



Office of the Mayor

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DATE: March 12, 2008

TO: City Council

FROM: Mark Funkhouser, Mayor

SUBJECT: Mayor's Recommendations for Budget FY 08-09

Thank you for your very hard work and willingness to do more than any council in recent memory to make the budget discussion a public process this year. I am pleased that the process has been open and transparent, though I realize the demands that it has placed on many of you.

I can't overstate the importance of this budget. We are at a crossroads. What we do this year will impact the city for many years to come. We face a challenging financial situation today because for many years the city has passed budgets that relied on tricks and making do. That approach has kept the city from fulfilling its most basic responsibilities. The city has not excelled at keeping its streets paved and its neighborhoods safe. Consequently, people have moved away, and our tax base has shriveled.

If we "make do" again this year, we will further erode basic services, and we will be laying people off by fall.

Neighborhood and Community Services Director Les Washington has warned that in order to cover unfunded costs in the City Manager's proposed budget, he will have to eliminate 30 to 40 employees, close the Homeless Services Center and severely scale back the Community Action Network (CAN) Centers. He will face the loss of millions in federal grants, as the gutted department would be unable to leverage the city funds needed to tap those pools of money.

That is just one department. The submitted budget would bring similar cuts across the entire organization.

Consider the grass roots efforts mounted by a group of parents and children who are happy with the services they're receiving from city-owned Line Creek Recreation Center.

They love that ice rink so much they were horrified by the prospect of losing a few hours a week of operation. Yet facility hours will be the one of first places department directors will look to make up for budget shortfalls.

I'm certain there are 50 Line Creeks hidden in the proposed budget.

Through this budget, we have the ability to protect the hours at Line Creek instead of shifting the responsibility of those decisions to department directors, who will be forced to do their best with an underfunded budget.

If we fail to make the hard decisions we were elected to make, we will lose ground in the struggle against our backlog of deferred maintenance. Public Works Director Stan Harris told us that the budget as proposed would only provide for one third of what he needs to adequately fund the street-resurfacing program. Our streets will look no better next year than they do right now.

The City Manager has acknowledged the seriousness of the situation in his budget letter from January 15:

The City must, *with this budget* or no later than the next budget, finally address the City's core service delivery problem. We must either augment current revenues or make adjustments in the provisions of services if we are ever to truly get our fiscal house in order. [Emphasis added.]

I offer here a list of my recommendations for how to address this structural imbalance. While cuts are obviously necessary, there also need to be increases in the areas that are most important to our citizens.

My priorities for these increases can be summed up in four words: streets, codes, cops and kids.

At the top of the list are expenditures that we have no choice but to pay, including increases in health insurance, increases in gasoline costs and adequate funding for snow removal. Also in this list are expenditures that I believe we absolutely must include in this year's budget, because these are the services most important to our residents. They include 20 new police officers, doubling the funding for street maintenance, more money for Neighborhood and Community Services, housing programs and professional training of city staff. These are important changes that will lead to increased citizen satisfaction and make Kansas City a community of choice in the metropolitan area.

We should also replenish the fund balance to prepare for an economic downturn, if one is indeed on the horizon. The importance of a healthy reserve fund has been illustrated recently when our own water department was unable to issue bonds for programmed improvements. And the city's credit rating is being reexamined in light of our financial condition.

Of course, I'm suggesting cuts. I believe they amount to a return to the basic role of city government. Some of them were proposed by our city manager. Others trace their roots back to audits I did in decades past. I hope they are detailed enough to foster a healthy discussion over the next two weeks.

In closing, I want to again thank you for all the hard work you've already put into this budget. I want to make it clear that we must make big changes this year. This is a zero-sum game. If not these changes, then which changes will we make instead?

By taking significant steps this year, we'll have a good foundation to build from in our remaining years on the council.

Uses of Funds to Address on-going needs in FY 2008-09

Increase Street Maintenance	10,000,000
Fund Health Insurance Increases	4,069,279
Reduce the salary savings to 4%	3,889,832
Fund Additional Police Costs (Overtime and Workers Comp)	2,200,000
Fund Market Based Salary Adjustments	2,095,936
Increase the Contribution to the Police Pension Funds	2,000,000
Fund Workers Compensation Costs	1,888,512
Fund City Merit Increases	1,693,309
Increase Snow Removal Funding to \$2.5 million	1,300,000
Adjust Budget to Reflect Gasoline at \$3.00 per gallon wholesale	1,200,000
Fund 20 New Police Officers	1,185,680
Increase Funding for Employee Development and Training to 2% of salaries	836,626
Add General Fund Support for Housing Programs	500,000
Increase Human Services Funding to Neighborhood & Community Services	320,000
Fund the CEI Housing Condition Survey	300,000
Increase Property Preservation Funding to Neighborhood & Community Services	200,000
Increase Contribution to ArtsKC Fund	180,000
Retain Funding for Recycling Program Drop-Off Centers	120,000
Increased Funding for Legal Aid	<u>100,000</u>
	34,079,174

Sources of Funds to Address on-going needs in FY 2008-09

Eliminate 220 positions, increase span of control & reduce management layers	11,000,000
Close Municipal Correctional Institution	4,787,113
Consolidate the Airport Police Function into the KCPD	3,500,000
Eliminate General Fund Support for Zoo (year 1 of 2-year phase out)	2,000,000
Equalize General Fund money on boulevards to that spent on streets	2,000,000
Eliminate IT Division of Strategy and Planning	1,647,016
Eliminate Two Under-utilized Pumper Stations	1,500,000
Eliminate Apartment Rebate Program	1,400,000
Parks Engineering (Consolidate or charge fully to capital projects)	1,068,119
Decrease the Contribution to the City Employee Pension Fund	1,000,000
Eliminate City Funds for Liberty Memorial (year 1 of 2 year phase out)	1,000,000
Consolidate IT Helpdesk and Desktop Support (reduce by half)	885,704
Eliminate Indigent Court Defense (not required if jail closed)	810,205
Eliminate General Fund Support for Aim 4 Peace (use health levy)	737,905
Consolidate Retirement Administration	700,000
Consolidate Long-range Planning & Citywide Planning (reduce in half)	700,000

Fund Development Finance by TIF reimbursements	652,313
Fund Street Sweeping out of the Stormwater Fund	640,000
Reduce IT Maintenance Contracts	600,000
Close Parks Greenhouse and Nursery	600,000
Use City Staff to Operate Kemper as Needed	564,000
Increase Downtown Parking Garage Rates to cover costs	450,000
Consolidate Youth Activities into Parks	400,000
Reduce City Funding for Economic Development Corporation	400,000
Increase Parking Meter Fees to Market Rate	400,000
Eliminate City-Wide Marketing	367,017
Eliminate Dispute Resolution	331,595
Administrative Service Charge for Golf Courses	300,000
Close the Animal Shelter and Contract Out Pet Adoption	300,000
Eliminate General Fund support for EMS (use health levy)	300,000
Reduce Neighborhood Services Staff	274,000
Cease Voluntary Contributions to Downtown and City Market CIDs	272,000
Eliminate IT as separate department, consolidate with General Services	200,000
Eliminate General Fund support for the City Market	174,742
Hold General Services Administration at 2007-08 level	123,567
Eliminate Youth College Prep	100,000
Reduce Funding for the Employee Safety Program	100,000
Rent from Starlight Theatre	100,000
Increase Fees at Line Creek Community Center	<u>70,000</u>
	42,455,296

One-Time Uses of Funds

Restore Fund Balance	22,477,829
Fund a citizen summit on urban education	200,000
Increase Funding for Arts Council	50,000
Buy down Police Retiree insurance costs	<u>280,000</u>
	23,007,829

One-Time Sources of Funds

Wireless settlement	14,631,655
Additional Resources Freed Up by Budget Adjustments	<u>8,376,174</u>
	23,007,829

Changes in General Fund Balance

Amount Added to the Fund Balance	22,477,829
Amount of the Fund Balance in the Submitted Budget	<u>14,628,455</u>
Total Recommended Amount for the FY 2008-09 Fund Balance	37,106,284

New General Fund Balance = 8.4%

Proposed Changes to the Submitted Budget

Uses of Funds to Address On-going Needs in FY 2008-09

Increase Street Maintenance \$10,000,000

Citizen surveys show street maintenance as an area of highest priority. The submitted budget funds street maintenance at \$11,000,000. The Public Works staff estimate that the city should spend \$35,000,000 annually to adequately maintain the streets. Failure to adequately maintain streets not only costs residents in terms of reduced gas mileage and increased repair costs but also adds to the cost of street repair when the repairs are ultimately made. I recommend that funding for street maintenance be increased by \$10,000,000 to \$21,000,000 total.

Fund Health Insurance Increases \$4,069,279

The city's health insurance bill for its workforce will increase by 10.3% in FY 2008-09. These costs will have to be paid, but the submitted budget does not identify funds to pay them. Instead, departments are directed to "absorb" these costs. In nearly all cases the only way the department can do so is by reducing direct services to citizens. Since the largest single cost category for most departments is personal services, the department director will have to fund the insurance costs for the department by reducing staff.

Reduce Salary Savings to 4% \$3,889,832

The cover letter to the submitted budget states, "In FY 2008-09, the required salary savings remain, but the departmental turnover rate is falling making it that much harder to live with departmental allocations. Given an organization of this size, average employee turnover of 4% should be anticipated every year; however, current budgets require an average of 7% in salary savings with some departmental assessments as high as 11%. To allow departments to aggressively recruit new personnel and optimize staffing, a total of \$3.9 million in additional resources needs to be identified that could be used by departments to recruit personnel as soon as they leave." Requiring departments to meet salary savings significantly in excess of turnover, especially when coupled with the requirement to "absorb" health insurance costs, will likely result in non-strategic layoffs.

Fund Additional Police Costs (Overtime and Workers Comp) \$2,200,000

It takes police in Kansas City too long to respond to calls for service, but the department has made steady progress over the last several years in improving response times. A recent change in policy to pay overtime rather than provide compensatory time off for overtime is seen by the command staff as having contributed to that improvement. In addition, workers compensation for offices injured on duty will have to be paid and should be funded.

Fund Market Based Salary Adjustments \$2,095,936

The City Council has wisely adopted a policy of providing market-based salaries. Over the long run, providing adequate compensation, in conjunction with good management, reduces cost by increasing job satisfaction and reducing turnover and absenteeism. The policy should be funded.

Increase the Contribution to the Police Pension Funds \$2,000,000

The proposed budget adequately funds the city employee and fire service pension contributions but provides \$8.2 million less than the actuarially recommended amount for the police pensions. The unfunded liability in the police pensions is amortized over 20 years. The liability should be amortized over 30 years as it is in the city employee and fire service pension funds. Doing so would likely reduce the required contribution somewhat.

Fund Workers Compensation Costs \$1,888,512

The transmittal letter to the submitted budget states, “To fund current workers compensation costs at historical levels would require an additional \$1.89 million from the funds supported by the General Fund.” City workers injured in the course of their duties are entitled to and will receive workers compensation payments. When significant costs are known and can be anticipated, funds should be budgeted to cover those costs. Instead, departments are directed to “absorb” these costs.

Fund Merit Increases for City Staff \$1,693,309

The transmittal letter to the submitted budget states, “This budget presumes the continuation of the current variable pay plan for City employees which provides incentives based on the achievement of certain goals (reduced sick leave usage, reported injuries, and citizen satisfaction scores).” The budget estimates merit salary increases that average 3.5% but does not identify funds to pay for those increases.

Increase Snow Removal Funding \$1,300,000

The historical average cost of snow removal is \$2.5 million but the submitted budget only provides \$1.2 million in funding. A budget should provide an honest appraisal of costs to be incurred and reasonable provision of funds for those anticipated costs.

Adjust Budget to Reflect Gasoline at \$3.00 per Gallon Wholesale \$1,200,000

The submitted budget funds gasoline purchases at \$2.50 per gallon for all departments. Gas is currently selling for about \$3.00 per gallon retail and, according to the transmittal letter for the submitted budget, “Recent media reports have estimated that retail prices for gasoline could reach \$4.00 per gallon as early as the spring.” It is prudent to fund gasoline at \$3.00 per gallon.

Fund 20 New Police Officers \$1,185,680

When the voters passed the public safety sales tax, the city made a commitment to add 240 police officers at 20 officers a year. There are two years left on that commitment. The police command staff recommended delaying adding 20 officers this year so that funds could be committed to address the other police costs discussed above. The submitted budget funds neither the additional officers nor the other costs the command staff wanted funding for. The commitment to the voters was *not* that the additional officers would be provided at the expense of police workers compensation and similar costs.

Increase Funding for Employee Development and Training to 2% of Salaries \$836,626

The industry benchmark for funding employee development and training is 2% of total salary expenditures. Our ability to manage resources and costs well and deliver increased citizen satisfaction depends on skill and ability of our staff and those who manage them. The failure to adequately fund employee development and training will increase costs and allow services to citizens to deteriorate.

Add General Fund Support for Housing Programs \$500,000

Kansas City is one of the few big cities in the United States that relies entirely on federal money to provide housing services. The city finally has a good housing policy in place, a citizen group providing formal advice on housing issues, and a committee of the City Council led by Councilwoman Circo and Councilwoman Curls providing leadership and oversight on the implementation of the city's housing policy. Given the magnitude of the housing issues the city faces and the fact that these accountability mechanisms are in place, it is time for city funds to be committed to housing programs.

Increase Human Services Funding to Neighborhood & Community Services \$320,000

This increase in funding beyond the amount provided in the submitted budget is required to allow the department to: maintain the Supportive Housing, Youth Nutrition and Summer Food programs; keep the Homeless Services Center open; and continue to provide Homeless Prevention Services relating to foreclosure, rental, and utility assistance. At a time when foreclosures are increasing, these services are especially vital.

Increase Property Preservation Funding to Neighborhood & Community Services \$200,000

The department has added code enforcement officers and made significant changes designed to increase the efficiency and effectiveness of property preservation efforts. The annual citizen survey shows code enforcement to be one the highest priority city services. The department indicates that unsuccessful recruitment efforts for Energy Auditor vacancies may result in loss of \$300,000 in grant funds.

Increase Contribution to ArtsKC Fund \$180,000

The previous Mayor and City Council agreed to contribute one dollar per household per year to a metro-wide arts fund, managed by the Arts Council of Metropolitan Kansas City. Last year, they funded approximately one half year. Kansas City's arts community is one of its greatest assets, and it presents one of the best vehicles for marketing our region and spurring economic growth.

Retain Funding for Recycling Drop-Off Centers \$120,000

During the public hearings on the budget a strong case was made for retaining full funding for the recycling drop-off centers. In addition to the environmental benefit, the centers provide a connection to the city and a sense of community to those who use them. Reducing funding for the recycling centers would run counter to the City Council's commitment to a green city.

Increased Funding for Legal Aid \$100,000

As the economy worsens and foreclosures increase there will be more pressure on the city's most vulnerable people. The services provided by Legal Aid can increase family stability, prevent homelessness and contribute to the solution of neighborhood problems, thus improving quality of life for all residents of the city.

Sources of Funds to Address On-going Needs in FY 2008-09

Eliminate 220 positions, increase span of control, reduce management layers \$11,000,000

In his memorandum on the budget dated February 26, 2008, the City Manager suggested as a potential cost reduction, the elimination of 180 positions. He indicated that this would restore staffing to 10% *above* the 2003-04 level. Our city government has a high number of middle managers and a significant number of layers of supervision. In fact, previous studies have shown that the most frequently occurring span of control (the number of subordinates reporting to one supervisor) in city government is three. Eliminating 220 positions would leave the total number staff at 5,472, about 8% above the 2003-04 level. The focus of the position eliminations should be on increasing the span of control and reducing the number of management layers in the government.

Close Municipal Correctional Institution \$4,787,113

In the current fiscal year, the Municipal Correctional Institution will receive 9,000 detainees and only 350 sentenced inmates. No other city in the metropolitan area operates a prison and it is difficult to see how closing a facility that is used almost entirely to house persons not convicted of any crime other than poverty would have any impact on public safety or neighborhood conditions. The facility could be closed very early in the fiscal year. Persons charged with serious crimes should be tried in state court and, if convicted, should be incarcerated in a state or county correctional facility. The submitted budget provides for \$5,017,113 to operate MCI. The City Manager suggested closing it would produce a savings of \$4,787,113.

Consolidate the Airport Police Function into the KCPD \$3,500,000

Consolidating the airport police function into the Kansas City, Missouri, Police Department would eliminate duplicated functions and save up to \$3.5 million. This would allow the airport to be protected by sworn law enforcement personnel rather than by private officers. In addition, by using an existing facility on the airport grounds to house the North Patrol, as much as \$20 million in construction costs to replace the current North Patrol Station could be avoided and the site of the present station could be sold.

Eliminate General Fund Support for the Zoo (year 1 of 2-year phase out) \$2,000,000

The Zoo is a regional facility that should be supported by regional funding. It was "privatized" by turning it over to Friends of the Zoo to operate. This was done without a competitive process. A true privatization is probably a wise course of action for the city to take with regards to the Zoo. The central benefit of any privatization process, however, is the result of market forces being brought to bear to yield improved efficiency

and better service. Absent competition, privatization relinquishes government control without offering a mechanism to provide improved results.

Equalize General Fund Money on Boulevards to that Spent on Streets \$2,000,000

The city should spend only as much General Fund money on boulevards as is spent on other city streets. The maintenance levels for boulevards will still remain higher than that of other streets because of the front foot tax paid by owners of property along the boulevards.

Eliminate IT Division of Strategy and Planning \$1,647,016

This was a suggestion offered in the City Manager's February 25, 2008, menu of options for reducing the structural imbalance. The amount the city spends on information technology has grown rapidly during the last several years and it makes sense to begin to rein it in. The total amount allocated to the Department of Information and Technology in the submitted budget is \$19,814,636.

Eliminate Under-utilized Pumper Stations \$1,500,000

The City Manager recommended eliminating two pumper stations based on call volume.

Eliminate Apartment Rebate Program \$1,400,000

The apartment rebate program was instituted as a result of a court settlement between the city and apartment owners after the city began free trash pick-up in the early 1970s. In essence, the city pays apartment owners on a per occupied unit basis for not picking up their residents' trash. The City Manager suggested eliminating the program in light of the fact that the city no longer provides unlimited free trash pick-up.

Parks Engineering (Consolidate or charge fully to capital projects) \$1,068,119

This was a suggestion offered by the City Manager. It makes sense to carry out a certain degree of consolidation among the various engineering units of the various departments in order to gain economies of scale. In addition, most of the rationale for having engineering units in the first place is to manage or oversee capital projects.

Decrease the Contribution to the City Employee Pension Fund \$1,000,000

While any pension system should be fully funded, (that is future obligations should equal future assets) most are not. Generally speaking defined benefit public pension systems funded at 90% are considered healthy. The city employee pension system is funded at 97% and the fire service pension system is funded at 92%. The police and police civilian pension systems, on the other hand, are funded at only 86% and 81% respectively. Nonetheless, the submitted budget funds the entire actuarially required contribution for the city employee and fire service pensions but less than 70% of the required contribution to the police pensions. Decreasing the contribution to the city employee pension fund in this year will not jeopardize the system and will make funds available for additional funding to the police pension systems.

Eliminate City Funds for Liberty Memorial (year 1 of 2 year phase out) \$1,000,000

Kansas City, Missouri, taxpayers have devoted tens of millions of dollars restoring the Liberty Memorial and creating a world-class national World War I museum. The result of their efforts is widely regarded as an outstanding contribution to the region and the nation. The current operating deficit of about \$1.8 million should be taken off the shoulders of the Kansas City, Missouri, municipal government. That will not happen unless and until the city ceases to provide the funds.

Consolidate IT Helpdesk and Desktop Support (reduce in half) \$885,704

As indicated above, the funding for the Information and Technology Department has grown dramatically over the last several years. This appears to have allowed for quite a bit of duplication of effort within the department. Consolidating these support functions should provide savings with little reduction in service delivery to operating departments and citizens.

Eliminate Indigent Court Defense (not required if jail closed) \$810,000

This was suggested by the City Manager in his February 26, 2008, memorandum. Since closing the Municipal Correctional Institution will remove the threat of potential incarceration of persons convicted in municipal court, the city no longer has a legal obligation to provide a public defender to citizens who cannot afford an attorney.

Eliminate General Fund Support for Aim 4 Peace (use health levy) \$737,905

Homicide is the leading cause of death of young African-American males in Kansas City. Homicide and assault are among the most significant public health threats to young people in Kansas City, especially African-American youth. Aim 4 Peace is an innovative program designed to use a public health approach to stopping violence. It makes sense to fund the program through the health levy.

Consolidate Retirement Administration \$700,000

The city funds four separate retirement systems. A study nearly ten years ago showed that consolidating the administration of the four systems would save, at that time, a half million dollars. The primary opposition at the time came from the police. Since then the potential savings has likely grown, as has the level of cooperation and consolidation of effort between the city and the police.

Consolidate Long-range Planning and Citywide Planning (reduce by half) \$700,000

The consolidation of various planning elements with the City Planning and Development Department would likely have less impact on direct service delivery and citizen satisfaction than other potential reductions and program eliminations.

Fund Development Finance by TIF Reimbursements \$652,313

This was suggested by the City Manager and makes sense in light of the connection between the work of the development finance staff and the city's required oversight of tax increment financing.

Fund Street Sweeping out of the Storm Water Fund \$640,000

The total amount indicated for street sweeping in the submitted budget is \$840,531. Budget staff suggested that \$640,000 of that amount could be funded by the storm water fund rather than the Motor Fuel Tax Fund, which is General Fund supported. Funding a significant portion of street sweeping through the storm water fund makes sense since sweeping streets keeps debris out of the catch basins and storm water system, thereby reducing costs to the system.

Reduce IT Maintenance Contracts \$600,000

Budget staff suggest that IT maintenance contracts could be reduced by \$600,000 without significant impact on service delivery or citizen satisfaction.

Close Parks Greenhouse and Nursery \$600,000

The Parks Department has run its own greenhouse and nursery for decades. Times have changed and the focus of the department needs to change. The buildings need significant capital maintenance and repairs. The funds would be better spent on direct service delivery in ways that impact children and youth and increase citizen satisfaction.

Use City Staff to Operate Kemper as Needed \$564,000

Convention and Entertainment Department staff indicate that the city could save \$564,000 by operating Kemper Arena as needed with city staff rather than maintaining a full-time presence within the existing operating agreement with AEG.

Increase Downtown Parking Garage Rates to Market Rates \$450,000

In light of the city's huge investment downtown and the resulting increased value and appeal of downtown attractions, it is not necessary to subsidize parking with General Fund revenues.

Consolidate Youth Activities into Parks \$400,000

Given the new focus of the Parks Department on children and youth it makes sense to consolidate the various youth-related activities that have sprung up elsewhere within city government into parks. Bringing these activities together should allow economies of scale and synergies that will allow a reduction of cost and an increase in impact on the lives of young people in the city.

Reduce City Funding for the Economic Development Corporation \$400,000

Redirecting and refocusing the EDC through the economic development policy and through the increased capacity of the city finance staff should allow a reduction in funding without a significant negative impact on either development results or citizen satisfaction.

Increase Parking Meter Fees to Market Rate \$400,000

A recent study provided by the City Manager indicates that adding parking meters and increasing the fees to market rates would provide additional net revenue without negatively impacting the experience of visitors and businesses downtown.

Eliminate City-Wide Marketing \$367,017

A number of organizations including the Convention and Visitors Bureau market the city. The General Fund money spent by city government on marketing would be better spent on improving the product being marketed.

Eliminate Dispute Resolution \$331,595

This is an activity that is probably funded at too low a level to have a significant impact on the lives of people living in the city. With the inauguration of Aim 4 Peace it makes sense to eliminate the program.

Administrative Service Charge for Golf Courses \$300,000

The golf courses should be run as an enterprise fund and charged administrative service charges like the other enterprise funds. The City Manager's memorandum suggested that action and suggested the appropriate amount.

Close the Animal Shelter and Contract Out Pet Adoption \$300,000

The city's animal shelter is out of compliance with state regulations for such a facility and persons knowledgeable about the city's animal control activities say it is cost-prohibitive to bring the shelter into compliance. What citizens value from the city is an adequate response to stray dogs and other calls for service. The city is the only organization that provides that service, but shelter operations are available to citizens and the city from private operations.

Eliminate General Fund Support for EMS (use health levy) \$300,000

Given the significantly worse financial situation faced by the city and the imbalance in the General Fund, the health levy should be required to support EMS in its entirety.

Reduce Neighborhood Services Staff \$274,000

The Neighborhood Improvement Program is so small as to be ineffective. It would be better to eliminate staff support for the program and allow the Neighborhood and Community Services Department to focus resources in areas where a greater impact on more neighborhoods can be made and citizen satisfaction can be increased.

Cease Voluntary Contributions to Downtown and City Market CIDs \$272,000

When the Downtown and City Market Community Improvement Districts were created the city agreed to participate in the contributions to the CIDs the same as other affected property owners. The city is not simply another property owner. The city has made massive financial investments downtown at enormous risk to taxpayers and the city is responsible for governing and providing municipal services. The city's resources would be better spent carrying out its responsibilities as a municipal government.

Eliminate IT as a Separate Department, Consolidate with General Services \$200,000

This is a suggestion offered by the City Manager in his February 25, 2008 memorandum. The work of the IT department clearly fits within the broad mission of the General Services Department and the consolidation would reduce overhead expenses and allow

greater integration of information technology into the basic services offered to the operating departments.

Eliminate General Fund Support for the City Market \$172,742

The city market is a historical vestige of city government that has little connection to the expectations citizens currently have of their municipal government. The skills and knowledge needed to manage the market fall far outside the core competencies of the city government. Eliminating General Fund support would free up resources to be used to increase citizen satisfaction with city services.

Hold General Services Administration at 2007-08 Level \$123,567

The General Services Department has grown rapidly in the brief period of its existence. Holding down the growth of administration of the department should not damage the operations of the department and should not negatively impact citizen satisfaction with city services.

Eliminate Youth College Prep \$100,000

Preparing young people to take college admission tests is a good thing to do but is far outside the core mission of city government. It would be more beneficial to use the resources in ways that provide a safer, more secure city for young people and in ways that address the broader issues in the city's relationship between the various educational systems impacting its residents.

Reduce Funding for the Employee Safety Program \$100,000

The employee safety program is a new program that has grown rapidly. The submitted budget funds the program at \$245,196. The funds freed up by this reduction could be put to better use in other ways that benefit employees and their work environment such as funding merit increases, workers compensation and health insurance.

Rent from Starlight Theatre \$100,000

For decades the Starlight Theatre Association has had the use of the facility at nominal rent and without competing for the lease.

Increase Fees at Line Creek Community Center \$70,000

During the public hearings on the budget many of the users of the Line Creek Community Center testified as to the value of the center to them and their families. In light of the city's financial challenges many of them offered to pay more in fees to use the facility.

One-Time Uses of Funds

Restore fund Balance \$22,477,829

The amount of the fund balance for the General Fund in the submitted budget is \$14,628,455. That amounts to 3.3% of budgeted expenditures. Adding \$22,477,829 in additional resources to the fund balance would produce a total of \$37,106,284, which

would constitute 8.4% and would meet the minimum requirements of the existing city policy with regards to an acceptable level of reserves. Considering the substantial risk of a recession in the coming fiscal year the city should not budget a General Fund balance of less than 8%.

Fund a Citizen Summit on Urban Education \$200,000

The city of Kansas City, Missouri is served by 14 school districts, many charter schools, many faith-based schools, and many private schools. In addition, many of the children living within the borders of the city are home-schooled. Nevertheless, the challenges faced by the Kansas City Missouri School District dominate the discussion of education within our city and the perception of the failures of the district and the turmoil it has experienced contribute to the difficulties in attracting and retaining residents and businesses in the urban core. The Council of Great Cities Schools conducted a review of the district, the final report of which recommended that the city convene a summit on education to try to get the community together on what should be done with the schools. The Kansas City Missouri School District Board unanimously passed a resolution endorsing a city-sponsored summit. Many top-down examinations and conferences regarding the school district have been undertaken to no effect. What is needed is a broad-based bottom-up approach that considers all aspects of the educational needs of all children living in the urban core of Kansas City, not just those served by the Kansas City Missouri School District.

Add Funding to the Arts Commission \$50,000

Kansas City's arts community is one of its greatest assets. In numbers of artists and persons employed in creative fields, Kansas City ranks solidly in the top ten nationally. We need think about how to take the work of the Arts Commission beyond the "one percent for art" program and make it something that has greater impact on the city's economy and its quality of life. This funding would provide for a planning and policy development process designed to accomplish that purpose.

Buy Down Police Retiree Insurance Costs \$280,000

Police Department and the city have developed a blended insurance offering for their employees and are on track to offer one package affecting all employees next year. The disproportionate amount of the increase in this year's installment of the blended plan that would have been paid by individual police retirees threatened to derail the progress toward a single plan. A single plan is in the interest of both the taxpayers and the employees. Buying down the police retiree premiums so that they increase at only the same 2% amount experienced by the city employees keeps the progress toward a single plan.

One-Time Sources of Funds

Wireless Settlement \$14,631,655

This is the amount of the one-time payment arising in fiscal year 2008-09 from the settlement of the lawsuit with the wireless telecommunication businesses.

Additional Resources Freed Up by Budget Adjustments \$8,376,174

This is the difference between the total sources of funds identified in this document, which is \$42,455,296, and the total uses of funds identified, which is \$34,079,174.