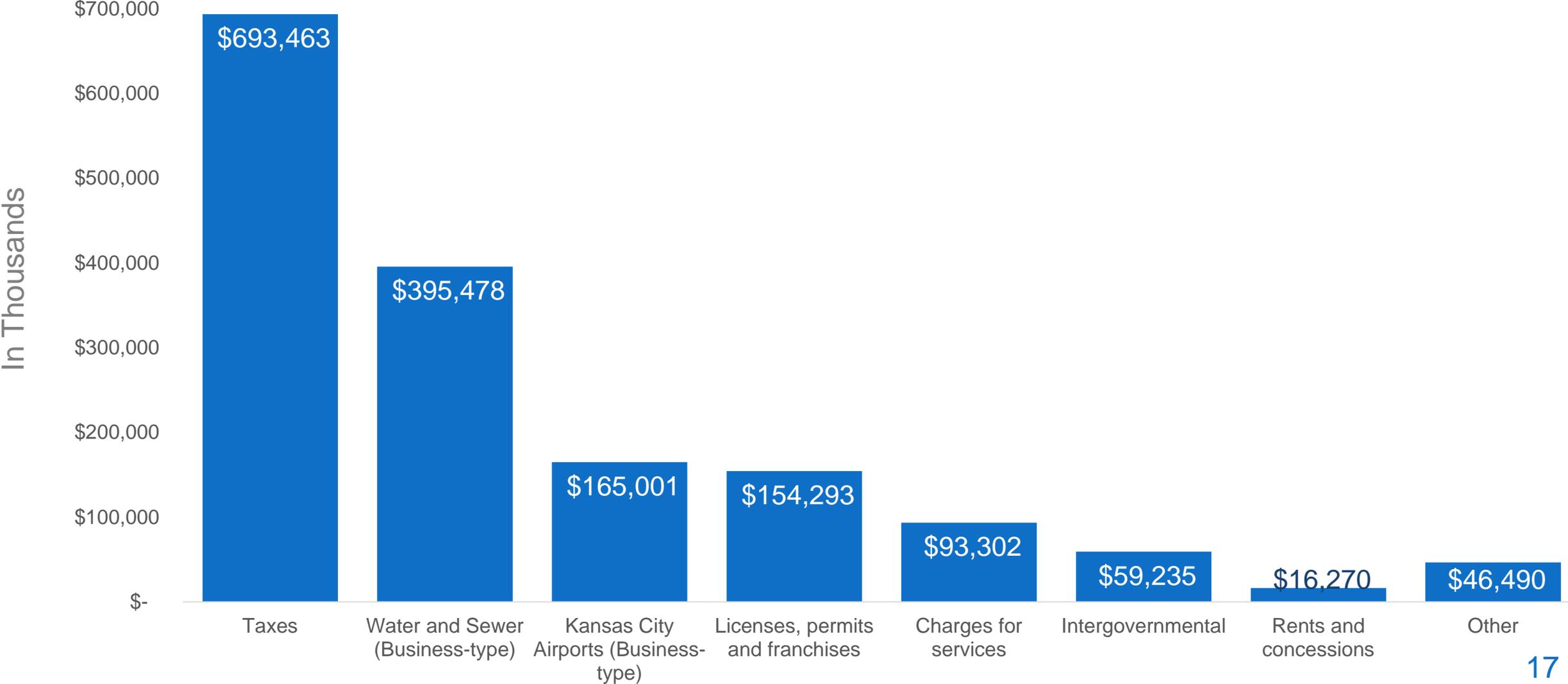
- Ordinance drafting – April 2019
  - Currently developing ordinance templates
    - Emphasis is on shorter, more informative titles
    - Templates to be finalized in January, 2019
- City Law 101 (legislative process) – Summer 2019
  - Offer training for new council, council aides and Mayor's staff: July, 2019
- Contracting Academy
  - Contract Guidebook requires a major overhaul – September 2019
  - Research software possibilities – September 2019
  - Develop training modules based on new Contract Guidebook – expected launch in 2020

## Strategy B

- a) Review the City's revenue structure and identify potential new sources of revenue. (Finance)

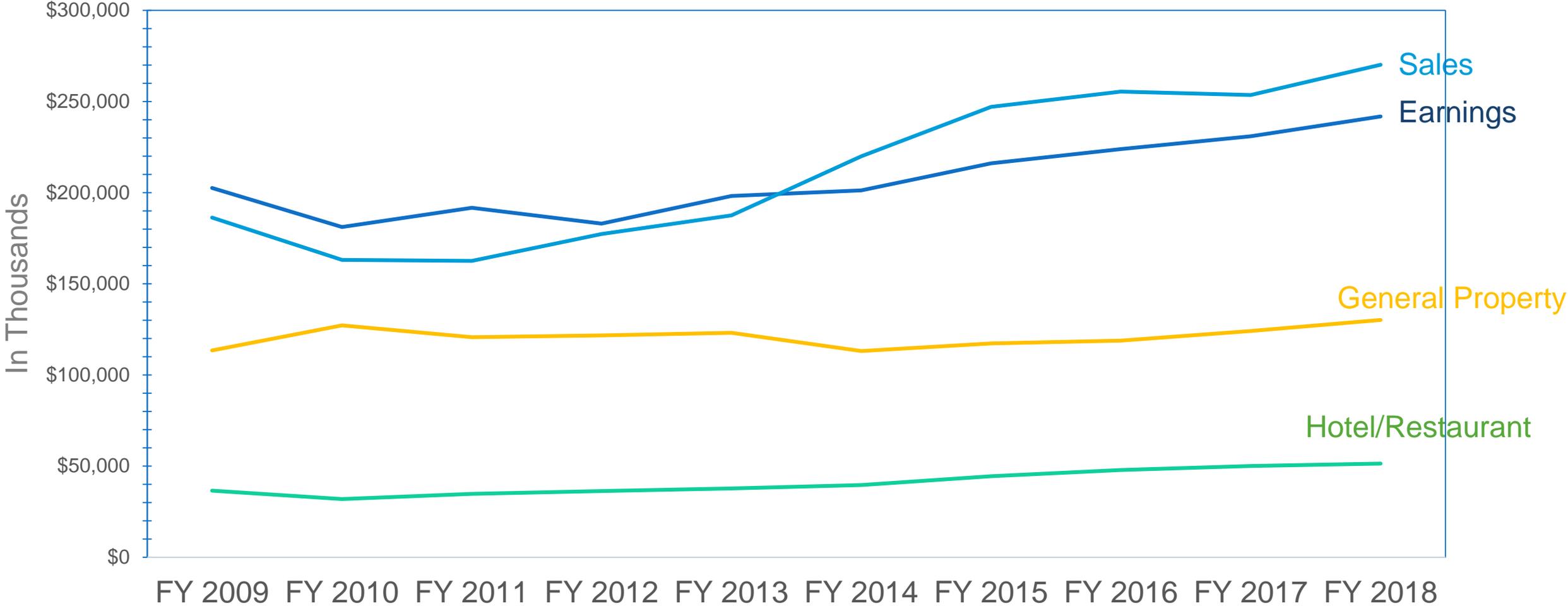
# City Revenues FY 2017-18 CAFR

## All Funds



# Revenue Change by Source

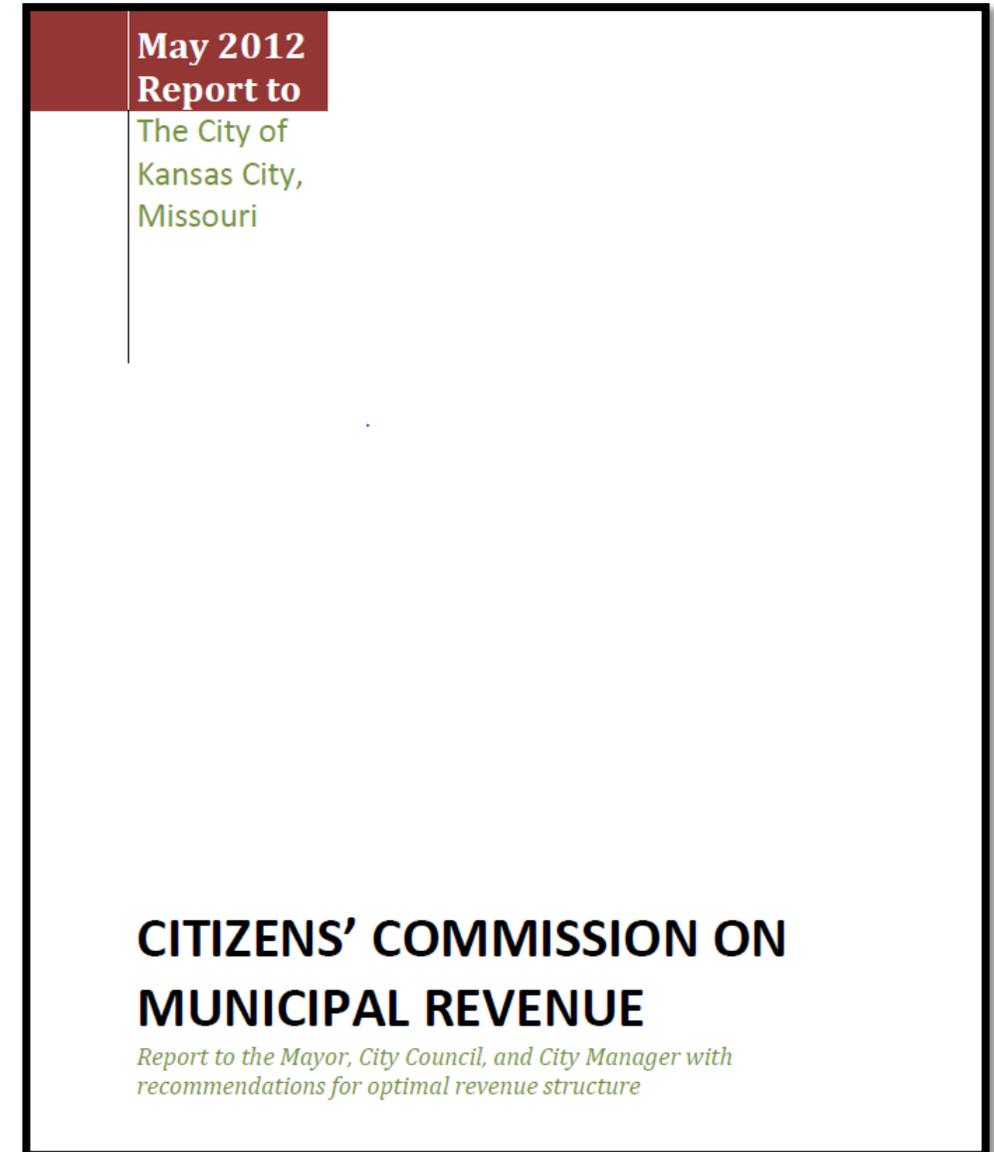
Major Tax Revenues Change by Source



# Revenue Structure Review

- Goals of 2017/18 study
  - Update the 2012 Citizens' Commission on Municipal Revenue recommendations
  - Identify threats and opportunities for each City revenue stream
  - Evaluate possible new revenue streams not currently captured by the City

Find it here! [kcmayor.org/mayors-agenda-items/citizens-commission-on-municipal-revenue](http://kcmayor.org/mayors-agenda-items/citizens-commission-on-municipal-revenue)



# Revenue Report (early 2019)

## CCMR Recommendations

- Legislative relief on earnings tax
- Reduce tax gap
- Remove 4% emergency tax on residents
- Change the business license tax structure

## New Options for Consideration

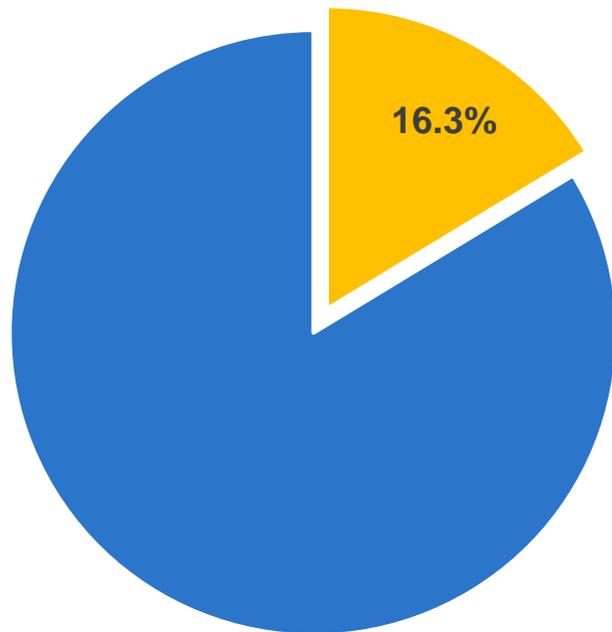
- Eliminate the manufacturers exemption on utility tax
- Use tax remains undedicated
- Revise statute and ordinances to subject short term rentals to hotel tax
- Increase the cigarette tax rate applied to wholesale cigarette dealers purchasing tax stamps
- Adopt new collections policy and grant policy

# Strategy C

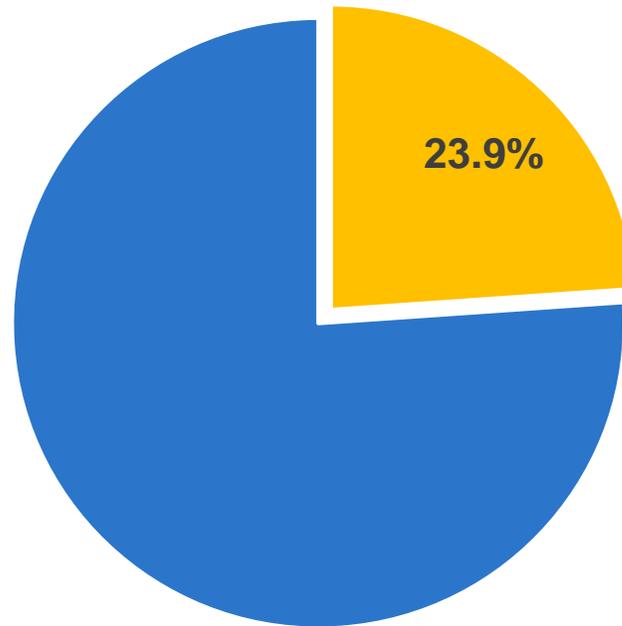
- a) Develop a citywide succession plan to maintain institutional knowledge and continuity of City services. (Human Resources)

# Three of Every Ten Staff Will Be Eligible To Retire Within Five Years

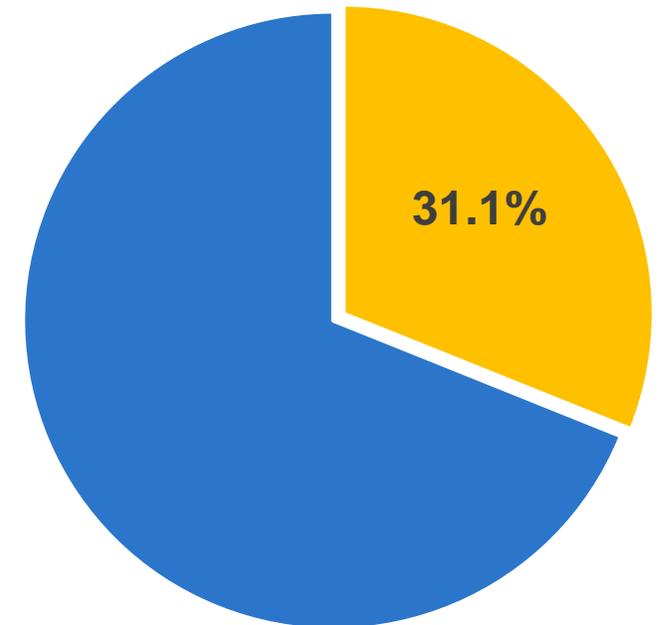
Percent of Workforce Currently Eligible to Retire Now\*



Percent of Workforce Eligible to Retire Within 3 Years



Percent of Workforce Eligible to Retire Within 5 Years



\*Excludes Fire Department

# KC Succession Plan

## Workforce Advancement Model (WAM) Timeline

The City of KCMO Human Resources Department has utilized informal succession plans for the past 15+ years for high turnover, hard-to-fill positions.

August 2015

- The Office of the City Auditor announced a Performance Audit to review whether the City has developed a succession plan to maintain knowledge, expertise and leadership continuity.

August/September  
2015

- Human Resources formally developed a draft succession planning policy called the Workforce Advancement Model (WAM).

December 2015

- City Auditor recommended four additional strategies to strengthen the policy, and each was immediately implemented and/or placed in the final policy document.

January 2016

- Administrative Regulation No. 1-28 “Workforce Advancement Model” was approved by the City Manager.

# City of KCMO Succession Plan timeline continued:

February thru April 2016

- WAM educational sessions held with Department Directors, Division Managers and Department Liaisons, including department-specific workforce demographic information.

May 2016

- The City had **12** departmental approved WAMs.

June 2016

- City of KC awarded Central Region International Public Management Association for Human Resources (IPMA-HR) - **Best Practice Award** for succession planning model.

September 2016

- City of KC received International Public Management Association for Human Resources (IPMA-HR) – **Agency Award for Excellence** for succession planning model.
- IPMA-HR currently uses KC-WAM as one of three best practice models in a succession planning training module.

January 2017

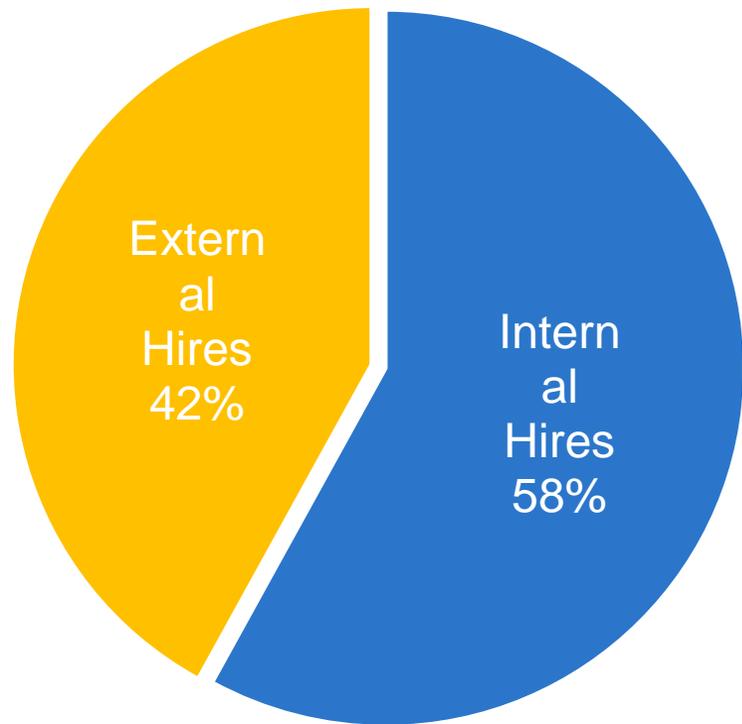
- Governing Magazine article spotlights KC-WAM.

Currently

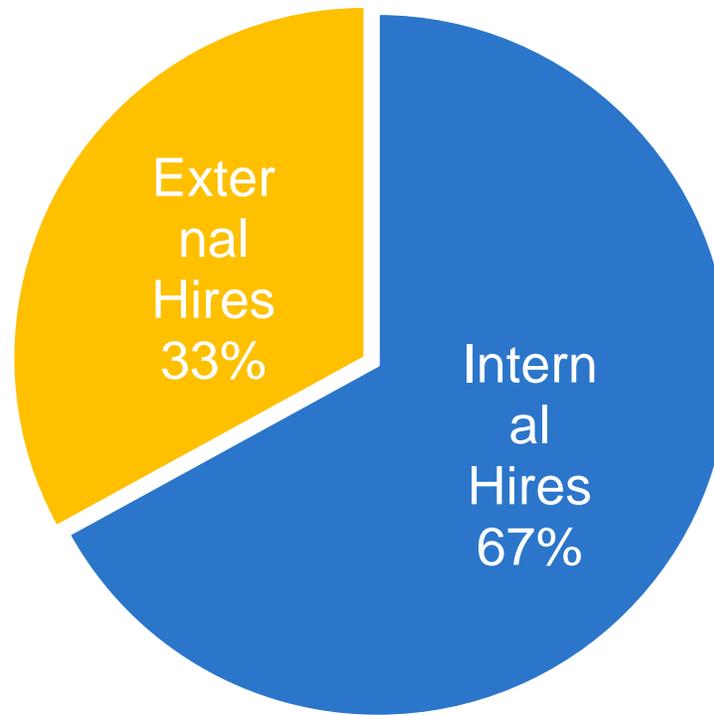
- The City has **36** departmental approved WAM's.

# One Year Change: Internal vs External Hiring for Leadership Positions

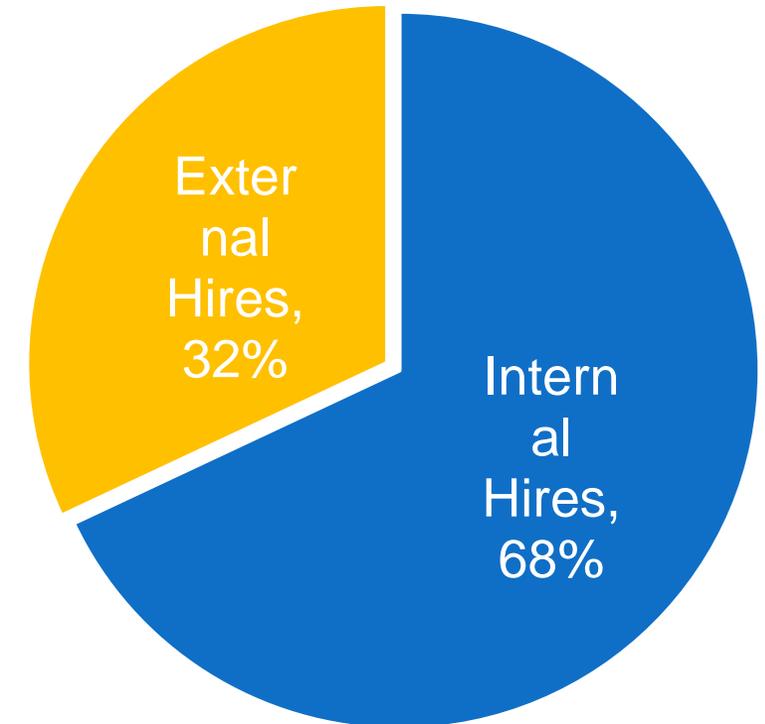
FY16 Hires into Leadership Positions



FY17 Hires into Leadership Positions



FY18 Hires into Leadership Positions



# Measures of Success

| <b>Measures of Success</b>  | <b>Actual<br/>FY15</b> | <b>Actual<br/>FY16</b> | <b>Target<br/>FY17</b> | <b>Actual<br/>FY17</b> | <b>Actual<br/>FY18</b> | <b>Target<br/>FY19</b> |
|---|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Increase the number of<br>Departmental Approved WAM's   | N/A                    | 12                     | 20                     | 21                     | 36                     | 38                     |
| Increase or maintain the<br>percentage of internal vs external<br>hires into "leadership" positions | N/A                    | 58%                    | 65%                    | 67%                    | 68%                    | 70%                    |
| Number of employees covered by<br>a WAM, indicating the potential<br>bench strength                 | N/A                    | 101                    | 150                    | 210                    | 263                    | 275                    |

# Strategy D

- a) Develop a plan that renews the Capital Improvement Sales Tax by August 2018. (Finance)

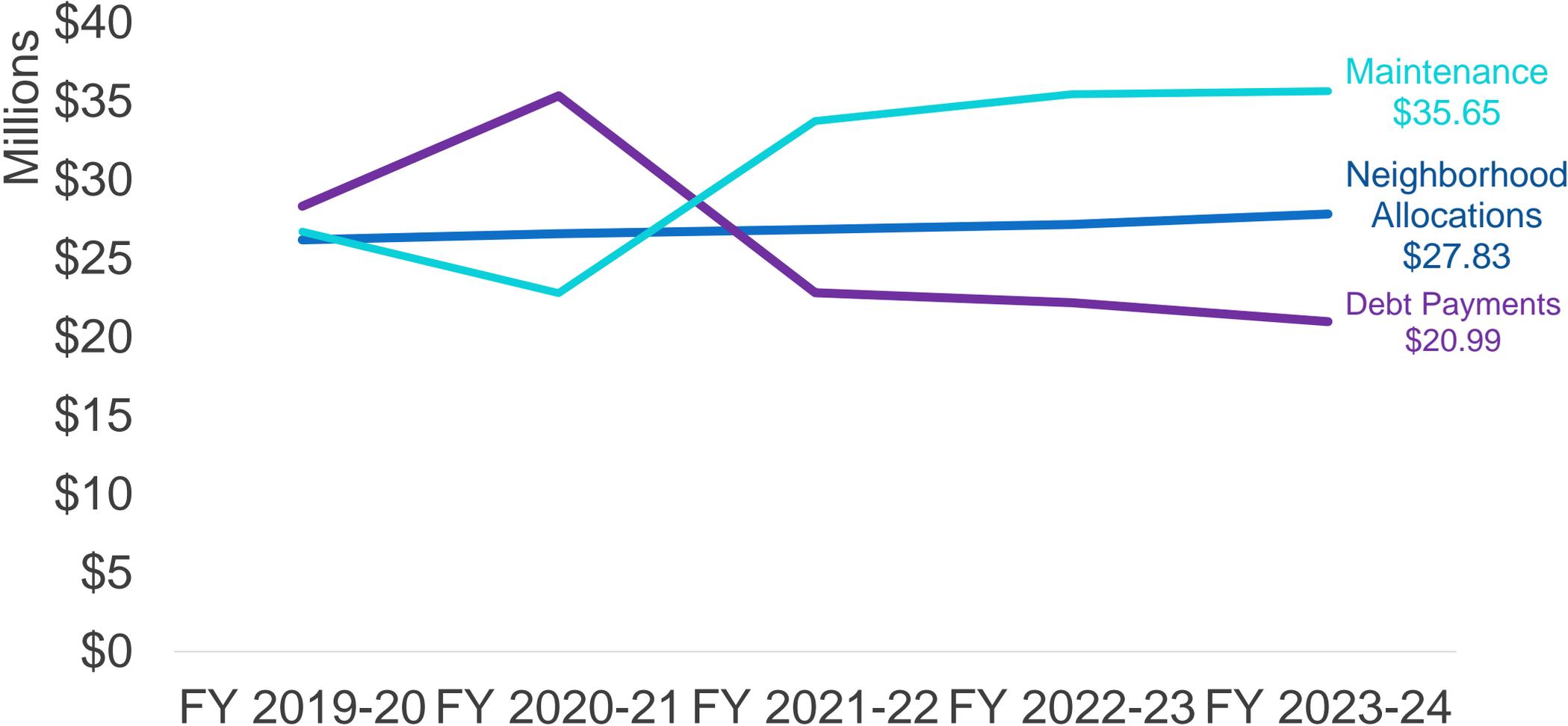


# Capital Improvements Plan

- 5-year Capital Improvements Plan
  - Maintenance focused
  - Reflects revised Capital Improvements Sales Tax language approved April 2018
- 5-year GO KC Bond Plan
  - Average \$40 million per year
  - Property Tax funded
- Included in Citywide Business Plan per Resolution No. 160951
- Plan adopted in October, final appropriations in March with FY 2019-20 Adopted Budget

# Capital Improvement Sales Tax

Proposed Capital Improvements Sales Tax by Category: 2020-2024



# Strategy E

- a) Develop a plan to sustainably fund maintenance and replacement of existing fixed assets starting with Parks and Recreation.  
(Parks and Recreation) –  
NEW: 2018

# Project Plan for Cartegraph Implementation

- Initial steps:
  - Define and inventory assets in Cartegraph
  - Develop a qualitative index
  - Gather all master plans
  - Value the asset
  - Assess the conditions of all assets
  - Draft a funding plan

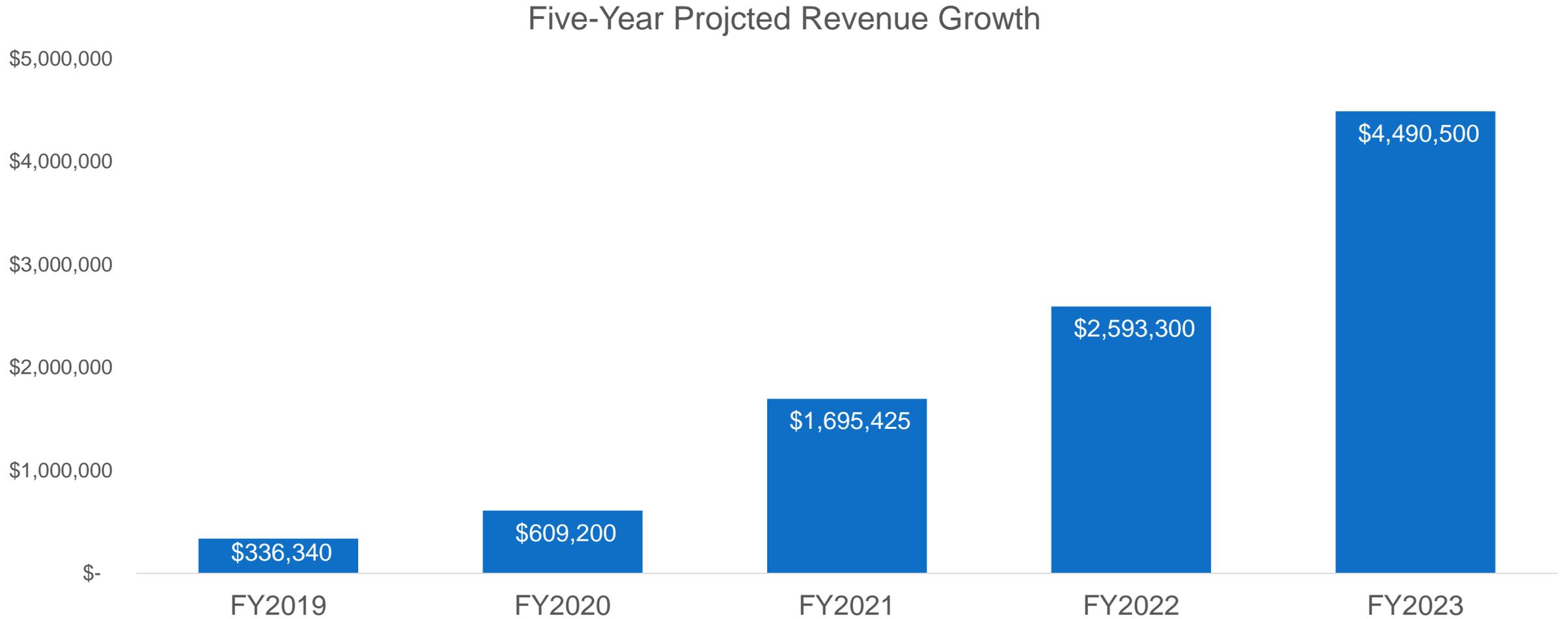
# Strategy E

Leverage community partnerships and identify new sources of revenue through sponsorships, grants, and contributions starting with Parks and Recreation. (Parks and Recreation) – NEW: 2018.

# Identifying new sources of revenue

- Evaluate local market for viability (e.g. foundations, institutions)
- Internal audit of department to determine gaps in funding, urgent revenue needs
- Research other Parks departments and similar organizations
- Introduce development plan
- Fill development team positions
- Prioritize activities based on revenue potential and projected revenue generation

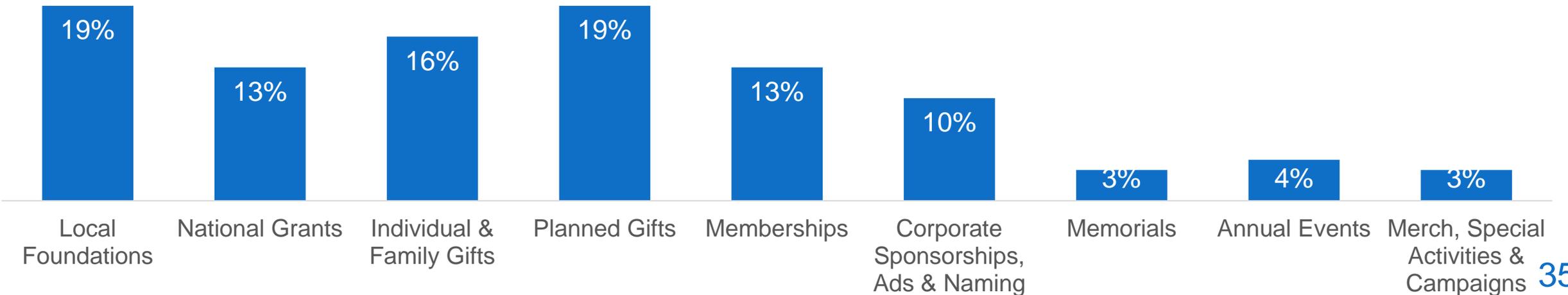
# Five-Year Projected Revenue Growth



# Five-Year Projected Revenue Growth by source

| Activity                                       | Year One             | Year Two             | Year Three             | Year Four              | Year Five              |
|--|----------------------|----------------------|------------------------|------------------------|------------------------|
| Local Foundations                              | \$ 217,040.00        | \$ 285,000.00        | \$ 595,000.00          | \$ 345,000.00          | \$ 420,000.00          |
| National Grants                                | \$ -                 | \$ 75,000.00         | \$ 280,000.00          | \$ 320,000.00          | \$ 610,000.00          |
| Individual & Family Gifts                      | \$ 3,000.00          | \$ 11,700.00         | \$ 104,500.00          | \$ 472,500.00          | \$ 1,005,500.00        |
| Planned Gifts                                  | \$ -                 | \$ -                 | \$ 150,000.00          | \$ 550,000.00          | \$ 1,100,000.00        |
| Memberships                                    | \$ 57,150.00         | \$ 128,700.00        | \$ 232,650.00          | \$ 355,950.00          | \$ 499,500.00          |
| Corporate Sponsorship, Advertising & Naming    | \$ 26,650.00         | \$ 51,300.00         | \$ 177,975.00          | \$ 285,300.00          | \$ 427,700.00          |
| Memorials                                      | \$ 32,500.00         | \$ 45,000.00         | \$ 58,500.00           | \$ 66,250.00           | \$ 73,000.00           |
| Annual Events                                  | \$ -                 | \$ -                 | \$ 10,000.00           | \$ 112,500.00          | \$ 265,000.00          |
| Merchandise & Special Activities and Campaigns | \$ -                 | \$ 12,500.00         | \$ 86,800.00           | \$ 85,800.00           | \$ 89,800.00           |
|  | <b>\$ 336,340.00</b> | <b>\$ 609,200.00</b> | <b>\$ 1,695,425.00</b> | <b>\$ 2,593,300.00</b> | <b>\$ 4,490,500.00</b> |

Five-Year Cumulative Revenue Breakdown



# KC Parks Membership Program (draft)

|  |   | Single Basic: \$99<br>(\$379 value) | Single Plus: \$24/month<br>(\$1,187 value) | Family Pass: \$39/month<br>(\$2,822 value) |
|--|---|-------------------------------------|--|--|
| Five free fitness classes ( <b>\$25 value</b> )  | X |                                     |  |  |
| Five free Creative Expression Classes ( <b>\$50 value</b> )  | X |                                     |  |  |
| Three free rounds of golf (includes 18-hole round with cart at Minor Park Golf Course, Swope Memorial Golf Course, Hodge Park Golf Course & Heart of America Golf Course) ( <b>approx. \$114 value</b> ) | X |                                     |  |  |
| 25% off shelter, pool, meeting room rentals for events and birthday parties  | X |                                     |  |  |
| Free entry for all three fun runs: Heartland Heat, Wilderness Run, Kris Kringle (four for family) ( <b>\$120 single/\$480 family value</b> )   | X | X                                   | X  |  |
| One pass to all KC Parks dog parks ( <b>\$10 value</b> )   | X | X                                   | X  |  |
| Free t-shirt ( <b>\$20 value</b> )   | X | X                                   | X  |  |
| "Your Guide to Kansas City Parks" book ( <b>\$40 value</b> )   | X | X                                   | X  |  |
| All-access Community Center pass with unlimited fitness and Creative Expression classes (or family four pass) ( <b>\$300/\$1,200 value</b> )   |   | X                                   | X  |  |
| Season pass (or family four pass) for The Bay, The Springs ( <b>\$99/\$300 value</b> )   |   | X                                   | X  |  |
| 10 free rounds of golf (Includes 18-hole round with cart at Minor Park Golf Course, Swope Memorial Golf Course, Hodge Park Golf Course & Heart of America Golf Course) ( <b>approx. \$380 value</b> )    |   | X                                   | X  |  |
| VIP entry at events (Derby Party, Feast of Fountains, Dragon Boat Festival, Summer Concert Series, Big Picnic, Ethnic Enrichment Festival, WaterFire, Day of the Dead) ( <b>approx. \$160 value</b> )    |   | X                                   | X  |  |
| One/Four free passes to Go Ape! (First 200 memberships only) ( <b>\$58/\$232 value</b> )   |   | X                                   | X  |  |
| 50% off shelter, pool, meeting room rentals for events and birthday parties  |   | X                                   | X  |  |

**Objective 4:  
Maintain and strengthen the City's  
General Obligation AA credit  
rating.**

# Current Credit Ratings

## General Obligation Credit

S&P

Moody's

AAA

Aaa

AA+

Aa1

AA

Aa2

AA-

Aa3

A+

A1

A

A2

A-

A3

BBB+

Baa1

BBB

Baa2

BBB-

Baa3

## Appropriation Backed Credit

S&P

Moody's

AAA

Aaa

AA+

Aa1

AA

Aa2

AA-

Aa3

A+

A1

A

A2

A-

A3

BBB+

Baa1

BBB

Baa2

BBB-

Baa3

# Importance of Positive Credit

- Credit rating reports include:
  - Various positive and negative aspects about the City and its demographics, economy, and finances
  - Published ratings
  - Factors that could positively or negatively influence the rating
- Upgrade factors per latest rating reports
  - Sustained surplus operations and growth in reserves
    - Fund balance on a GAAP basis has grown since FY2008-09 and fund balance goal was exceeded in FY2017-18
  - Mitigation of debt and pension burdens
    - Pension Task Force
    - Some debt policy ratios have improved

# Importance of Positive Credit

## Debt Policy Ratios

Debt service as a % of governmental funds revenues < **14.5%**

April 30, 2017

15.2%

September 30, 2018

17.2%

Total outstanding debt as a % of total governmental funds revenues < **125%**

April 30, 2017

152.2%

September 30, 2018

143.8%

Total outstanding debt as a % of full value of property < **4.5%**

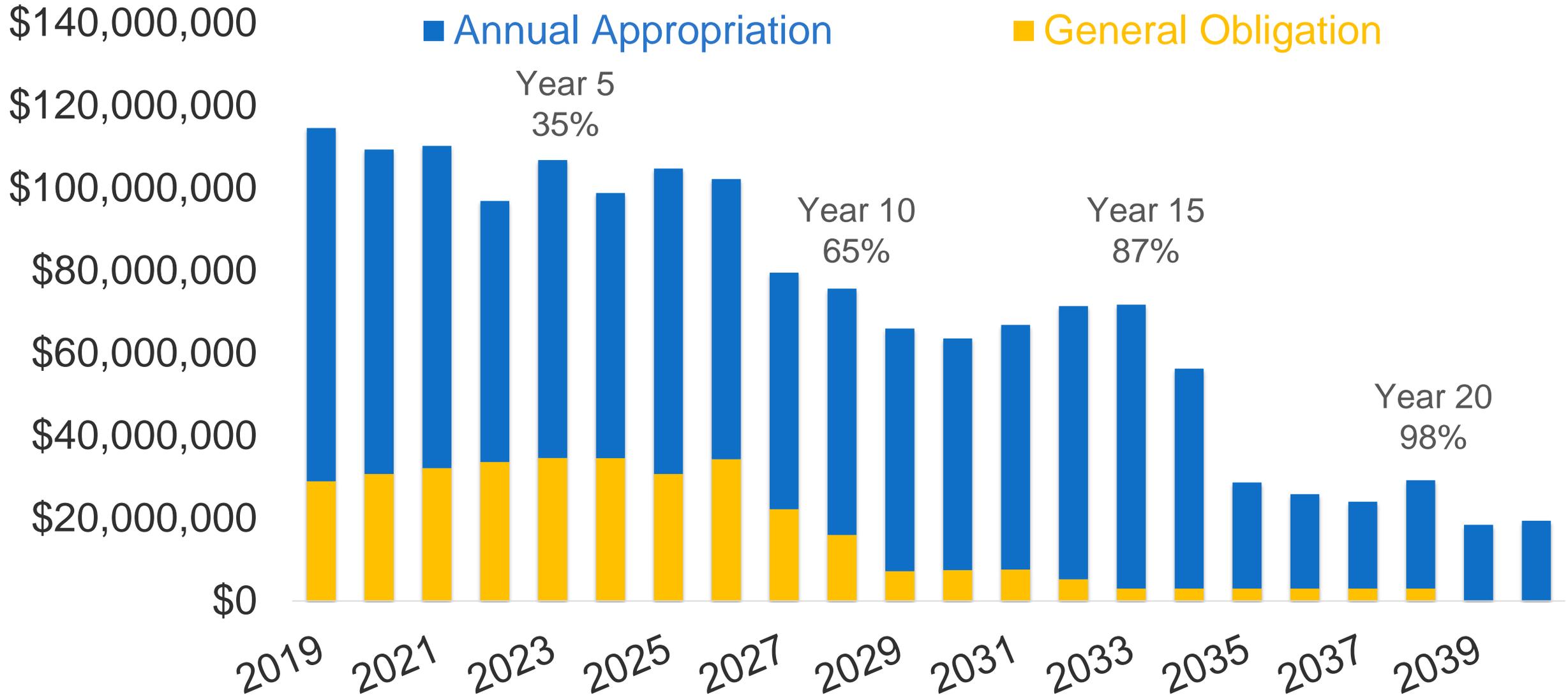
April 30, 2017

4.9%

September 30, 2018

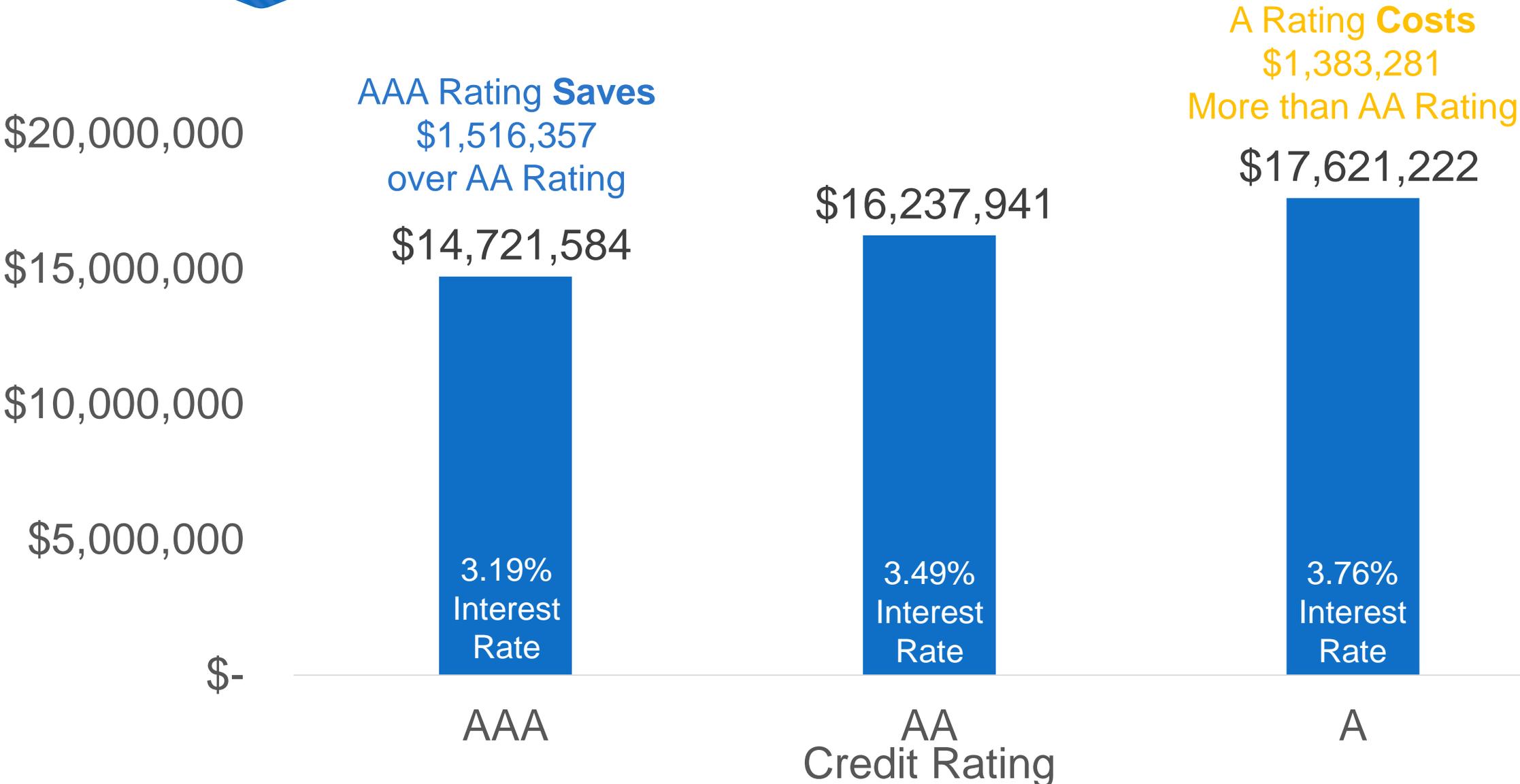
4.6%

# General Obligation Appropriation Debt



Does not include new issuances Spring, 2019

# Credit Rating Scenario



## Strategy A

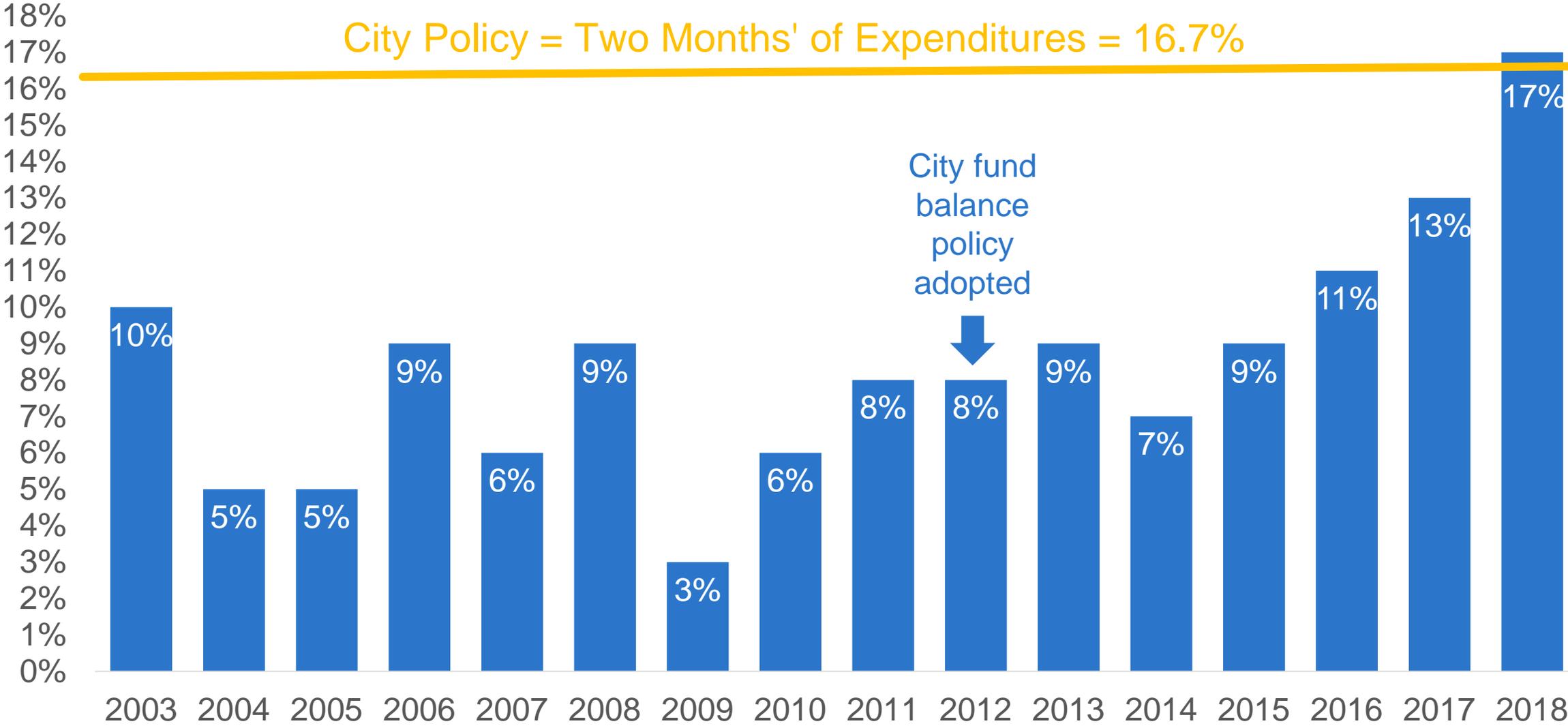
- a) Build the General Fund balance to at least two months of operating expenditures.  
(Finance)



Completed

If the funding level falls below its floor, the Director of Finance or Budget Officer will prepare and present to the City Council a plan to replenish the reserve. The City Council must approve and adopt a plan within 12 months of the reserve falling below the floor.

# General Fund Balance as a Percent Of Operating Expenditures (GAAP Basis)

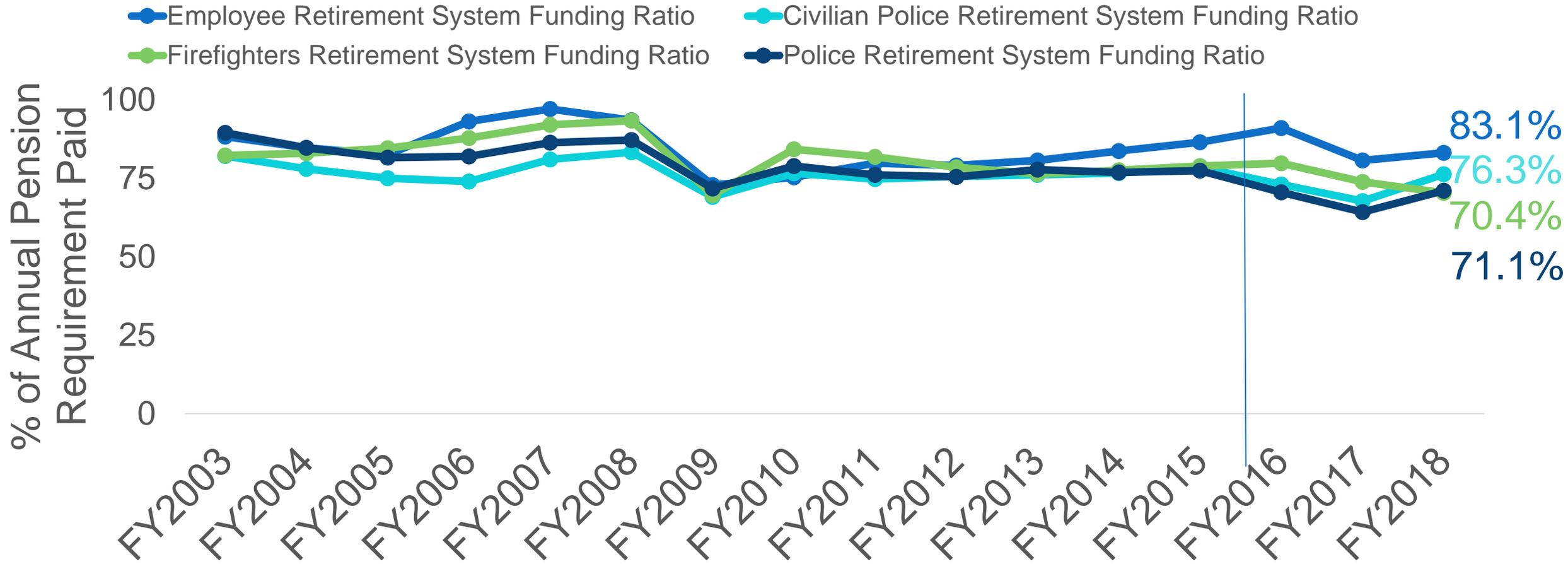


Source: CAFR [bit.ly/KCMOFinance](http://bit.ly/KCMOFinance)

## Strategy B

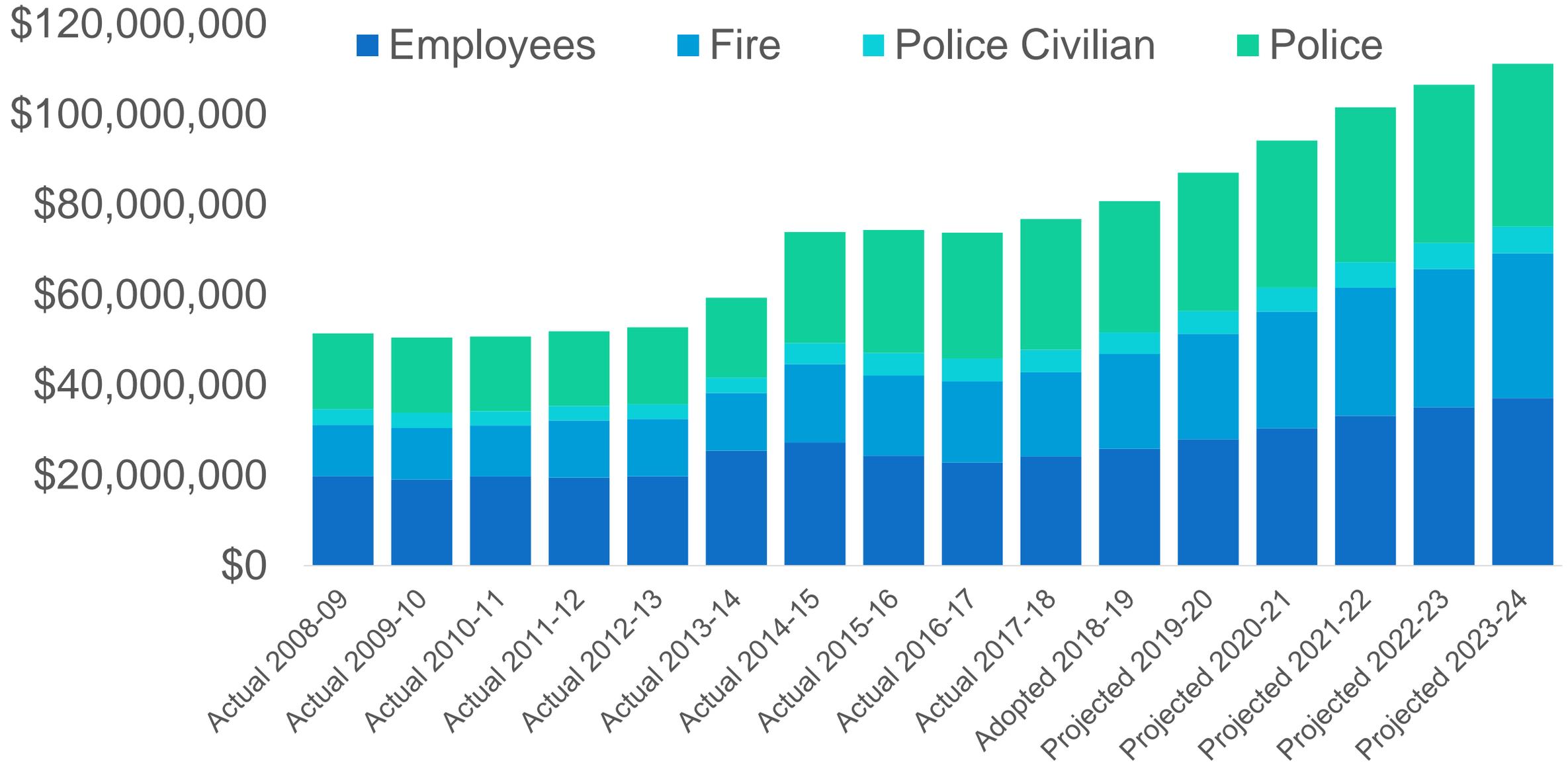
- a) Develop a long-range plan in conjunction with collective bargaining groups to fully fund benefit programs including pension, healthcare, and other post-employment benefits. (Finance)

# Funded Ratios

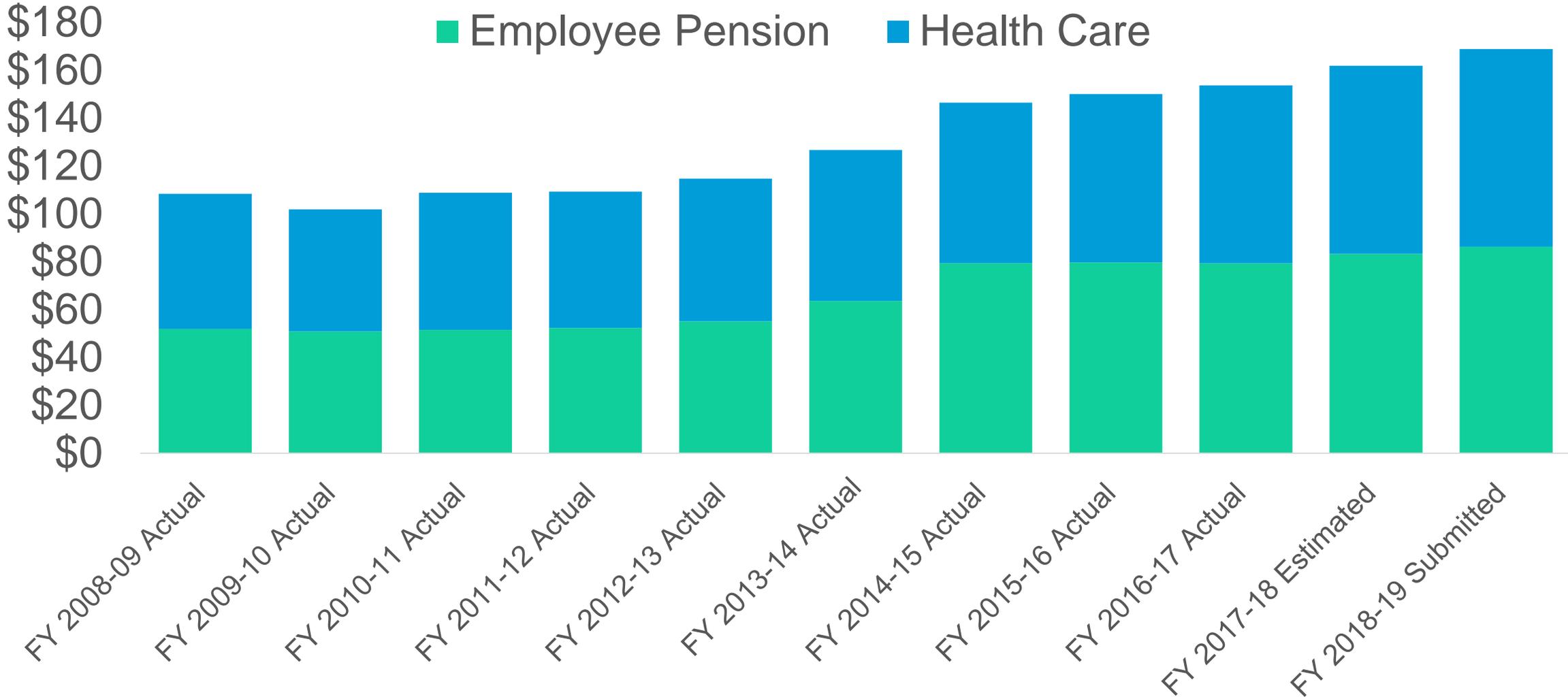


Data Available on OpenData KC  
[bit.ly/FundedRatios](http://bit.ly/FundedRatios)

# City Contributions to Pensions by Plan Over Time



# Pension and Health Care Expenditures



\*\$ in Millions

# Mayor's Pension Task Force



- Convened in August 2018

- Adopted Mission Statement:

The Task Force is charged with assessing the City's pension systems and developing recommendations for the Mayor, City Council and other governmental bodies in order to ensure the Plans remain financially sustainable and affordable over the long-term for City government while providing fair and equitable retirement benefits for all City employees, whether current or future.

- Meetings held to date: 4

- Education for Task Force members

- Deliberation and approval of RFP for Pension Consultant to assist the group

# Healthcare Association

- Ordinance No. 180775, passed October 18, 2018
  - Modifies Sections 2-1390 through 2-1394 of the Code of Ordinances
    - Former Healthcare Trust can be changed to multi-employer healthcare association pursuant to State statute
  - Authorizes City Manager to create the association as an independent non-profit organized under the laws of the State of Missouri
  - Authorizes City Manager to contract with other employers to create the association for the purchase and management of employee health and related insurances

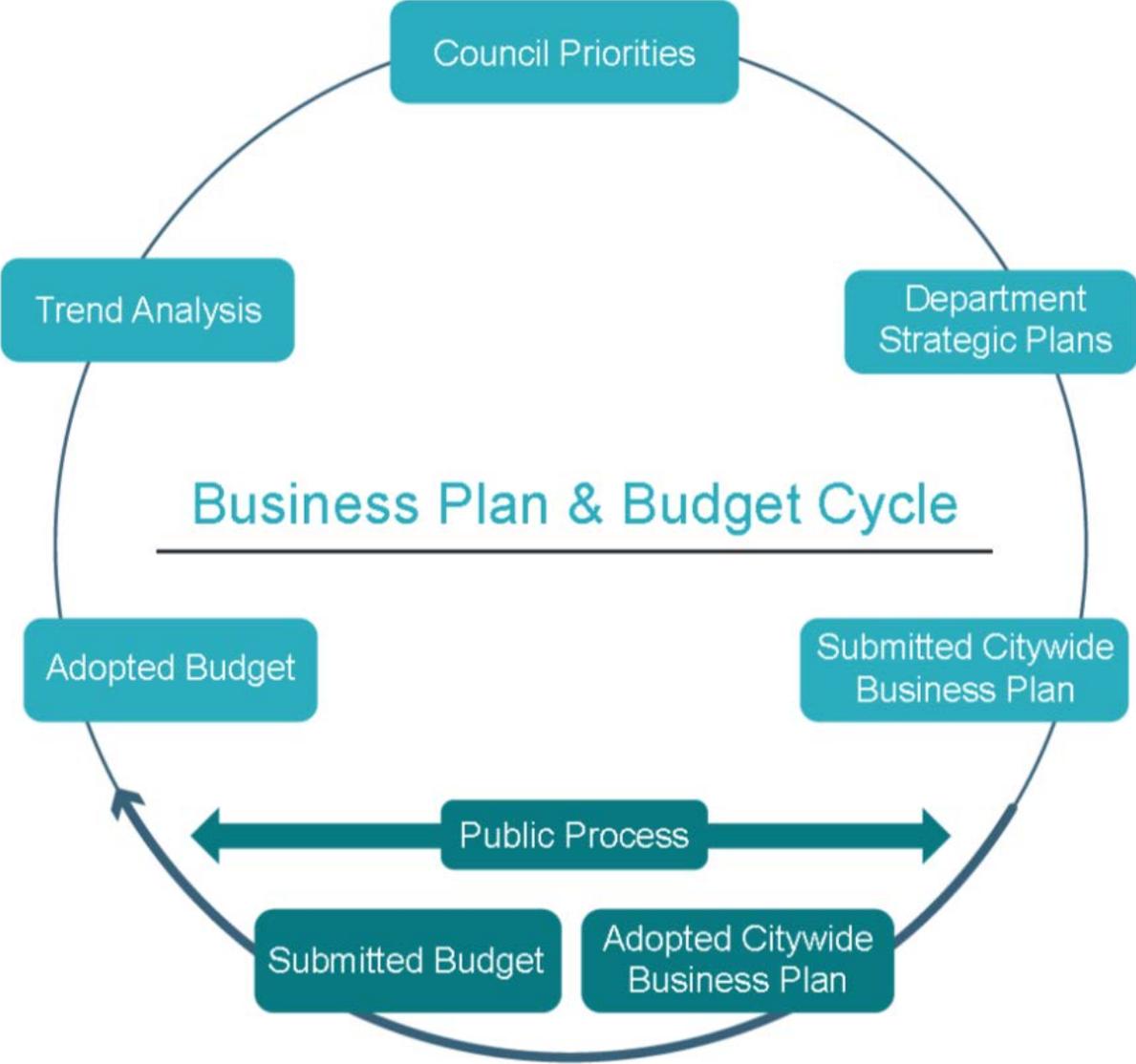
# Strategy C

- 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)



# Business Plan Cycle

“One Year Snapshot”  
➔

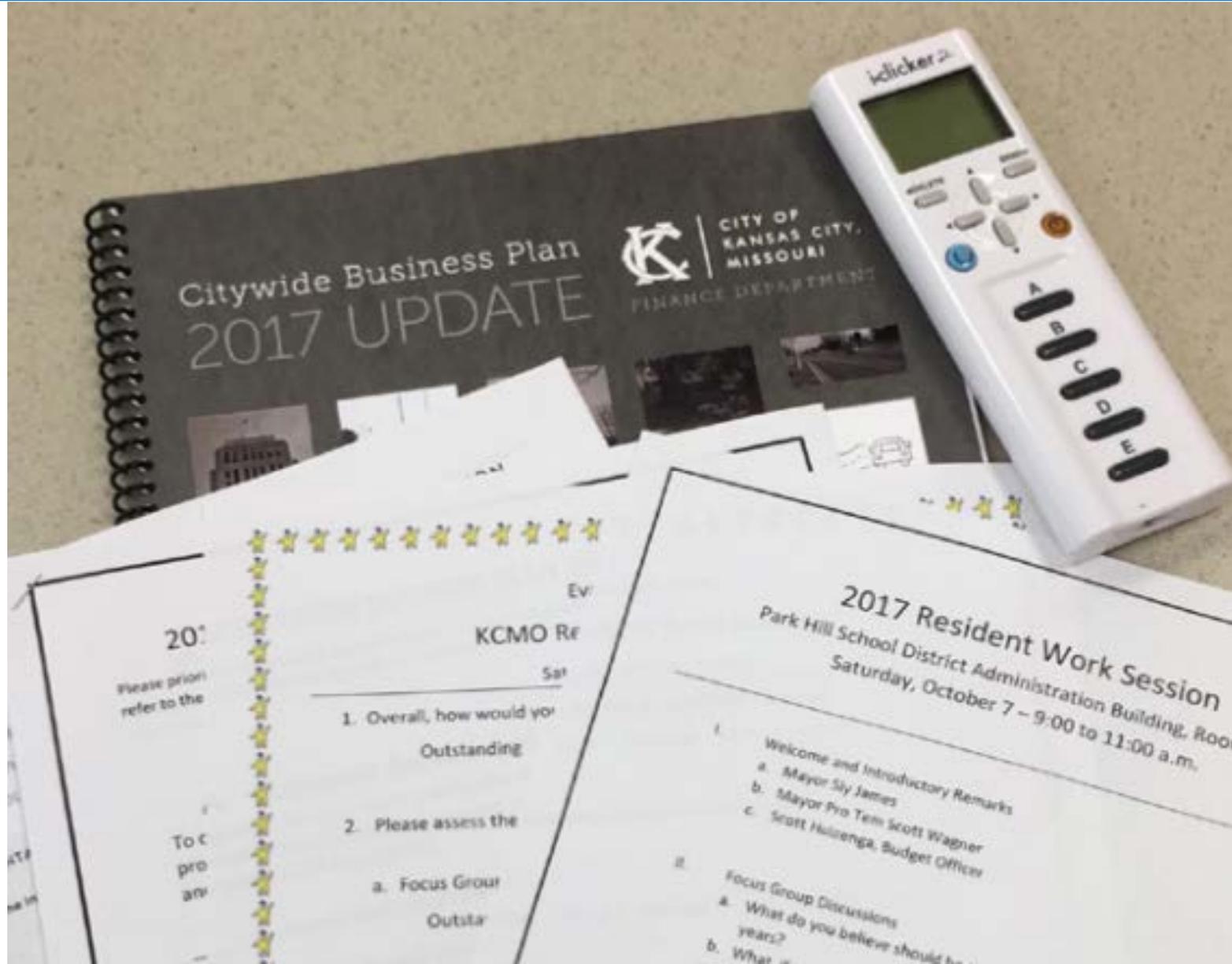


# 2018 Winner of GFOA Award for Excellence

- 2018 Winner for Exceptionally Well Implemented GFOA Best Practice:
  - Engaging Residents in Kansas City's Citywide Business Plan

For full story:

<http://www.gfoa.org/sites/default/files/2018AwardForExcellenceWinner-KansasCityMO.pdf>

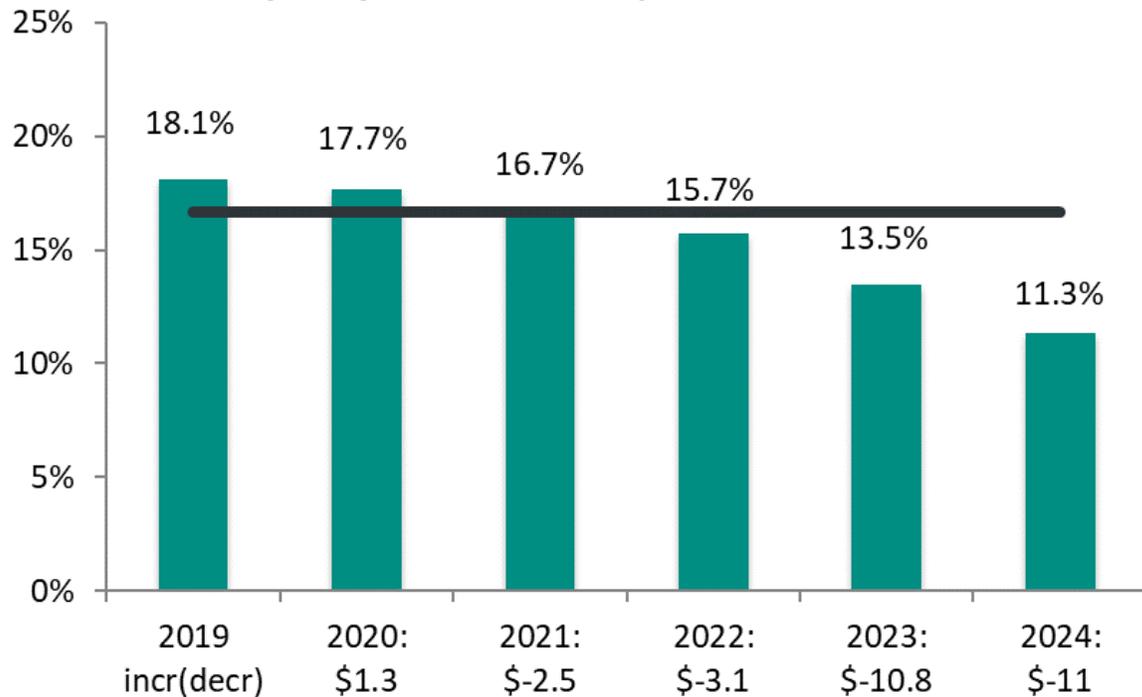


# General Fund: Reserves as a percent of operating expenditures

○ Baseline Scenario

**General Fund: Reserves  
as a percent of operating expenditures**

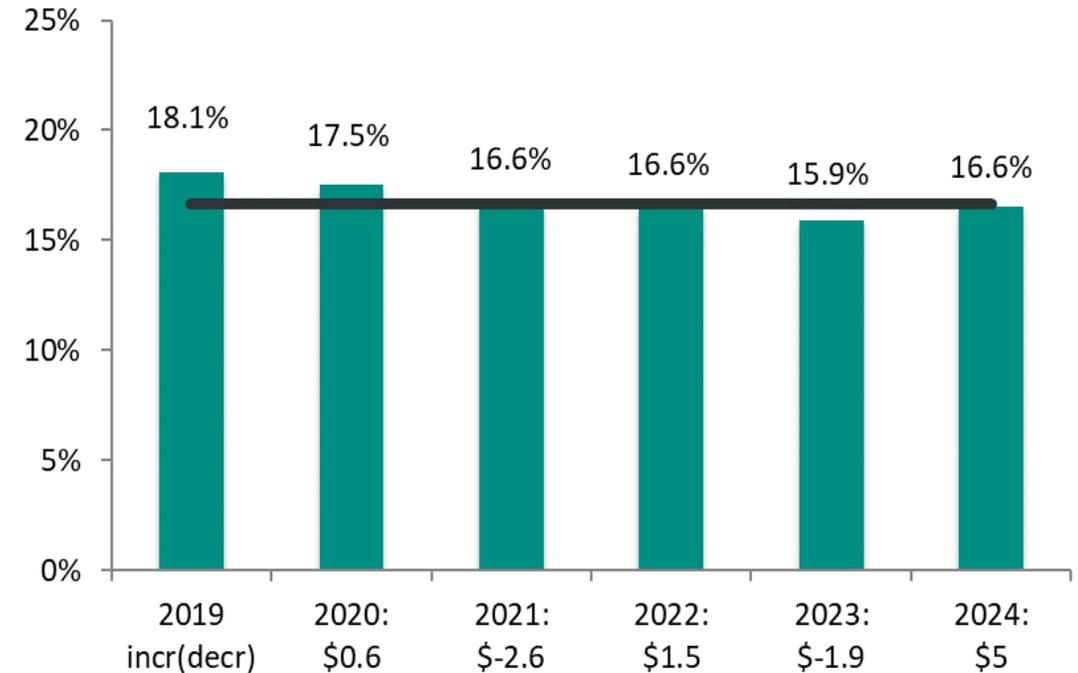
*City Policy = two months' expenditures*



○ Balanced Scenario

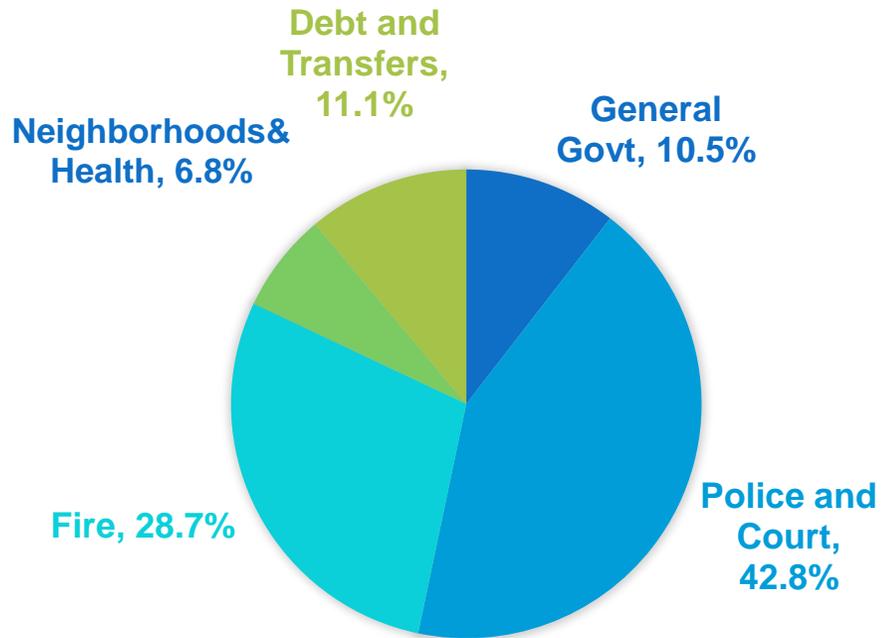
**General Fund: Reserves  
as a percent of operating expenditures**

*City Policy = two months' expenditures*

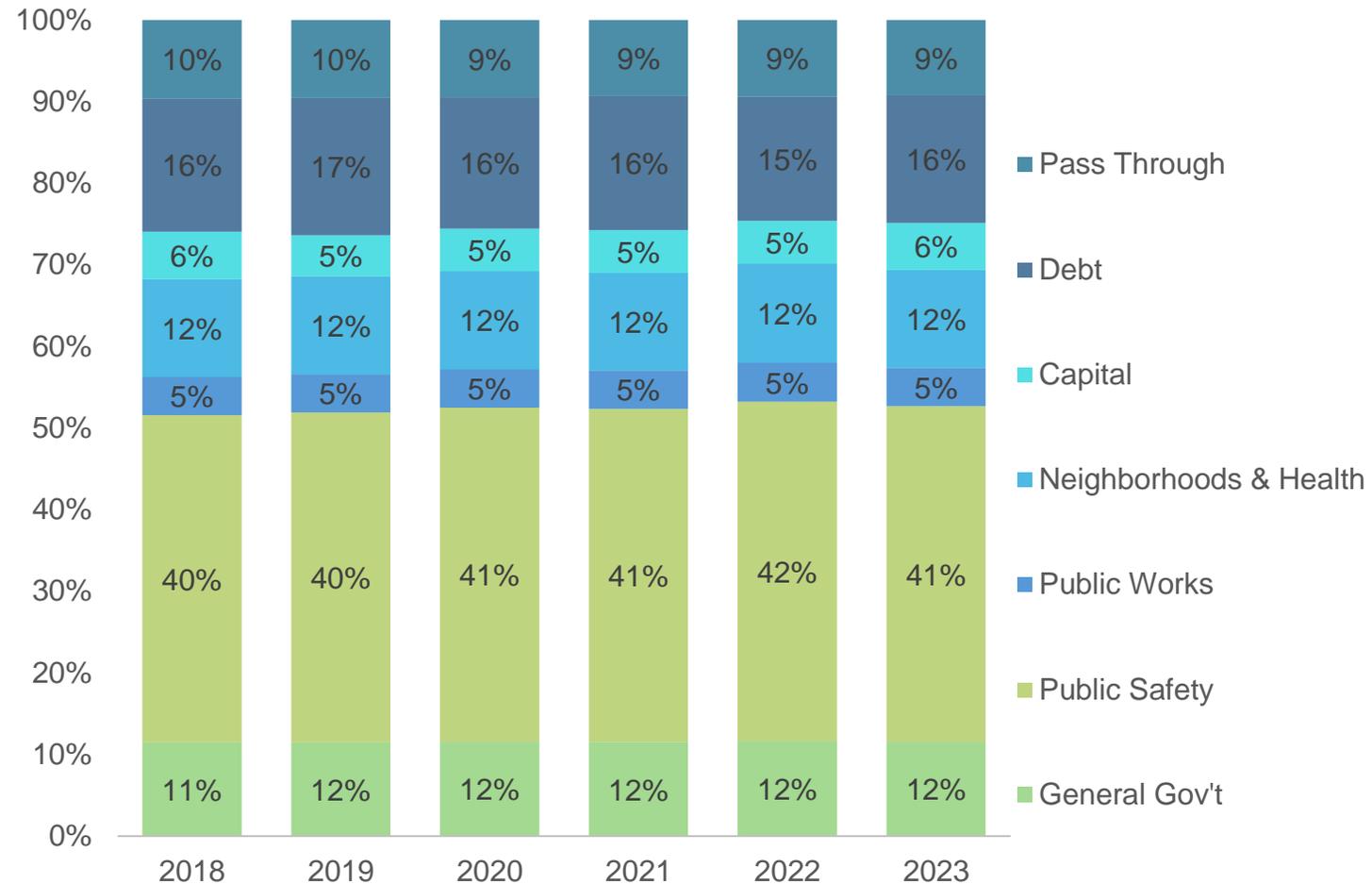


# Five-Year Financial Plan – Portfolio of Services

## GENERAL FUND OPERATING EXPENSES: 2023

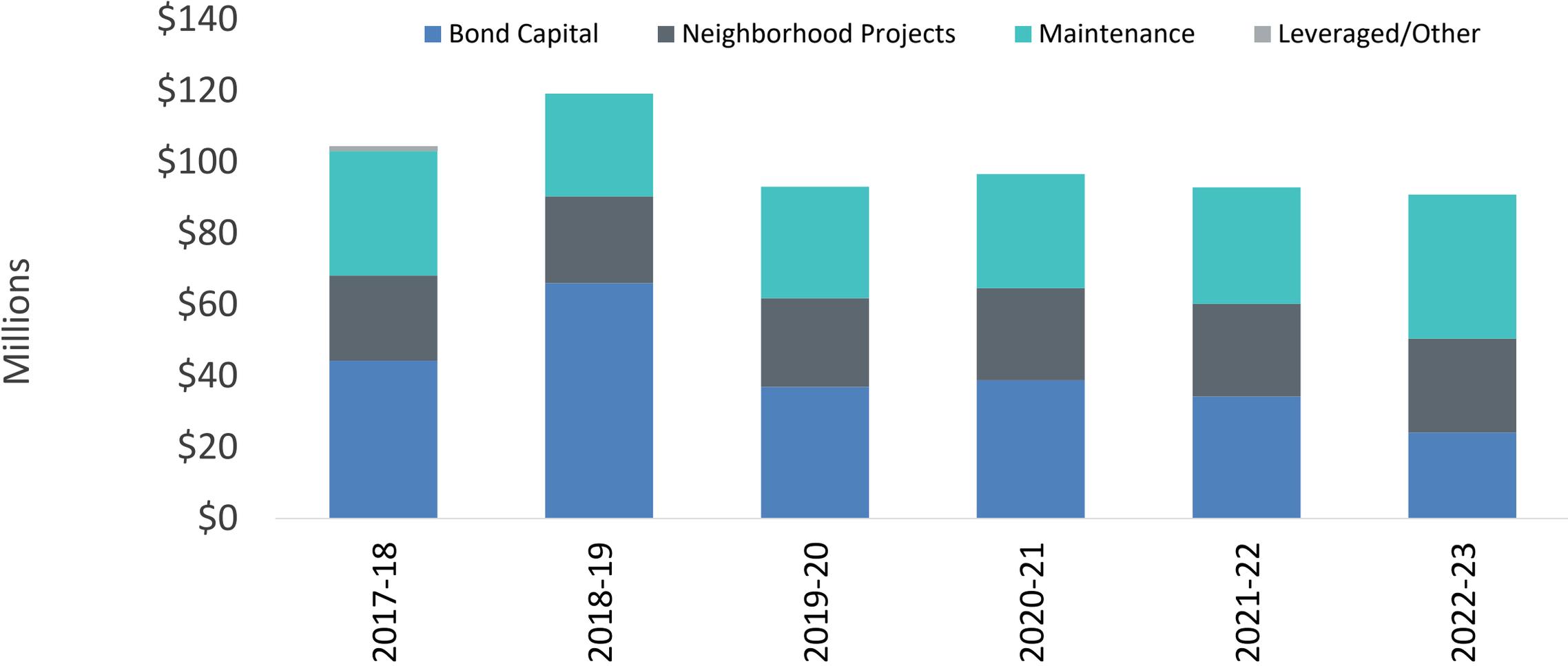


## GOVERNMENTAL ACTIVITIES FUNDS: ALLOCATION BY PROGRAM



# Five-Year Financial Plan – Capital Expenditures and Taxpayer Impact

Projected Capital and Maintenance Expenditures



## Strategy D

Proactively engage Credit Rating Agencies (Standard & Poor's (S&P) and Moody's Investor Service) by hosting visits to Kansas City.  
(Finance) – NEW: 2018

# Credit Rating Agency Visits

- Ratings requested at the time of each bond issuance.
  - Review of City's finances, economy, and demographics takes place by phone or in person at the rating agency offices.
- Periodic, interim visits by rating agency personnel to discuss relationship (not ratings-based).
- Last visit with full tour of the City took place in the 2000's.
  - Expect to extend invitation for a June/July 2019 visit and tour.



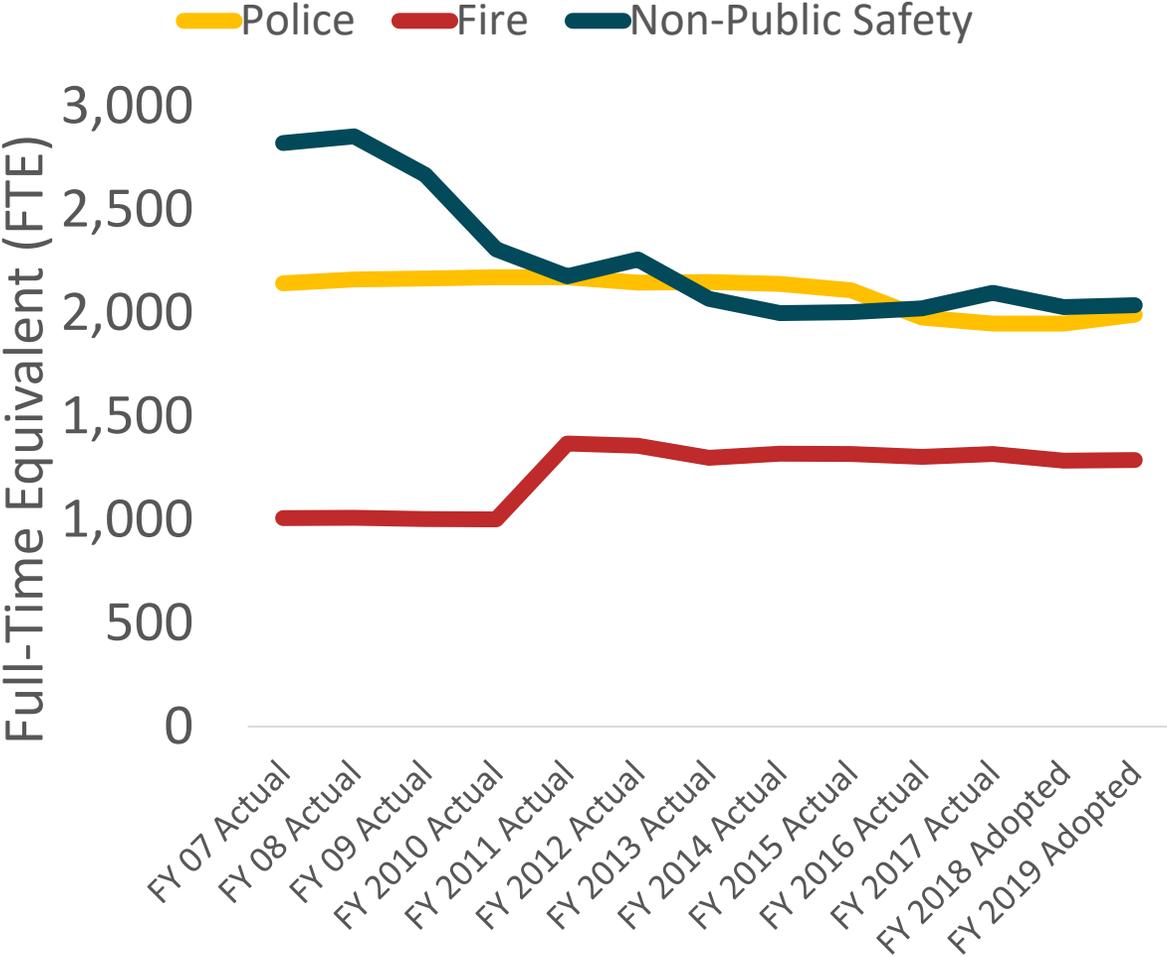
**Objective 1:  
Identify and take advantage of  
opportunities for cost-savings and  
efficiencies.**

# Strategy A

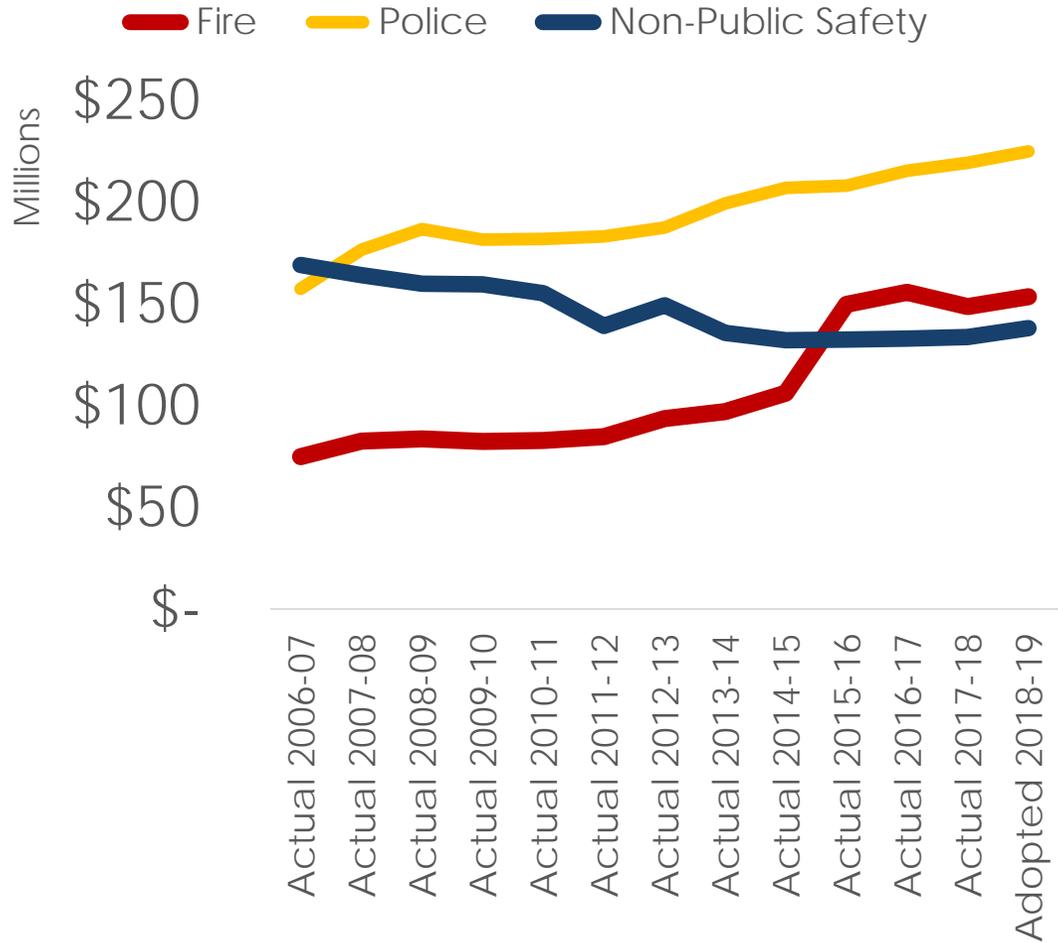
Develop recommendations to  
reduce Fire overtime expenditures.  
(Finance)

# Public Safety Expenses

City positions by department



General Fund Expenses by department



# Fire Overtime

Actual OT Cost (Does not include Overtime Regular)



# Resolution No. 180550

## Section 1

Review of Fire Department Staffing

## Section 2

- A. Reduce Modified Duty-Compensable
- B. Review Staffing and Deployment

## Section 3

- A. The Modification of Minimum Staffing
- B. The Reduction in the Number of Companies
- C. The Relocation of Companies
- D. The Modification of Fire and Medical Staff Schedules

## Next steps:

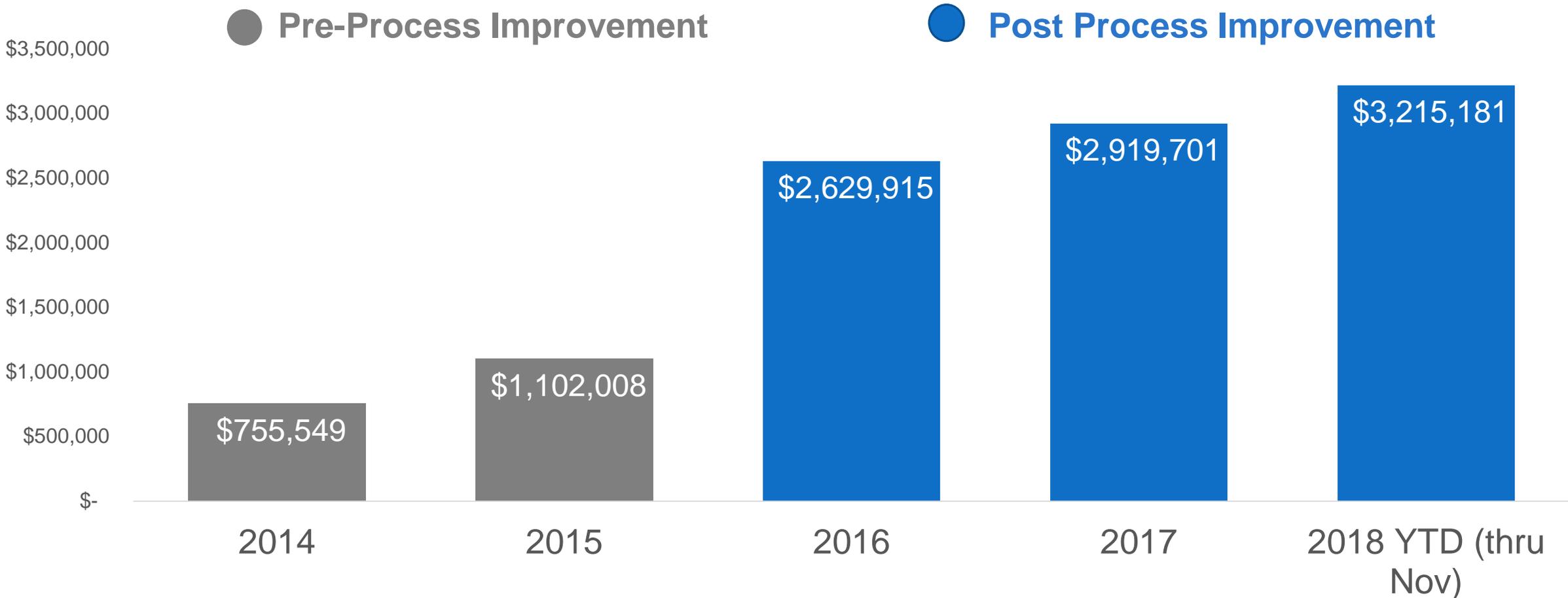
- High level analysis already completed
  - OMB and KCFD will collaborate to further investigate the feasibility of all options
- Coordinate with KCFD to identify milestones and actions that could be implemented in the short term.

## Strategy B

Conduct a process improvement study on revenue collections. (Finance, Revenue Division)

# Law Department Process Improvement

## Law Department Collections



# Process Improvement - Plain Language Behavioral Insights Studies 2018/2019

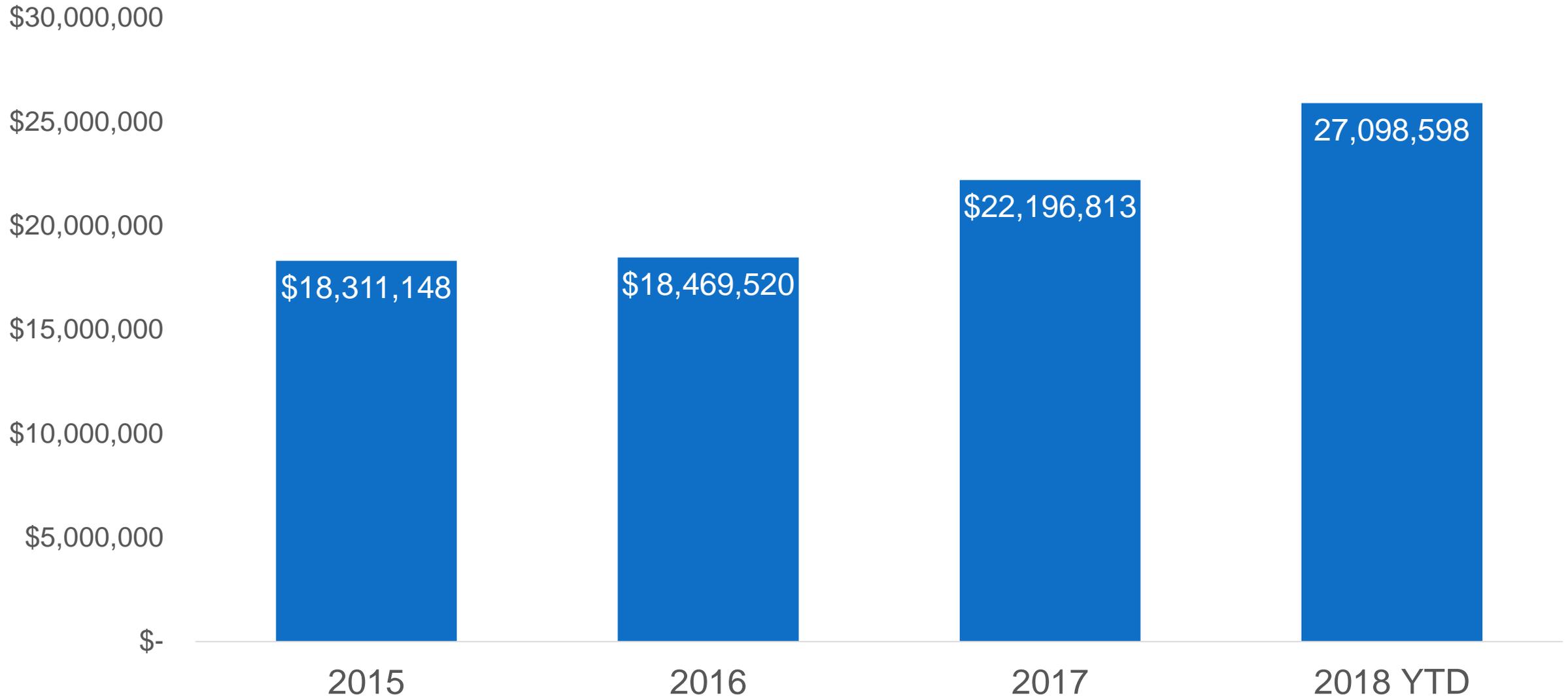
## 2018

- Conducted “Plain Language” Trial on Business License Delinquency Notices
  - 8<sup>th</sup> grade reading level
  - Step by step of what to do
  - Significantly higher response rate from new notice

## 2019

- Two new trials
  - Past due watermark on delinquency notices
  - Descriptive Norms used on Earnings Tax Assessment letters “*over 70% of the ETAX is used for public safety*”

# Involuntary Collections



# Next Steps

- Collections process mapping completed for:
  - Municipal Court, Water Services, Fire – Medical Bureau
- October 2018
  - Administrative Regulation approved establishing Accounts Receivable and Collection Policy
    - Billing and invoicing guidelines
    - Accounting and financial reporting for accounts receivable
    - Collection procedures including use of collection agency
- January 2019
  - Expect to issue RFP for collection agency services

## Strategy C

Prepare a recommendation to develop a pilot project for a citywide inventory system, beginning with the Kansas City Fire Department.  
(KCFD)

# First steps

- The desired outcome of this pilot is to enable KCFD to track the service cycle of every piece of equipment used. This would include initial cost, maintenance, repairs, loss, and removal from service. Goal would be to improve procurement, inventory control, budgeting, injury prevention, planning and documentation.

## First Steps

Scanning the environment for best practices internally and with other cities.

Determining what inventory and maintenance products are available; and costs or feasibility to implement.

# Strategy D

Conduct a review of citywide  
timekeeping and payroll functions.  
(Finance)

# Successes and future milestones

|                                | 11/06/15 | 11/03/17 | 11/02/18 | Results   |
|--------------------------------|----------|----------|----------|---|
| # of Checks Printed            | 340      | 13       | 18       | Maintained consistent reduction of checks printed   |
| # of Direct Deposits Processed | 4,042    | 4,445    | 4,354    | 99% of employees use direct deposit                 |
| # of Pay Advices Printed       | 3,567    | 2,359    | 2,058    | 53% of employees pay advances are not being printed |

## Next Steps:

- Review current timekeeping and payroll processes across the City to identify opportunities for improvement and integration (2018)
- Review PeopleSoft configuration to potentially automate payroll calculations based on hours worked (ongoing)
  - Goal is to eliminate manual calculations/interpretation

## **Strategy E**

Complete the OneIT initiative between the City and the Kansas City Police Department. (Office of the City Manager)

## **Strategy F**

Identify opportunities to further OneIT consolidation with other departments.

# OneIT Initiative

- MOU Signed
- Consolidated IT Funding and submitted joint budget request for FY20
- One server room with connections across infrastructure
- All shared servers

## Next Steps:

- Will save hundreds of thousands of dollars over time
  - Not buying two of same product anymore
  - Looking to consolidate data storage locations

# Strategy I

Continue to consolidate processes between the City and KCPD, beginning with a review of the procurement process. (General Services) – NEW: 2018

# Coordination Efforts (early stages)

- Procurement staff are meeting on regular basis to coordinate projects on purchasing.
- There are also significant opportunities in fleet across the city and KCPD.



# Strategy G

Develop and implement a comprehensive risk management program. (Risk Management Committee)

- RMIS software purchased
- Safety inspection software purchased
- Rolling start in calendar year 2019

# Strategy H

Implement a priority-based budgeting (PBB) system. (Finance)

# Priority Based Budgeting (PBB)

## THREE REASONS FOR PRIORITY BASED BUDGETING

**1**

### ACTIONABLE RESULTS

Allocate resources to where they benefit the community the most

**2**

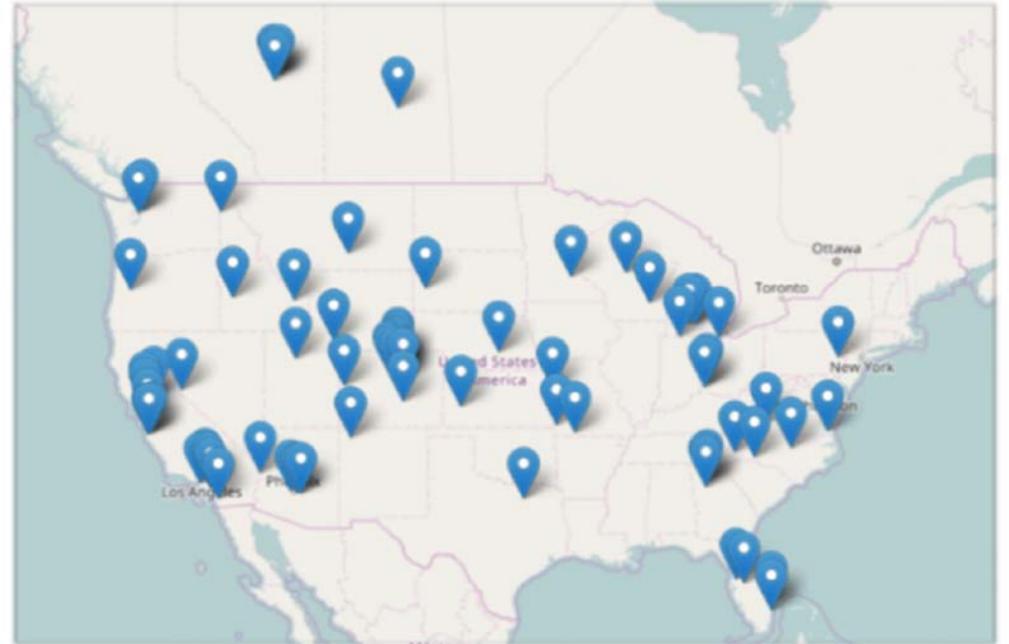
### BEST PRACTICE

Recognized as a best practice by ICMA, GFOA, and the NLC

**3**

### COMMUNITIES OF ALL SIZES

PBB works for small towns of a few thousand citizens and large cities with populations near 1 million



Inventory

Cost

Score

Present

Analyze

# Benefits of Program Scoring

## KEY TERMS

### Results

The goals and objectives and their definitions used to evaluate programs

### Basic Program Attributes (BPAs)

All programs are scored against attributes like Mandated to provide a program

### Community Results

Only Community programs are scored against results like Safety and Economy

### Governance Results

Only Governance programs are scored against results like Compliance and Decision Making

**1**

## COMMUNICATE

Scoring describes the many ways programs affect the community

**2**

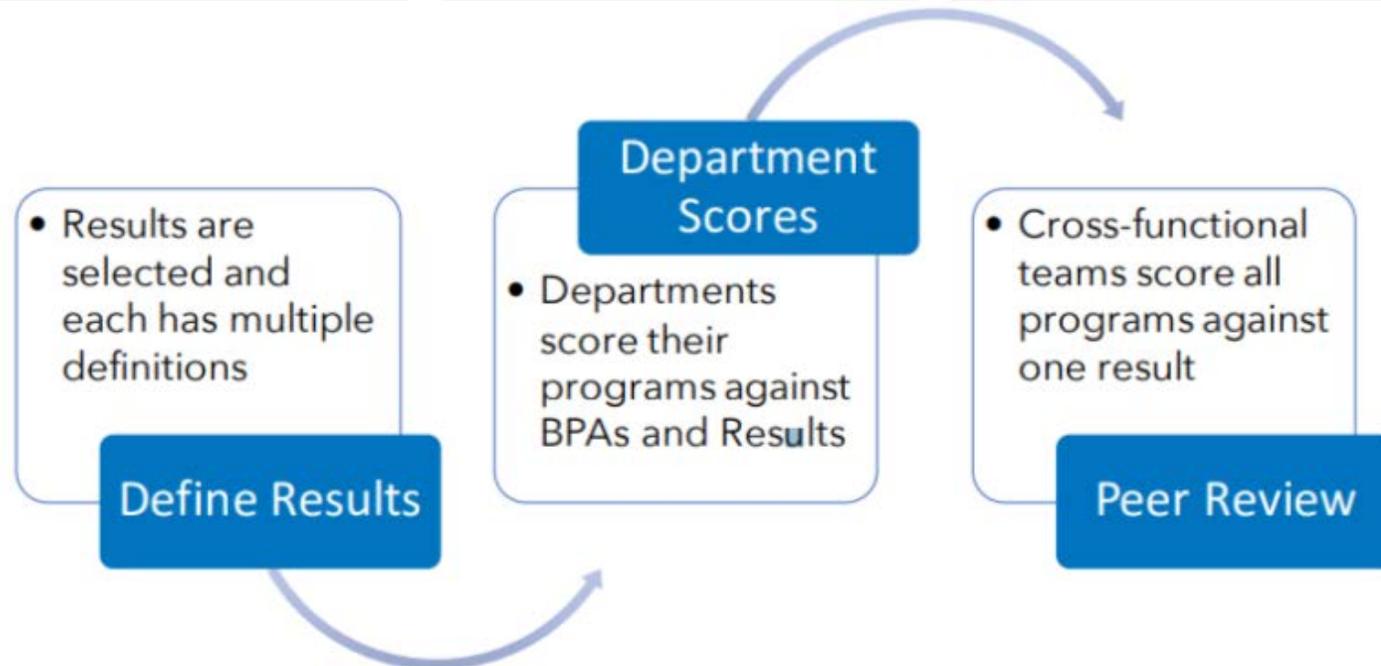
## ALIGNMENT

Apply existing strategic plan and values to the services offered

**3**

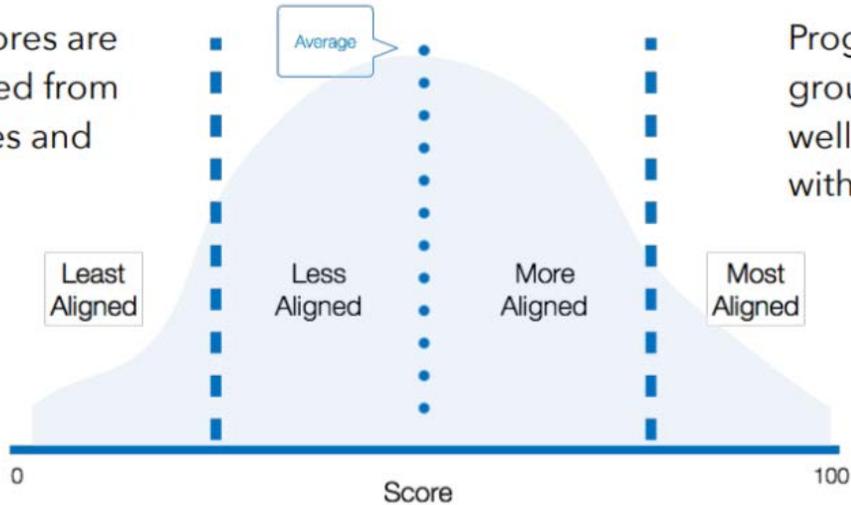
## INSIGHT

Know where to allocate resources to make the most significant impact on results



# Presenting PBB

Final scores are calculated from attributes and results



Programs are grouped on how well they align with results

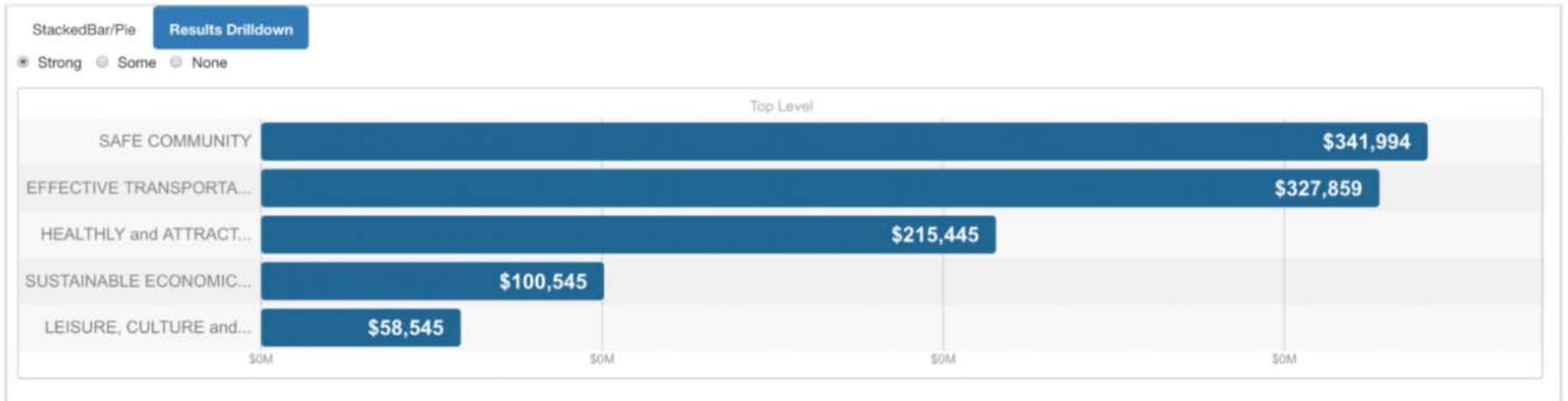
## Two types of Programs Community and Governance

### Community Programs

External Services that benefit the community  
Align better with results like Safety, Economy, Transportation  
*Examples: Directed Patrol, Snow Removal, Playground Maintenance*

### Governance Programs

Internal Services that are necessary for the governing of the city or county  
Align better with results like Compliance, Decision-Making, Workforce  
*Examples: Budget Preparation, Payroll, Building Services Contracts*



# Analyzing Using the Five Policy Questions

1

- Is it possible to change the level of service?

2

- Is it possible to change your self imposed mandate?

3

- Is there an opportunity for a Public/Public partnership?

4

- Is there an opportunity for a Public/Private partnership?

5

- Are these services better left to the private sector?

# Strategy J

Consolidate management and operations of museums and their collections – NEW: 2018

# Assess Management, Ownership & Support

- Assess the facilities and collections the City owns and the facilities and collections the City operates and manages for small to mid-sized institutions; for example:
  - The City owns the buildings and grounds of the Kansas City Museum, and Parks operates and manages the Museum and cares for and manages the collection. Per the strategic plan, the ownership of the collection needs to be clarified and redefined.
  - The City owns the building and grounds of the American Jazz Museum and the Negro Leagues Baseball Museum, and the AJM and the NLBM are nonprofits that each manage their respective Museums. In particular, the City owns the collection that the AJM manages.
  - The State owns the Bruce R. Watkins Cultural Heritage Center and Museum building, Parks owns the parking lot, and Parks operates and manages BRW. The Friends of BRW as a nonprofit owns the collection that Parks manages.
  - The City owns the Black Archives building and grounds, and the Black Archives of Mid-America as a nonprofit manages the property. The BAMA owns and manages the collection.
- Assess the conditions of each building and property including the collection storage facilities.
- Assess the resources the City provides for the management and operation of each facility and the care and management of the collections to determine opportunities for cost savings (e.g. shared collection spaces, personnel, etc.) and increases in revenue.

# Develop a Long-Term Strategic & Business Plan

Work with staff, stakeholders, and community to:

- Create strategic priorities and goals that ensure the financial viability and sustainability of each organization, the preservation of the collections, and the accessibility of each organization to the general public.
  - Focus on needs for:
    - Capacity building and collective impact through collaboration: fundraising, curatorial, collections management, marketing, professional development, technology
    - Board development and governance structures: composition and compliance of Boards, roles and responsibilities, best standards and practices for museums and cultural institutions, skills in fundraising and supervision of executive leadership
    - Equity and inclusion: core values, cultural competency, diversity of staff, community engagement including neighborhood residents and Kansas City-based curators, educators, historians, artists, etc.
- Create a financial plan with attainable goals for earned and contributed revenue, investments, endowments, capital projects.
- Create a cultural plan that examines infrastructure (policies and procedures); equity and inclusion; alignment, mobilization, and maximization of resources; shared vision; systemic change.

**Objective 5:  
Implement policies and procedures  
to reduce workplace accidents and  
injuries and associated costs.**

# Incident Rate (per 100 employees)

## Incidence Rate – Occupational Injuries and Illness Citywide

**FY15**

19.9

**FY16**

17.8

**FY17**

19.4

**FY18**

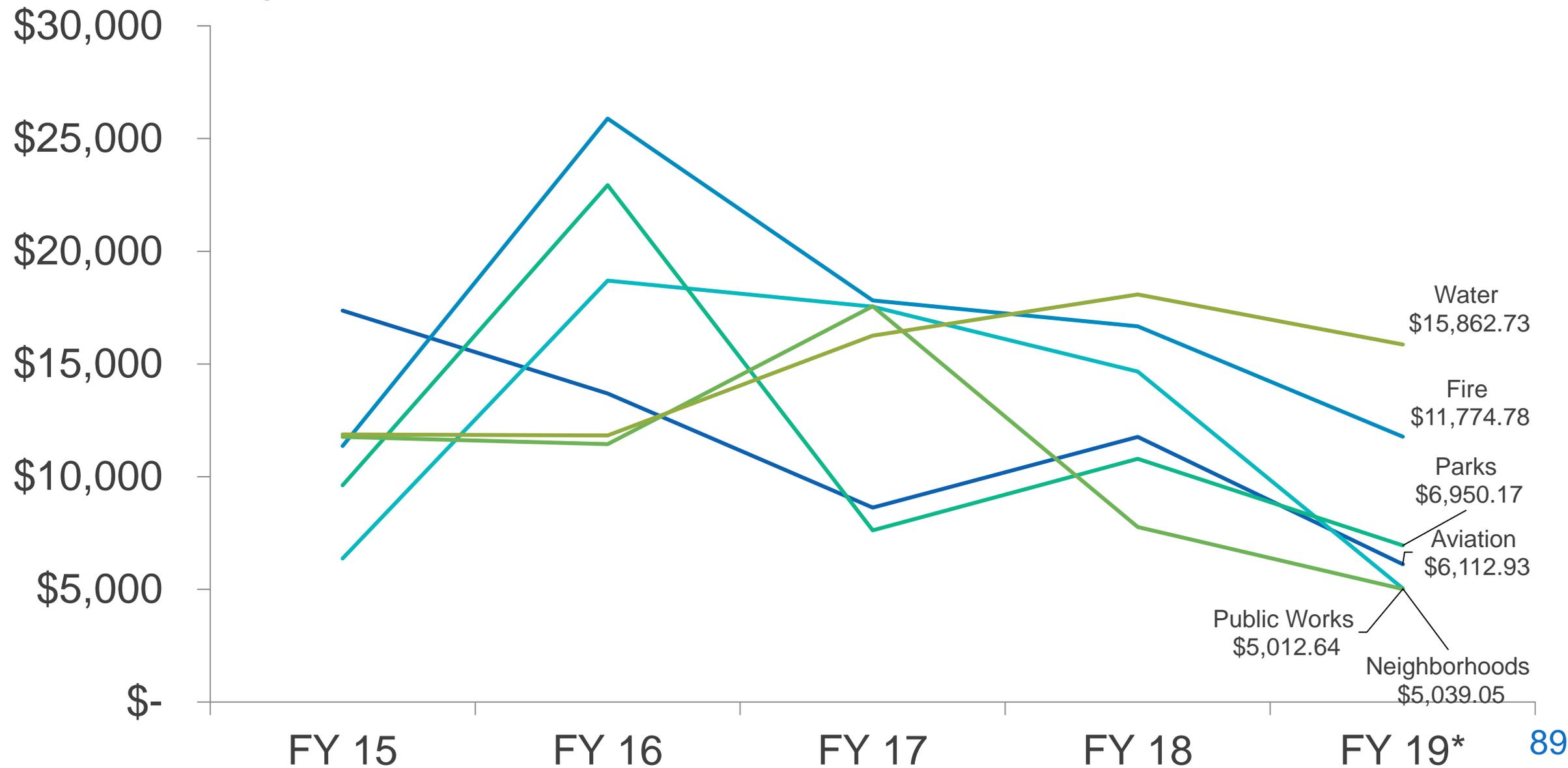
21.4

# Cost of Injuries

| <b>Fiscal Year</b> | <b>Number of Claims</b> | <b>Net Incurred Total*</b> | <b>Average incurred \$ per claim</b> |
|--------------------|-------------------------|----------------------------|--------------------------------------|
| 2014               | 847                     | \$12,225,955               | \$14,434                             |
| 2015               | 885                     | \$9,644,646                | \$10,898                             |
| 2016               | 793                     | \$17,478,541               | \$22,041                             |
| 2017               | 863                     | \$13,595,670               | \$15,754                             |
| 2018               | 955                     | 14,352,185                 | \$15,028                             |

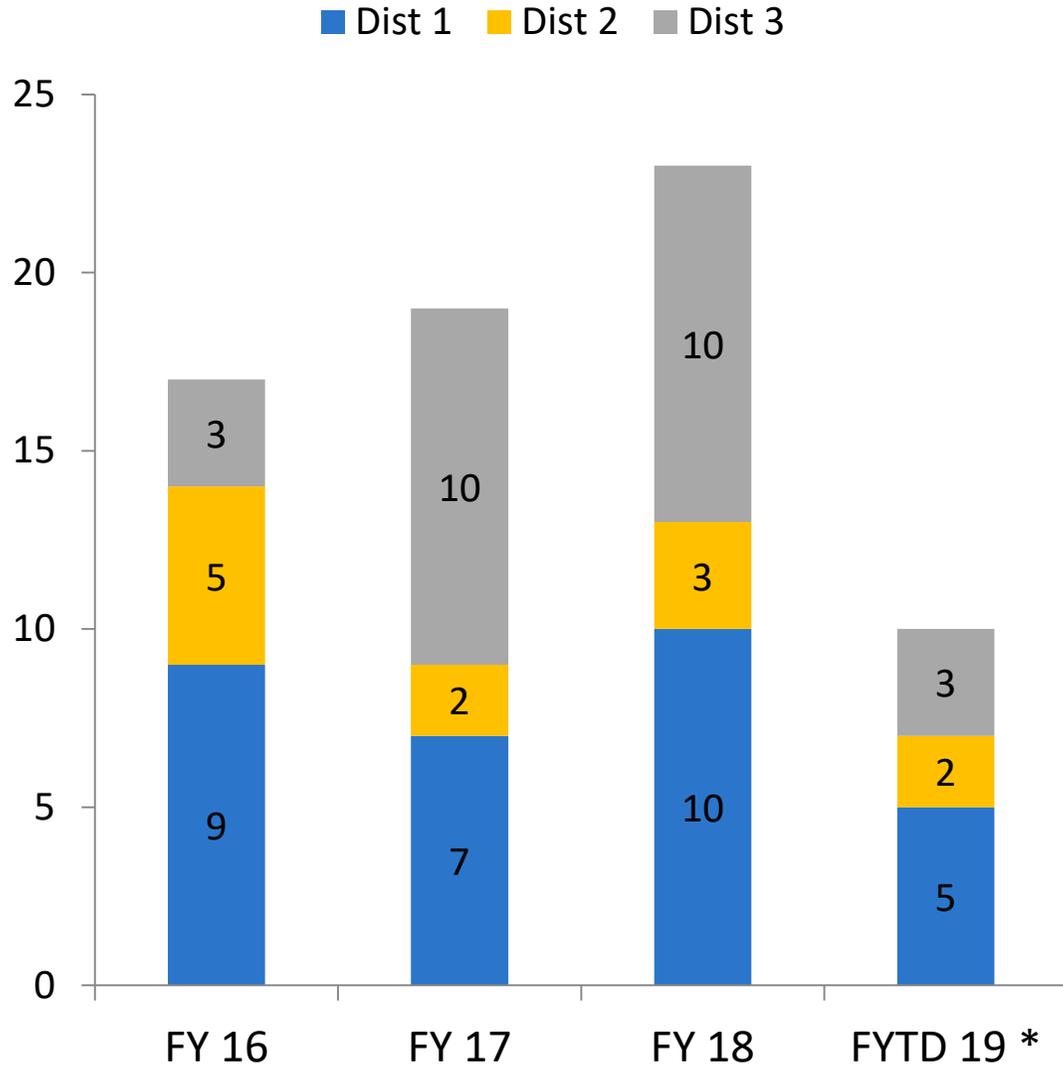
*\*Incurred total is dollars paid or reserved on claims as of 11/4/17*

# Average cost per claim by city department

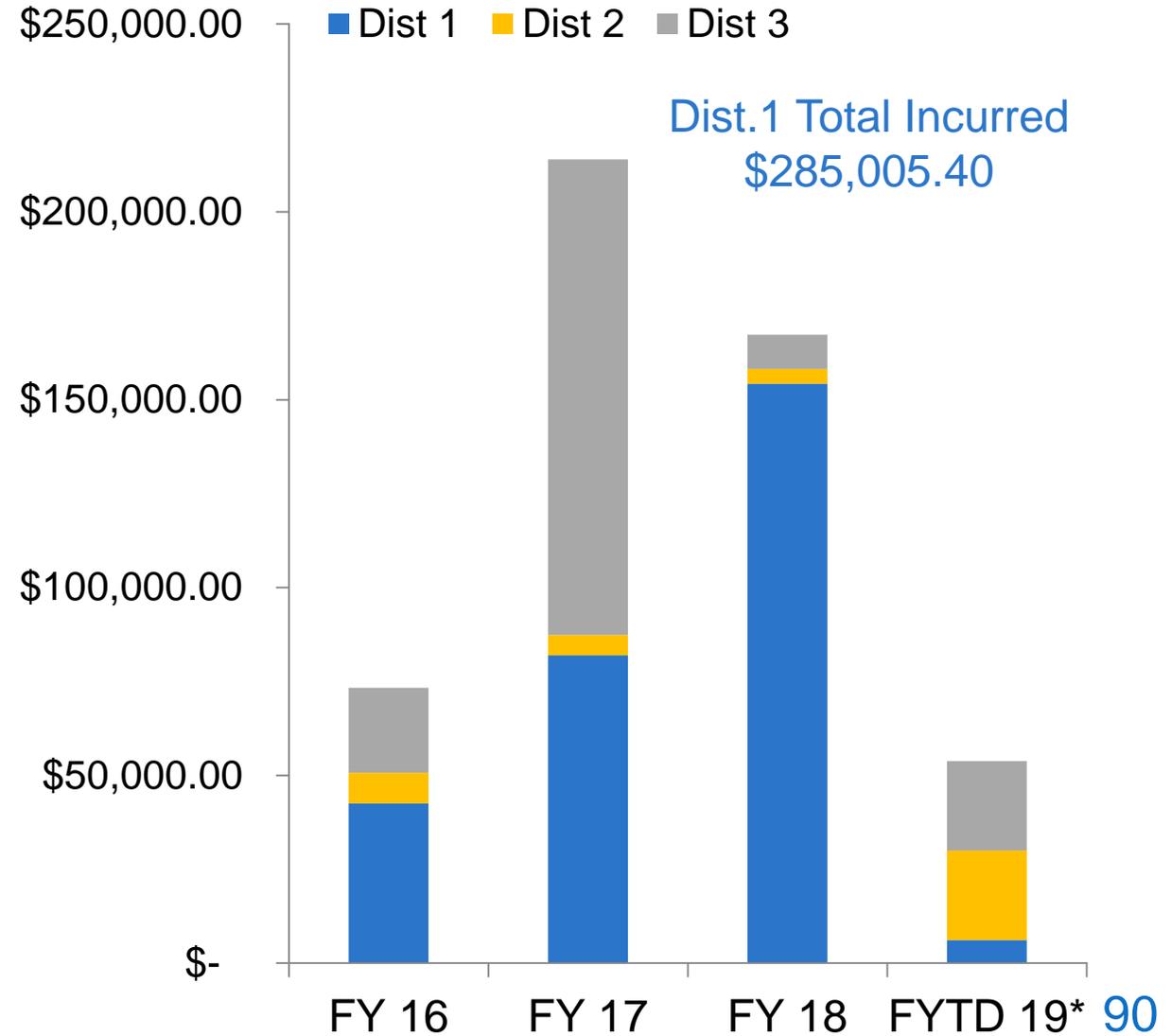


# Public Works Claims

## Total Number of Claims



## Incurred Cost



# Strategy A

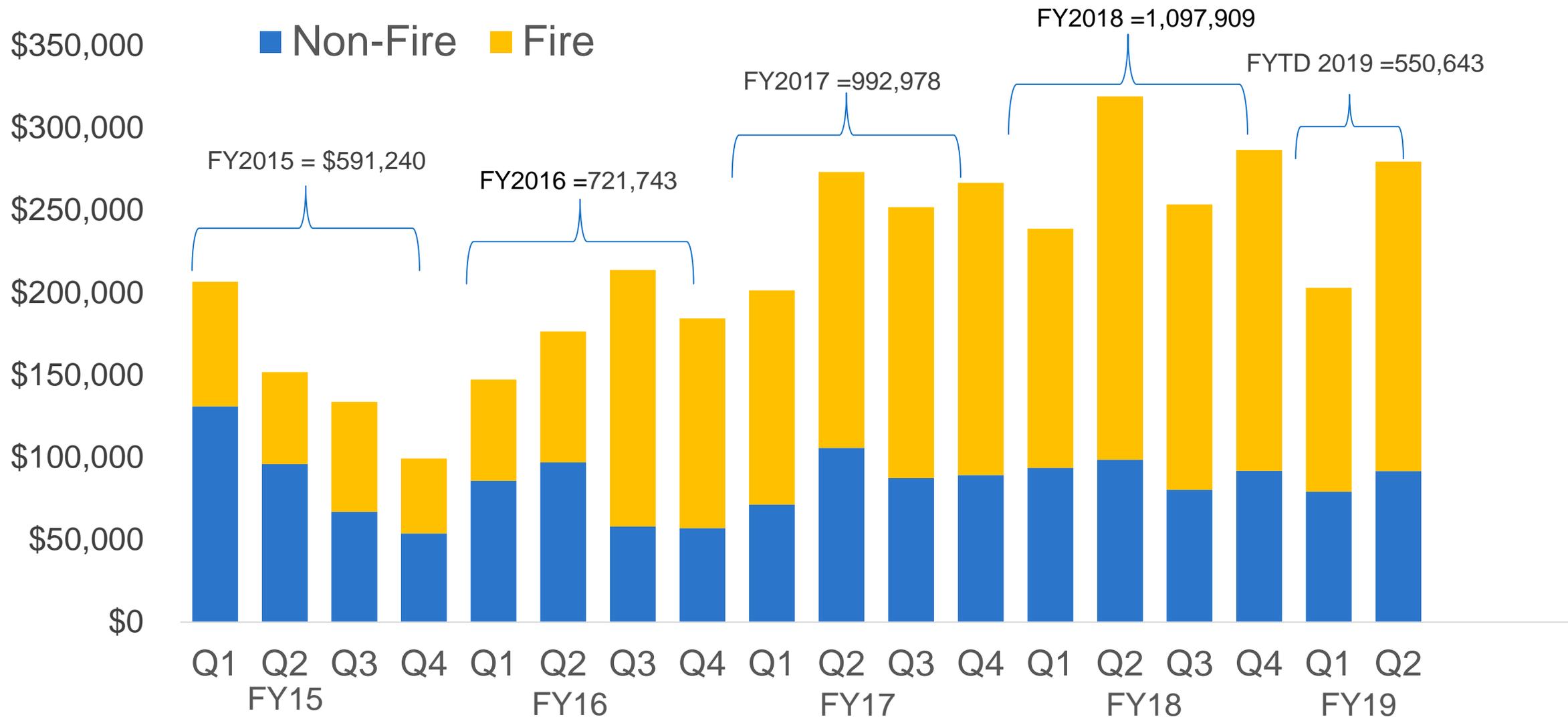
Collaborate with collective bargaining groups to implement a Fit-for-Duty program. (General Services)

- Partnered w/ WSD, KCFD, Aviation, PW, Parks, HR
- Best practice program developed
- Presented to representatives from Local 42 and Local 500
- Awaiting a response to the proposal

# Strategy B

Analyze the effectiveness of the Temporary Transitional Duty Program for workers' compensation claims. (General Services)

# Transitional Duty and TTD Spending



# Strategy D

Develop and implement a workers' compensation fraud prevention program. (General Services)

## Workers Compensation Education

- Program developed by cross-departmental team
- Awaits implementation in **2018**

## Strategy E

Provide enhanced safety training for employees in positions that traditionally have a high number of work-related injuries. (General Services)

### Safety Training

- 21 topics
- 191 sessions
- 2,361 employees

# Strategy C

Complete the development of functional job studies for all labor positions. (General Services)

- To Date 73 studies completed / Fit-for-duties created
- New partners assisting with the completion of the project

## **Objective 2:**

**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.**

# Strategy A

- a) Review the City Charter to identify the need for revisions, including a recommendation on the initiative petition process. (Law)

# Initiative/Referendum Processes

- Developed list of challenges with current processes- 11/18 ✓
- Surveying other cities and states – 4/30/19
- Draft recommended changes – 6/30/19
- Present to City Council – 10/31/19

## Other Potential Charter Changes

- Identify other potential charter changes – 4/30/19
- Draft recommended changes to Charter provisions – 9/30/19
- Present to City Council – 10/31/19

## Strategy B

Develop and pursue a plan to modify Kansas City Police Department governance to include local control by the City. (Office of the City Manager)

Awaiting Council direction on this as a legislative priority

# Strategy C

- a) Develop a plan to ensure continuation of the \$2 million State appropriation to match the City's obligation under the agreement with the Jackson County Sports Complex Authority. (Finance) -

- b) NEW: 2018

# Legislative Priority

## 2019 State Legislative Session

- Submitted priority to Legislative Committee to extend State \$2 million appropriation and potentially increase to \$3 million as allowed by State statute
- Proposed extension for additional 20 years
- Upon expiration of the Jackson County Sports Authority Agreement, funds would be used to support operations and maintenance of the City's convention center



## Strategy D

- a) Amend State law to allow KCMO and KCPD to provide health insurance to their respective employees through a single entity. (Law)
- b) NEW: 2018

# Single Entity Health Insurance

Update legal  
research on issues  
6/30/19

Draft state law  
amendment –  
8/31/19

Present to City  
Council's Legislative  
Committee for its  
consideration as a  
legislative priority  
10/31/19

# Questions?

Stay up to date on progress at [kcstat.kcmo.org](http://kcstat.kcmo.org)

#KCStat

