

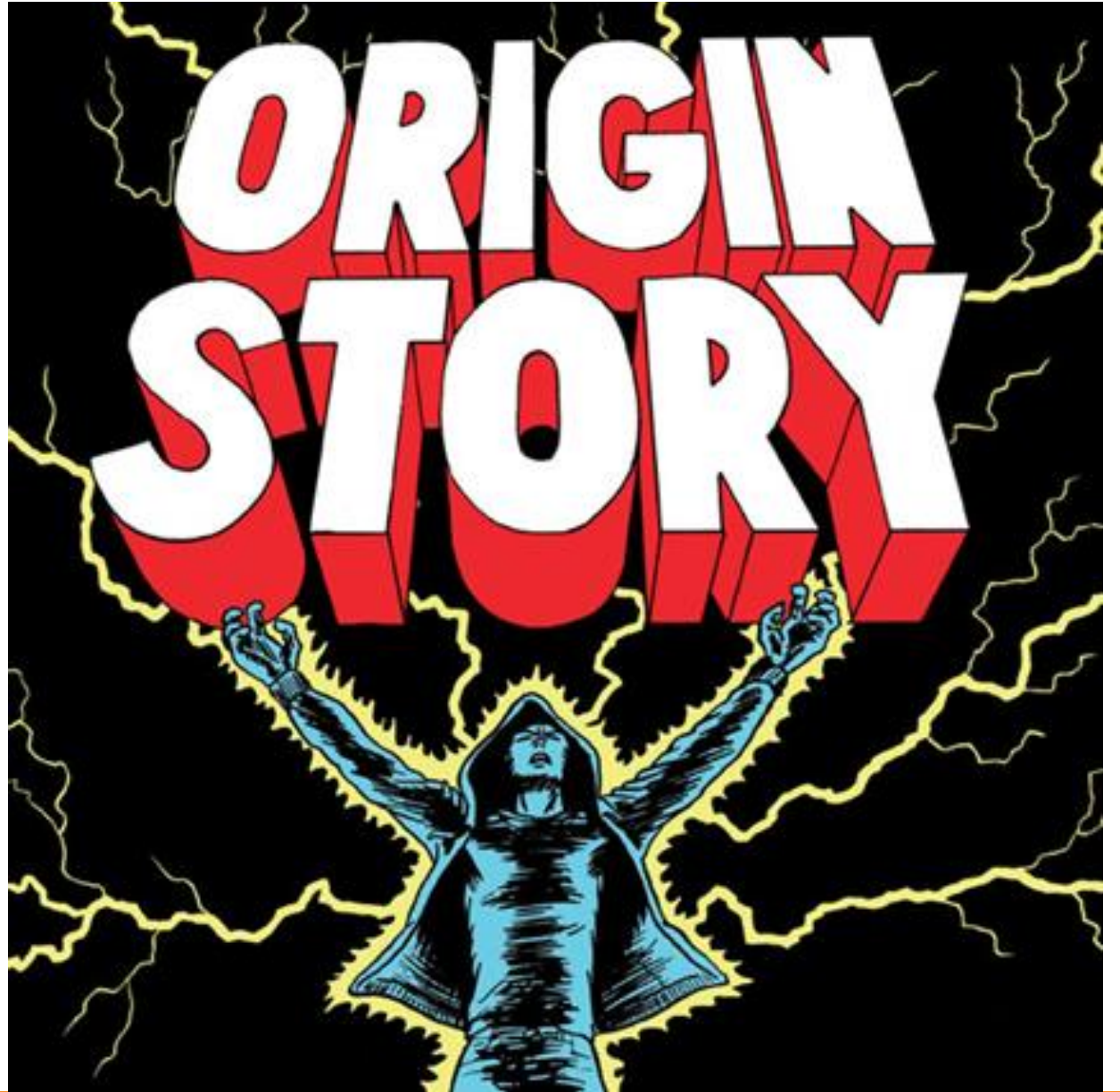
# Long-Term Forecasts for Cities and Counties

Scott M. Huizenga  
Budget Officer  
City of Kansas City, Missouri



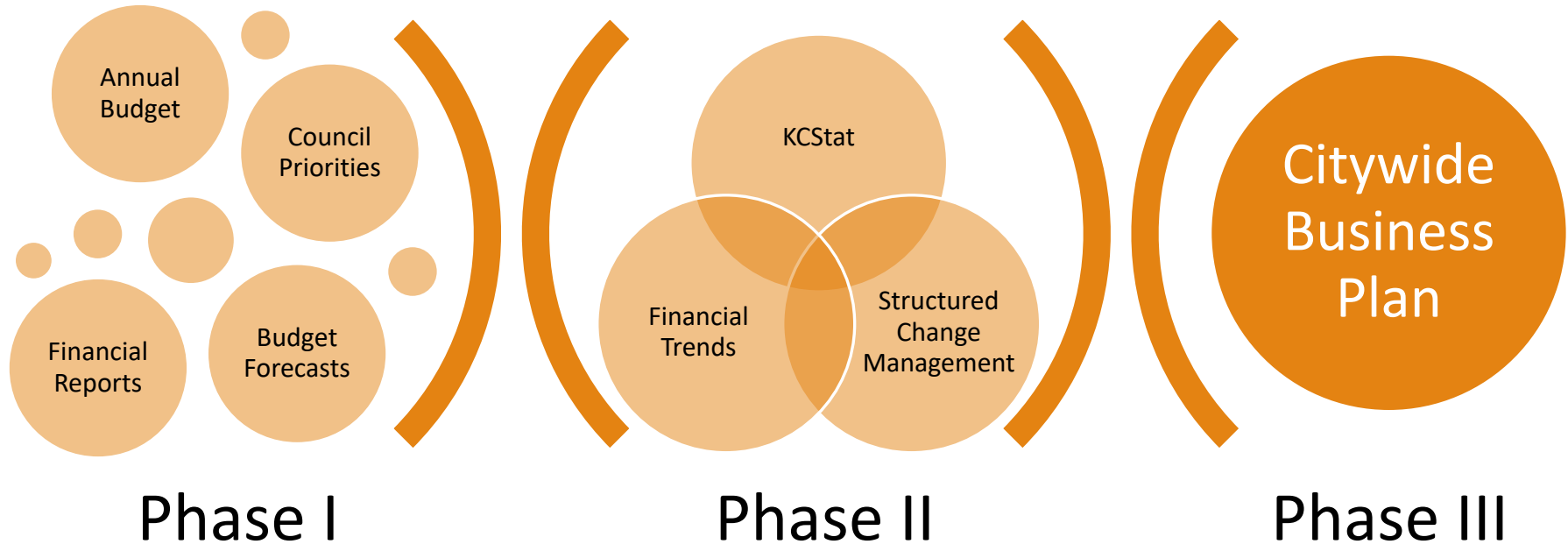
# In the beginning...

- Began modeling in 2013
- Combined with council strategic plan
- Merged into annual budget cycle
- Charter required





# Connecting the Dots



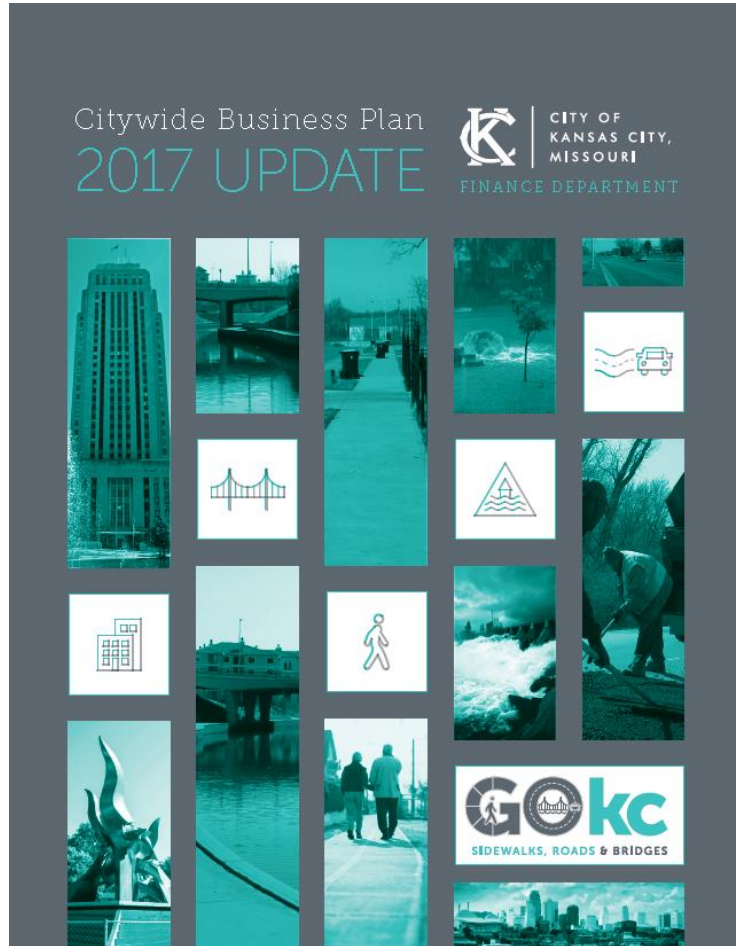


# Citywide Business Plan

Five-year plan; updated annually

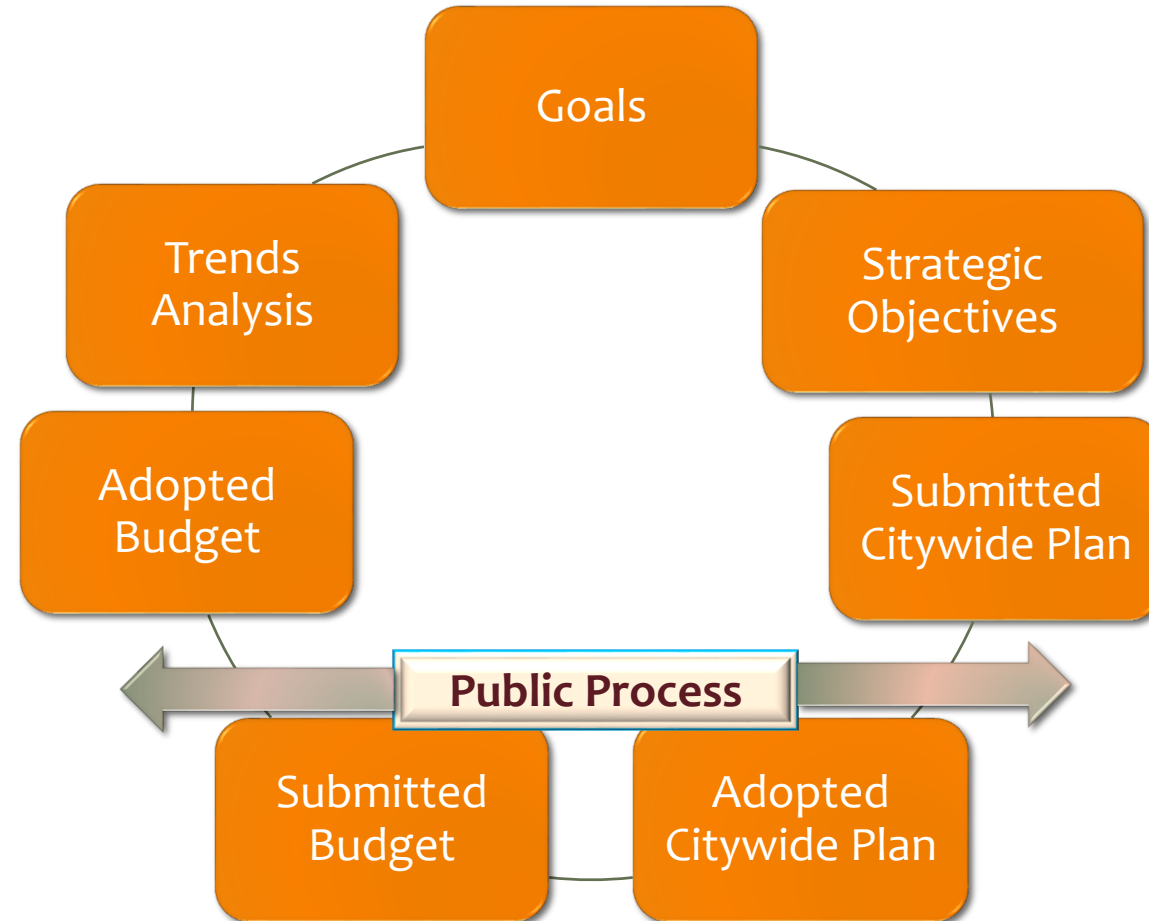
Contains three sections:

1. City Strategic Plan
2. Financial Strategic Plan
3. **Five-Year Planning Model**



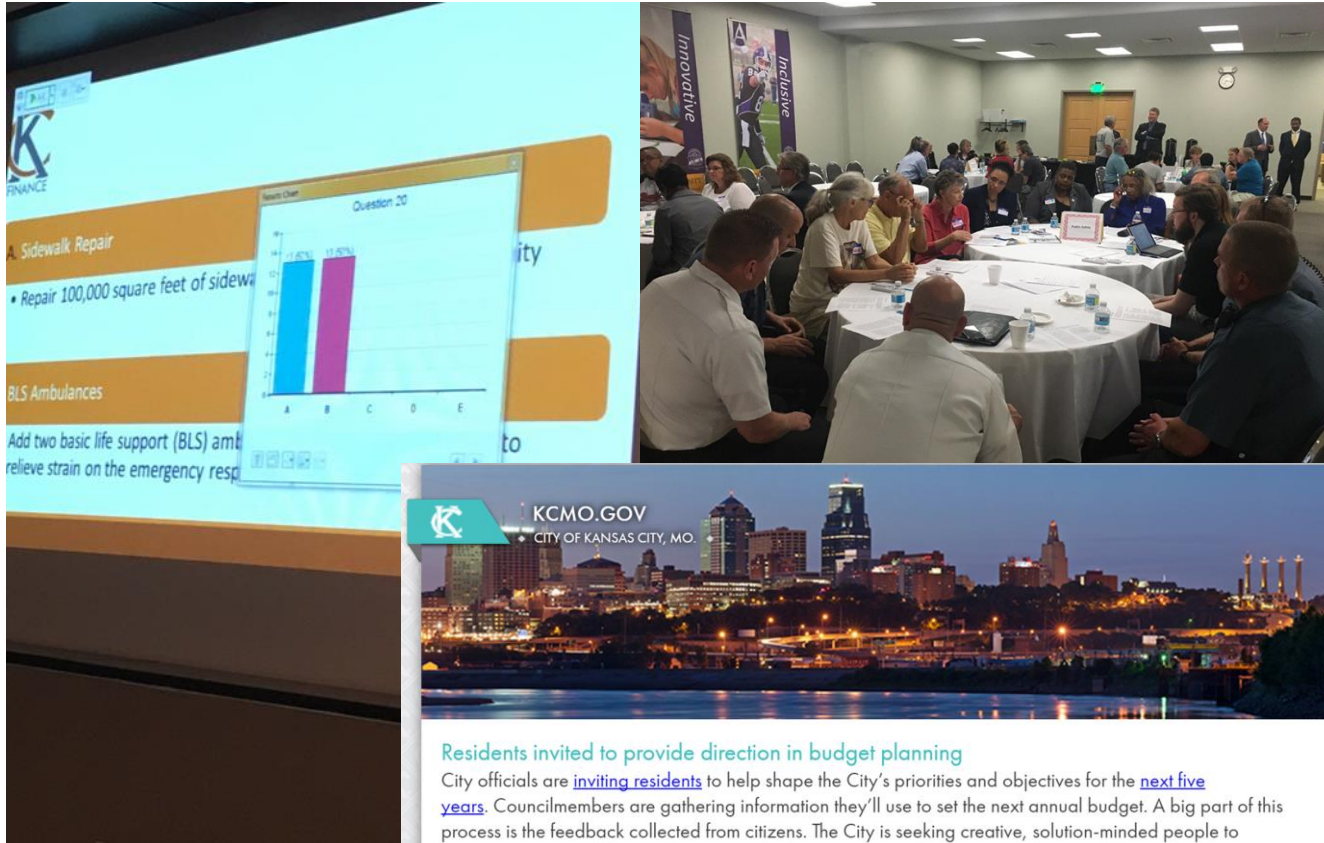


# Citywide Business Plan and Budget Process





# Resident Work Sessions



Content: Emphasizes citywide objectives, and includes a budget-related prioritization exercise

Focus groups: Each table addresses the objectives for city goals

Expanded participation: Constituents from the grassroots level + representatives from stakeholder organizations

## Residents invited to provide direction in budget planning

City officials are [inviting residents](#) to help shape the City's priorities and objectives for the [next five years](#). Councilmembers are gathering information they'll use to set the next annual budget. A big part of this process is the feedback collected from citizens. The City is seeking creative, solution-minded people to participate in one of [four work sessions](#) which start Sept. 13. The interactive forums will forgo formal presentations so the focus can remain on suggestions offered by residents. Participants will enjoy a lively, entertaining experience that includes the all-new "Pick Your Priorities" game that will allow attendees to have fun selecting the best ways to allocate the City's limited funds.



# Social Media and Online Tools

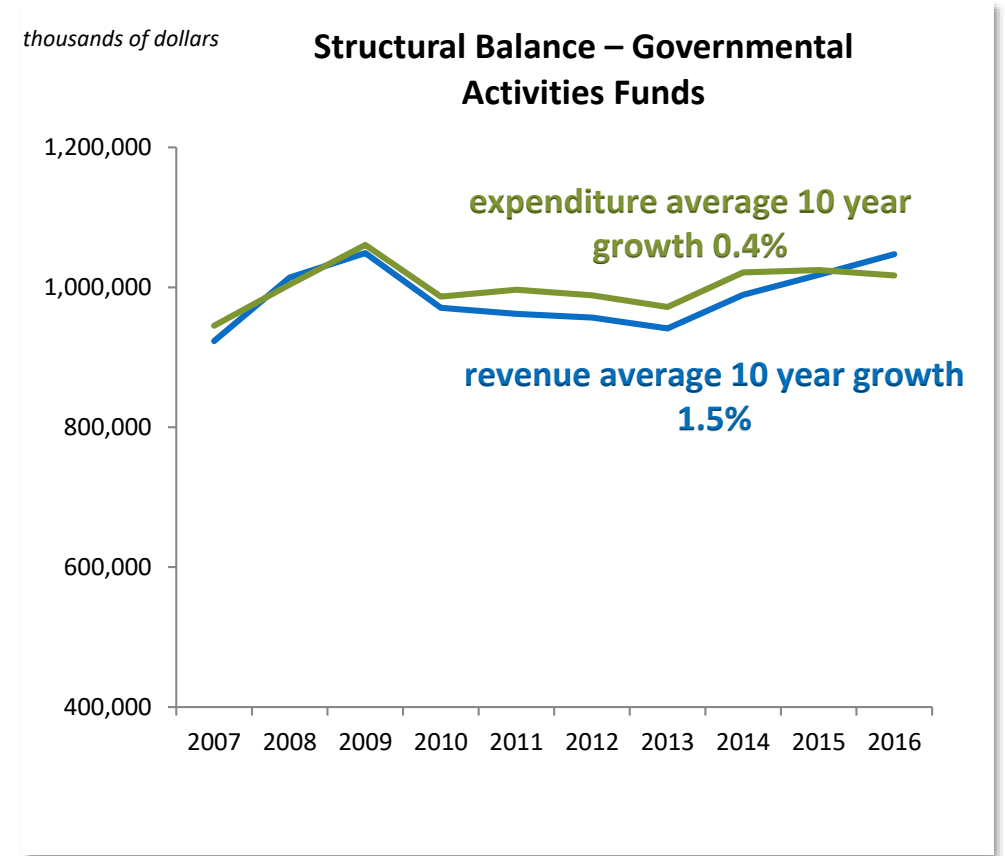
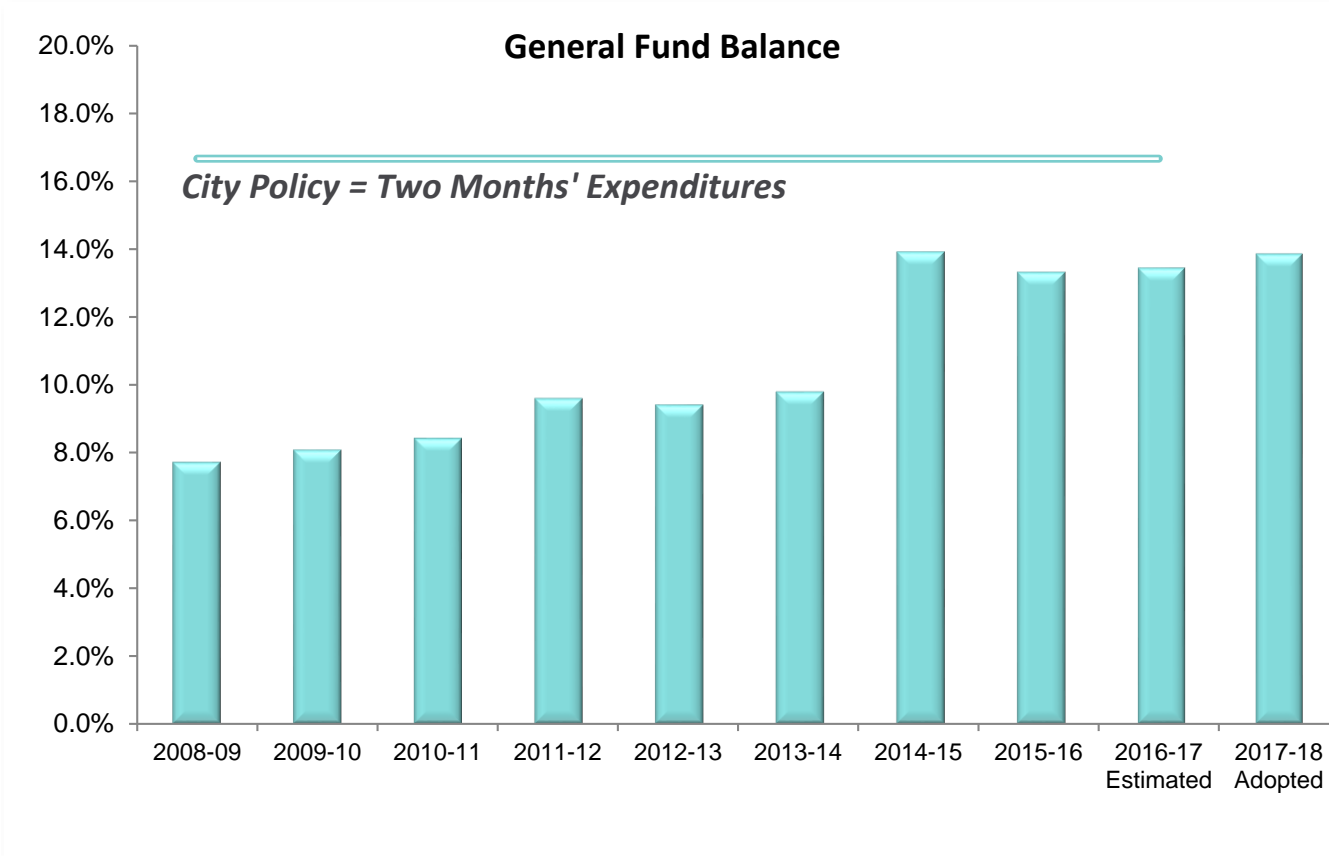


mySidewalk





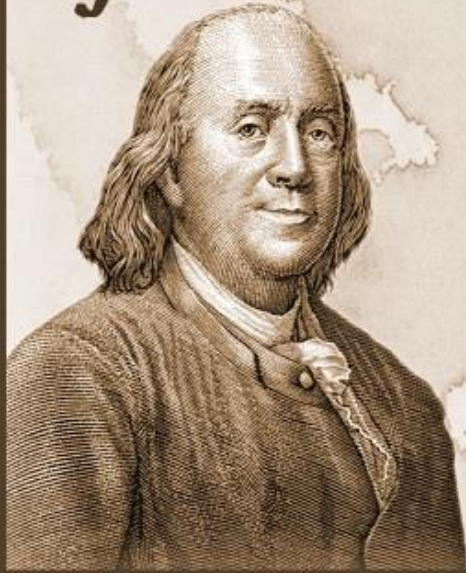
# Structural Imbalance



Sources: FY 2017-18 Adopted Activity Budget and FTMS, City of Kansas City, Missouri



If you  
fail to plan,  
you are planning  
to fail.



*B. Franklin*

jmarkmiller.net

Perennial Budget Busters  
(or, When everything is a  
priority, nothing is a priority)

- Public Safety Expenses
- Wages and Benefits
  - Pension
  - Health Care
- Debt Service

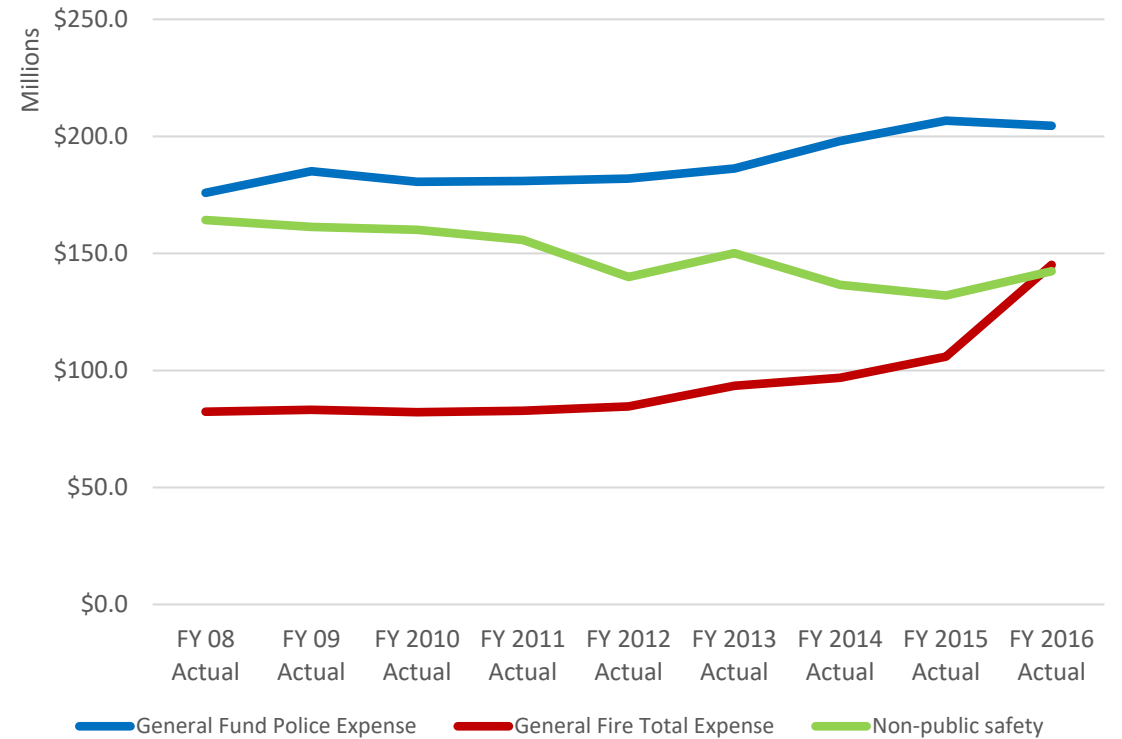


# Public Safety Expenses

City positions by department

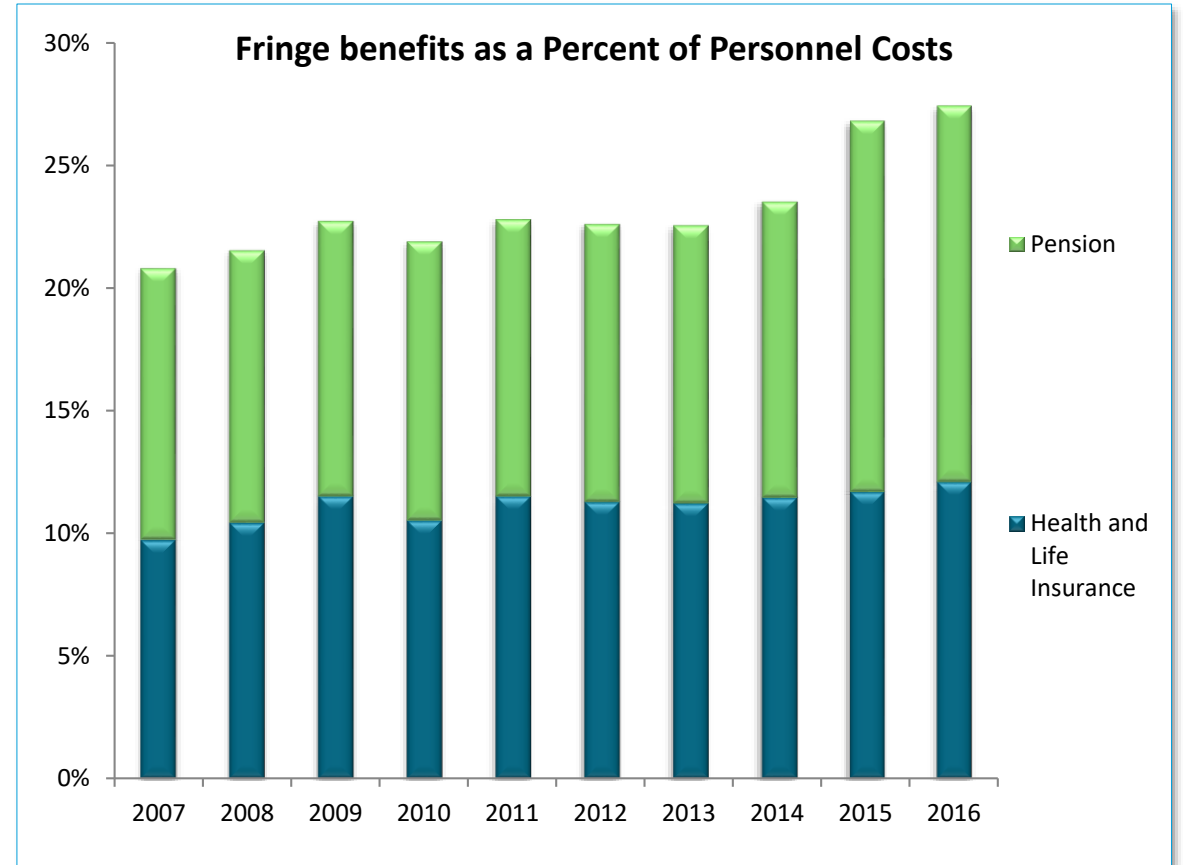
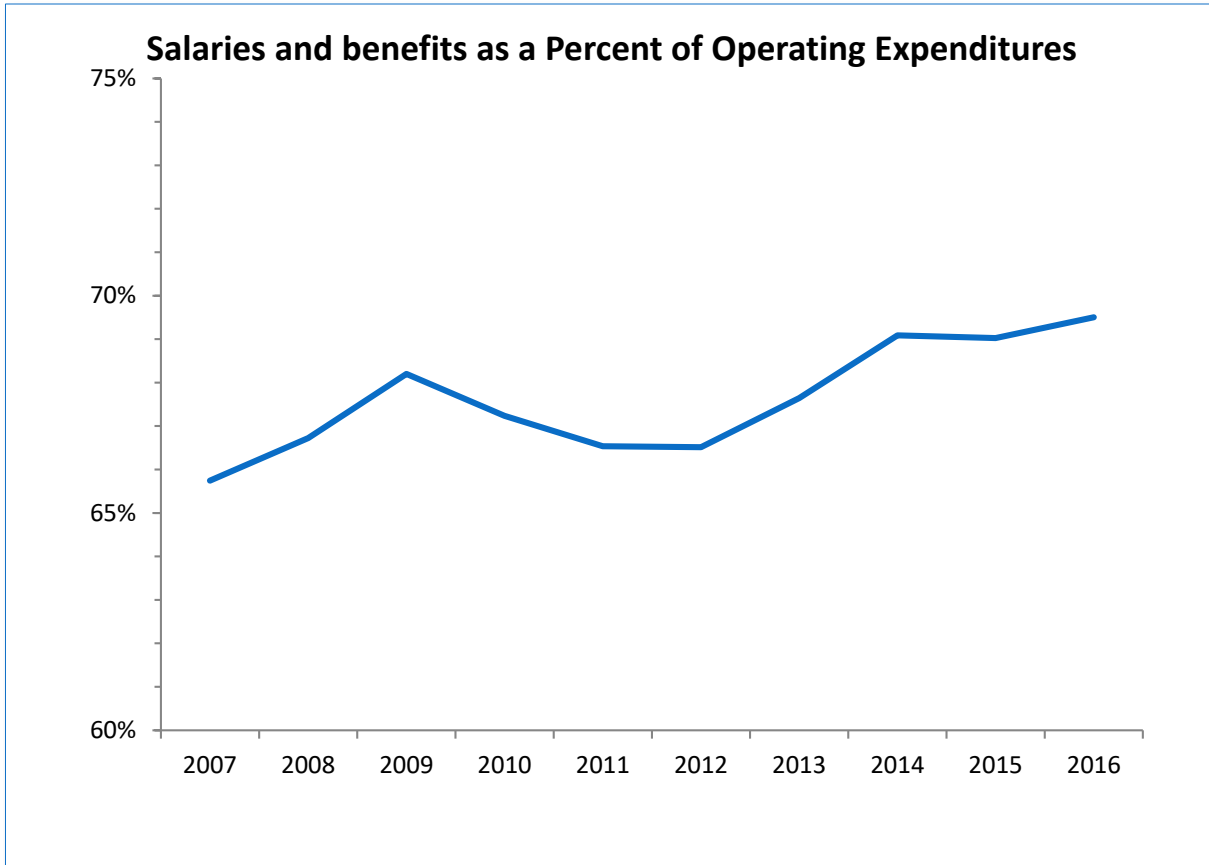


General Fund budget by department





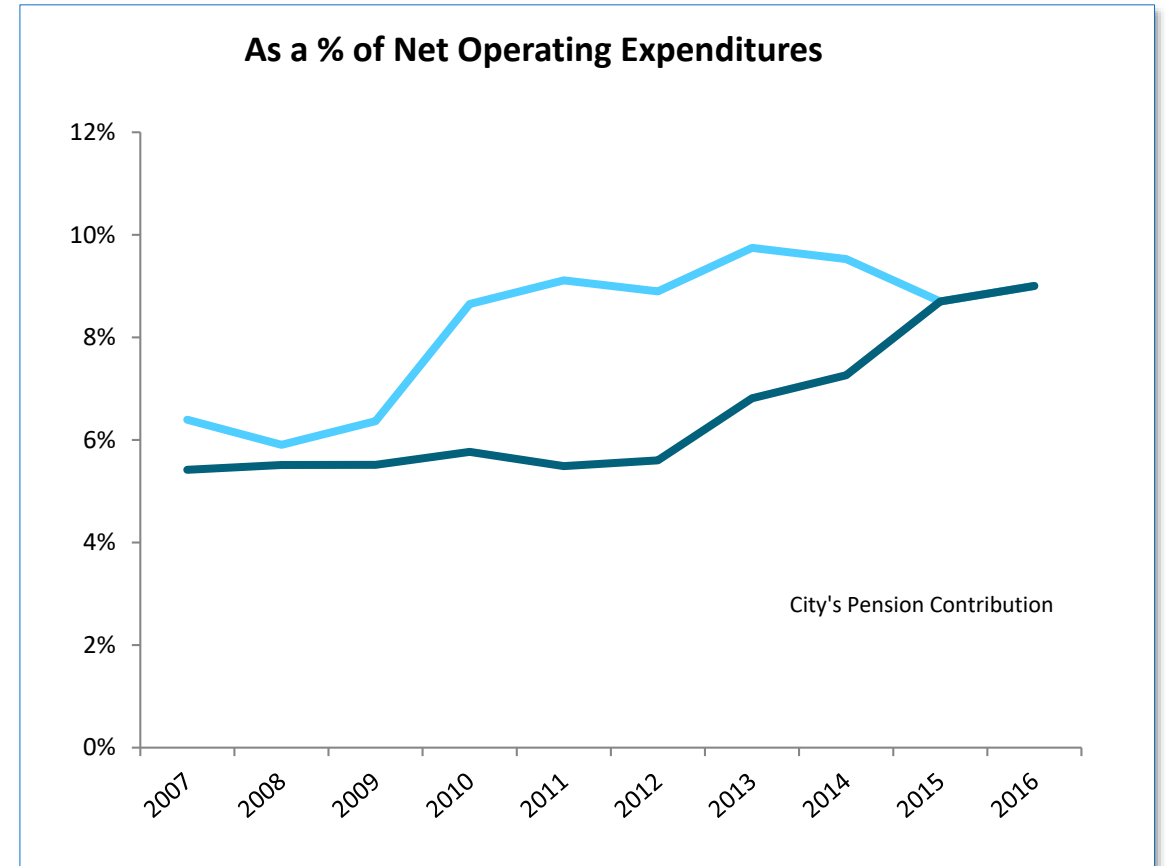
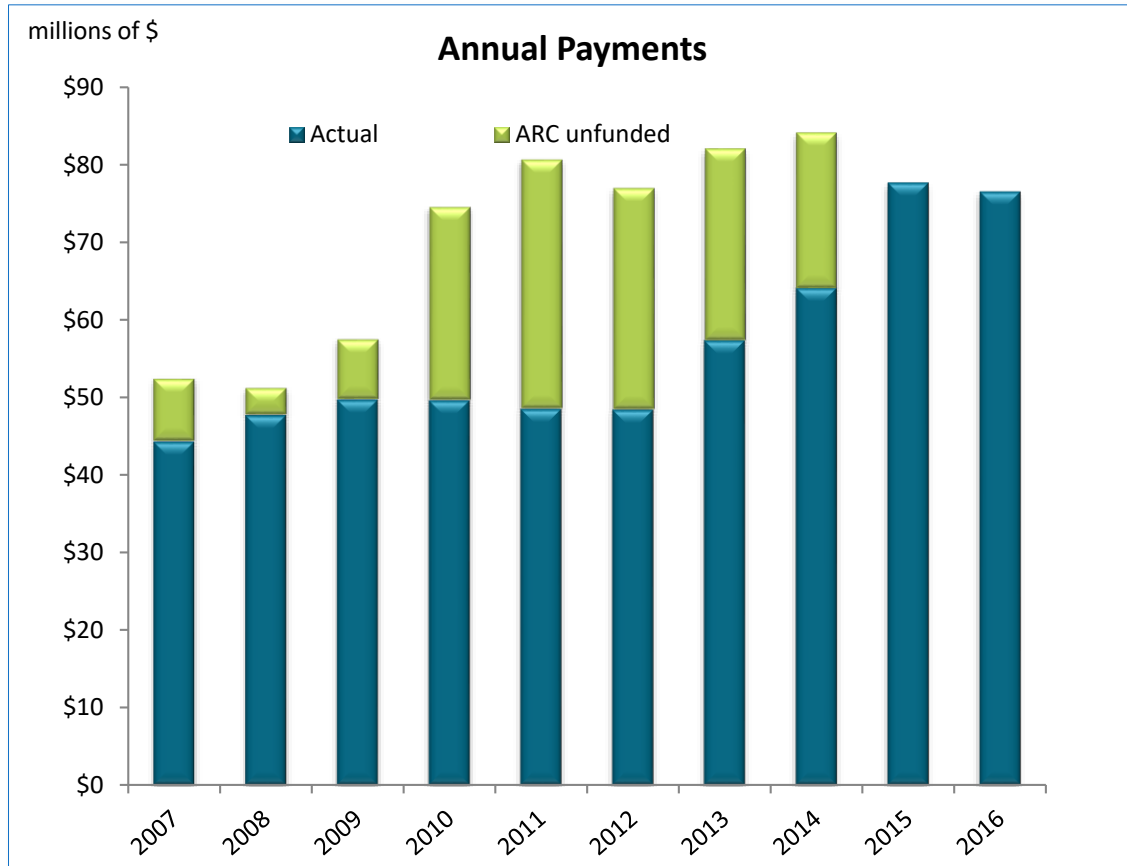
# Wages and Benefits



Source: Finance Trends Monitoring System, City of Kansas City, Missouri



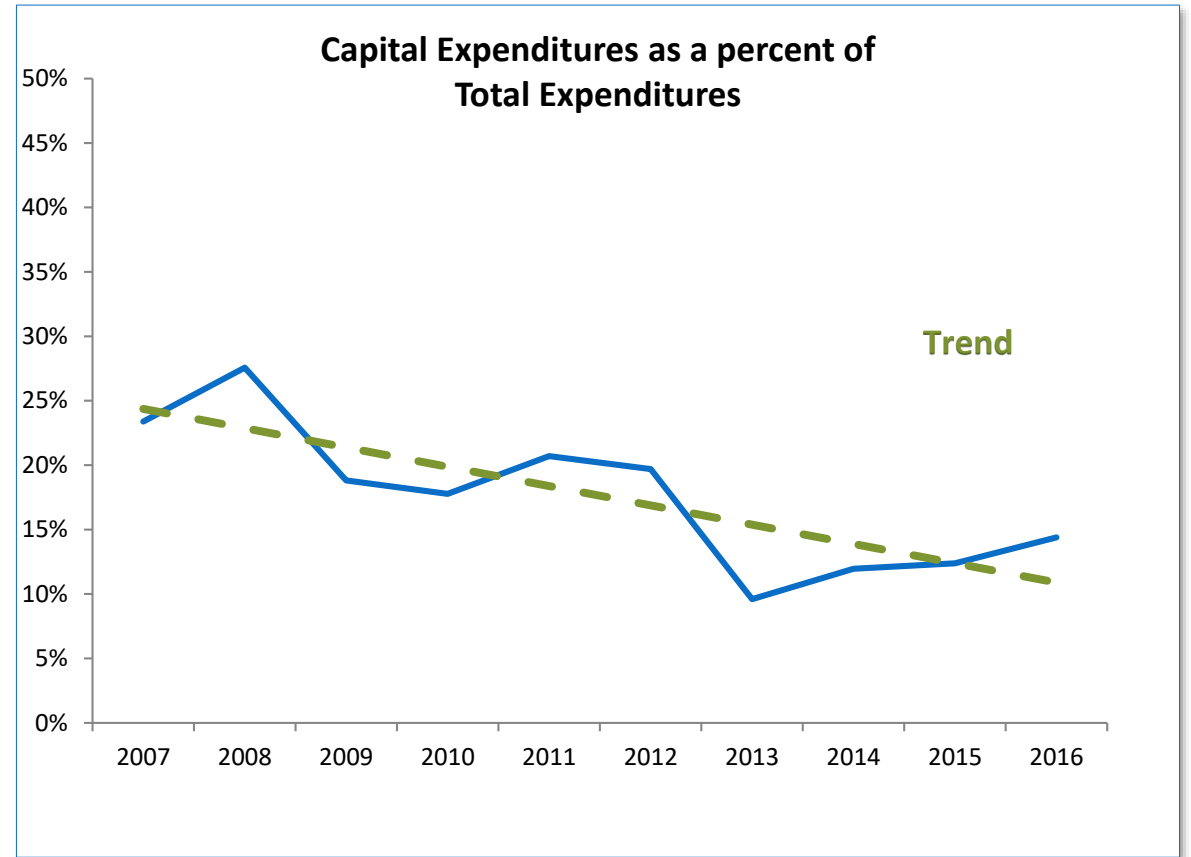
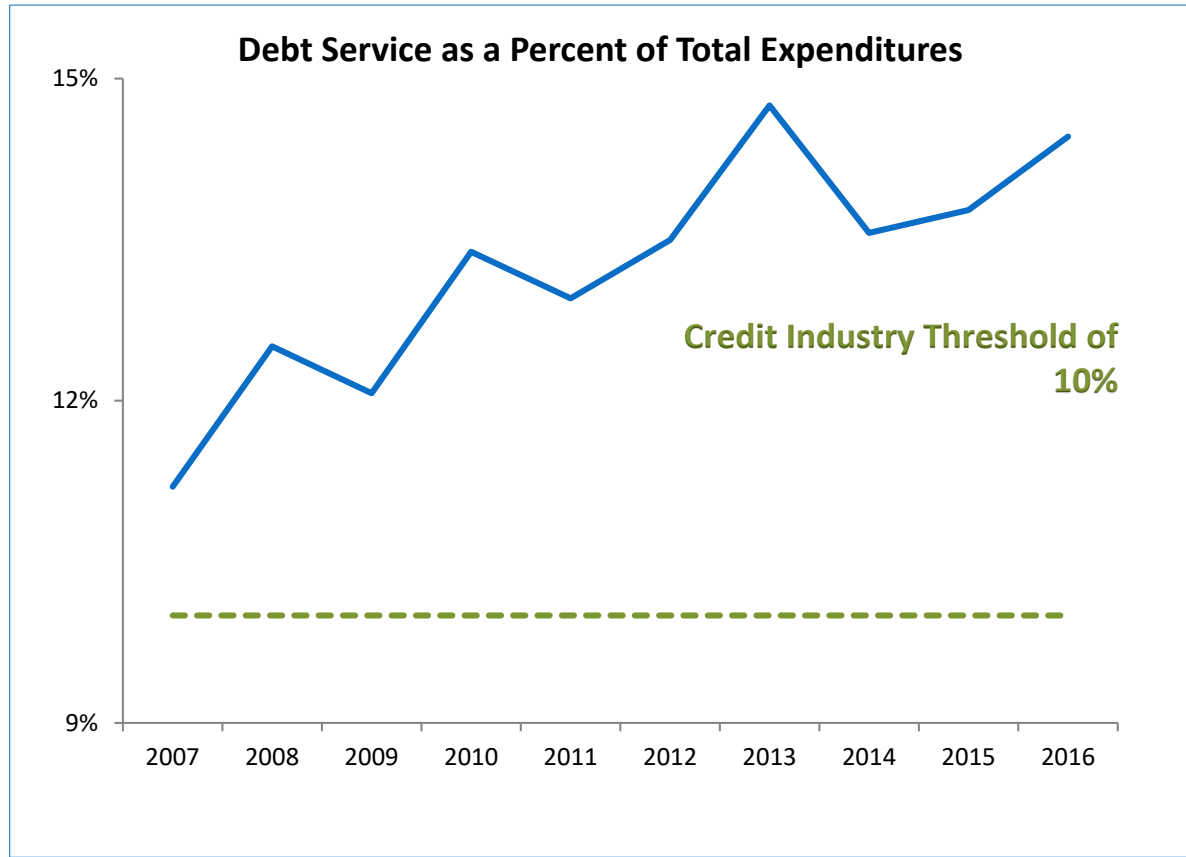
# Pension



Source: Finance Trends Monitoring System, City of Kansas City, Missouri



# Debt and Capital Improvements



Source: Finance Trends Monitoring System, City of Kansas City, Missouri

Baseline Scenario

“Known knowns” eg wages and benefits, current debt service, inflationary growth, projected revenue growth

Balanced Scenario

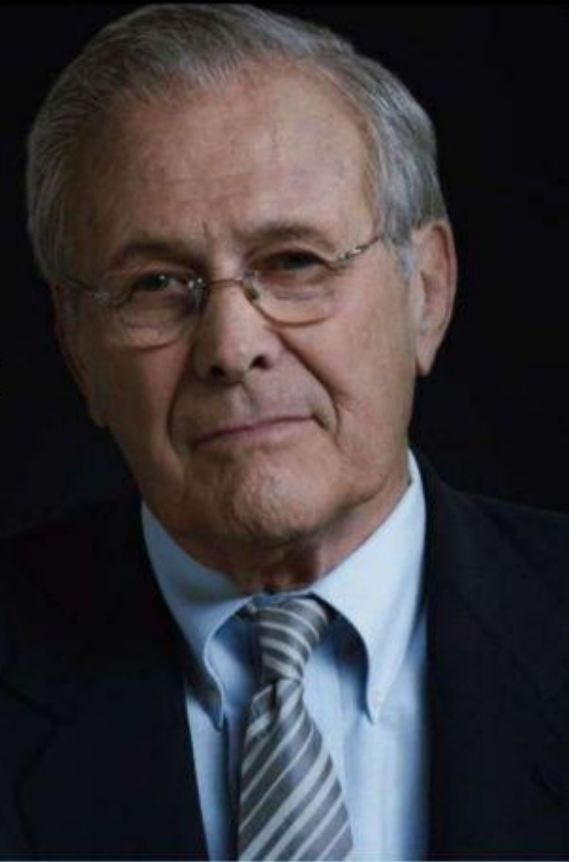
“Fixes” the Baseline - Changes to programs and service levels, FTE counts, funding sources, new initiatives

“There are known knowns. These are things we know that we know.

There are known unknowns. That is to say, there are things that we know we don't know.

But there are also unknown unknowns. There are things we don't know we don't know.”

Donald Rumsfeld



# Five-Year Financial Plan scenarios





# Fiscal Years 2017 - 2022 Financial Plan

## *Scenario Description: Baseline Assumptions*

- No new employees throughout forecast period
- Pension contributions reflect actuarial assumptions
- Includes negotiated and projected increases for Local 42, Local 500 and non represented employees
- Ground Emergency Medical Transportation (GEMT) revenue phased in beginning in FY 2019 (\$24,000,000 over five years)
- Reduces the growth of fine revenues from 1.5% to 0.0% due to continued declining revenue citation volume
- General Fund absorbs increased fire apparatus debt service (\$9.8 million over five years)
- Additional operational support for Animal Shelter operations beginning in FY 2020
- Additional Fire Department overtime beginning in FY 2018



# Fiscal Years 2017 - 2022 Financial Plan

## *Scenario Description: Balanced Assumptions*

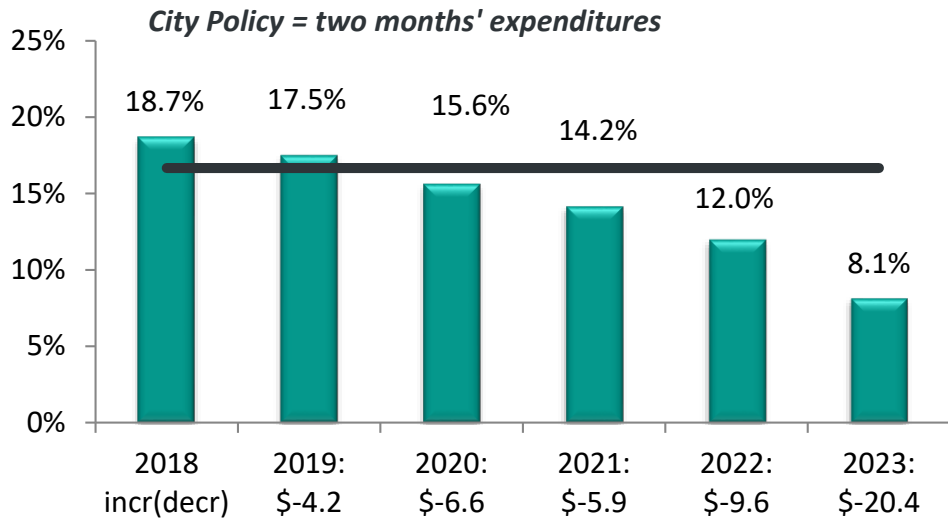
- Incorporates savings of \$1.0 million in FY 2019 and \$1.0 million in FY 2020 in the Parks Sales Tax Fund to maintain a positive fund balance through the forecast period
- Maintains safety net providers at FY 2017-18 funding levels in the Health Levy Fund due to projected increases for ambulance services
- Assumes increased revenues or decreased expenditures to offset anticipated shortfall of \$44.0 million over the forecast period in the General Fund - equivalent to approximately 281 non-public safety positions



# Five-Year Financial Plan – Fund Balance

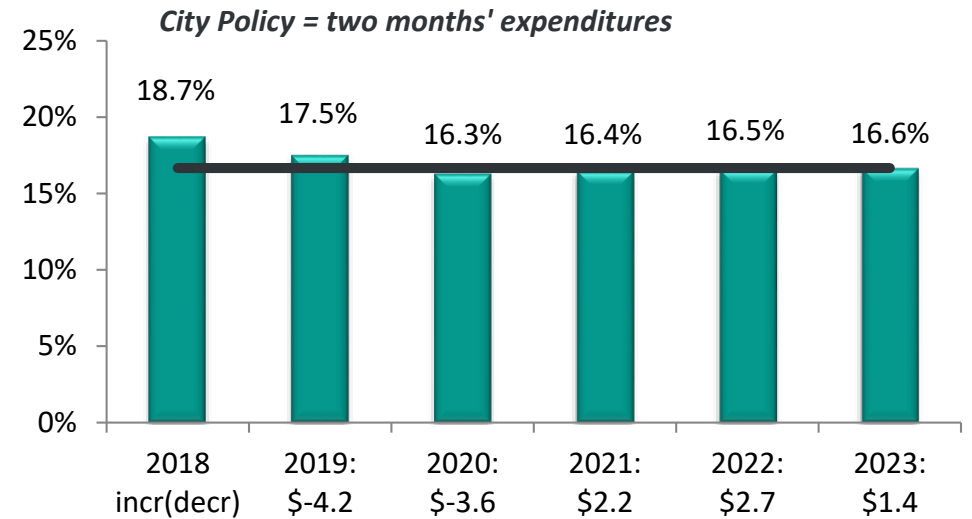
## BASELINE SCENARIO

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



## BALANCED SCENARIO

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



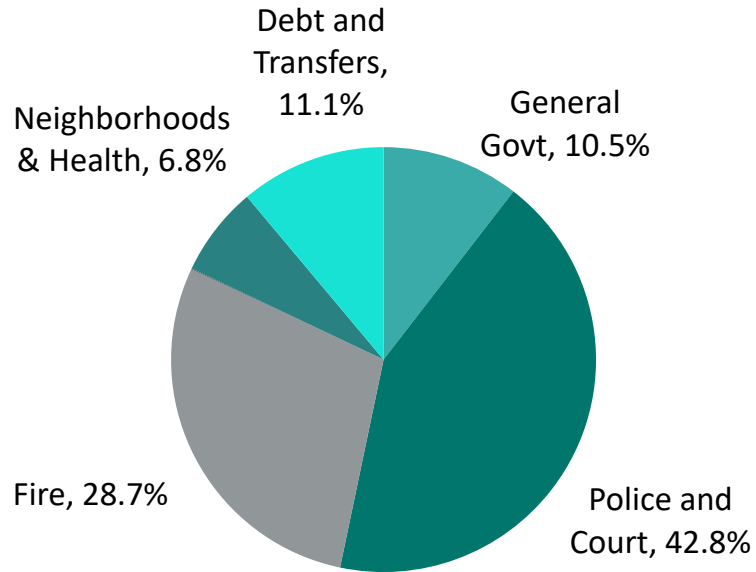


# Five-Year Financial Plan – Portfolio of Services

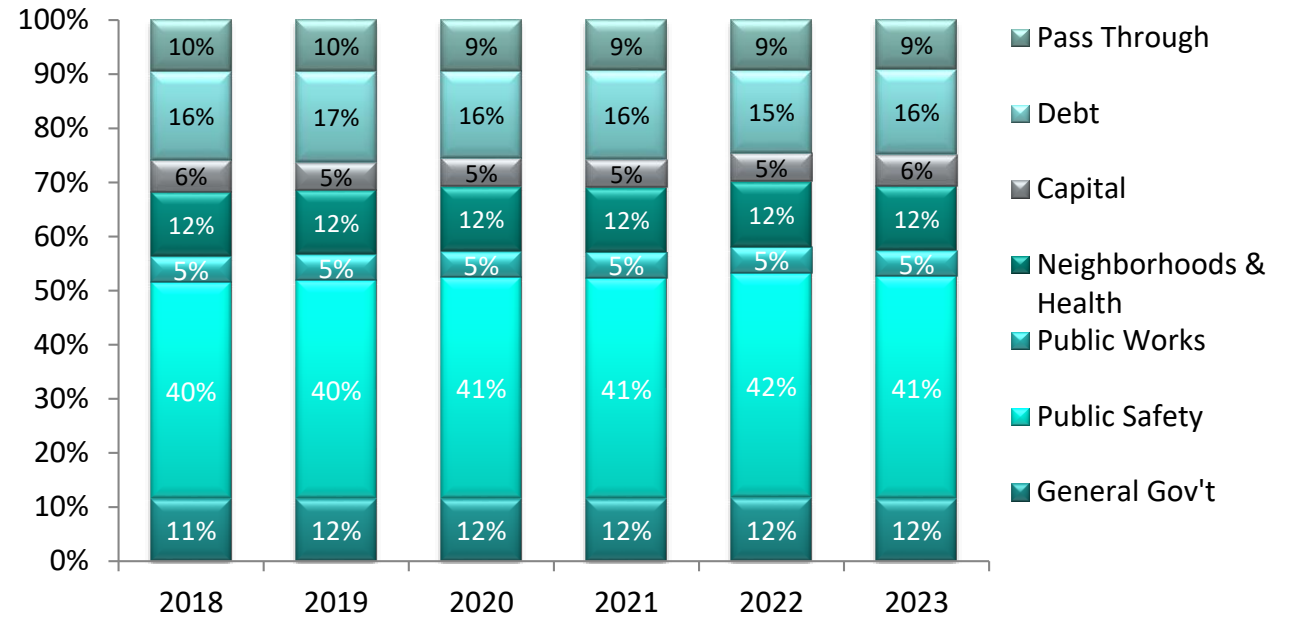
## BASELINE SCENARIO

## BALANCED SCENARIO

**General Fund Operating Expenses: 2023**



**Governmental Activities Funds: Allocation by Program**

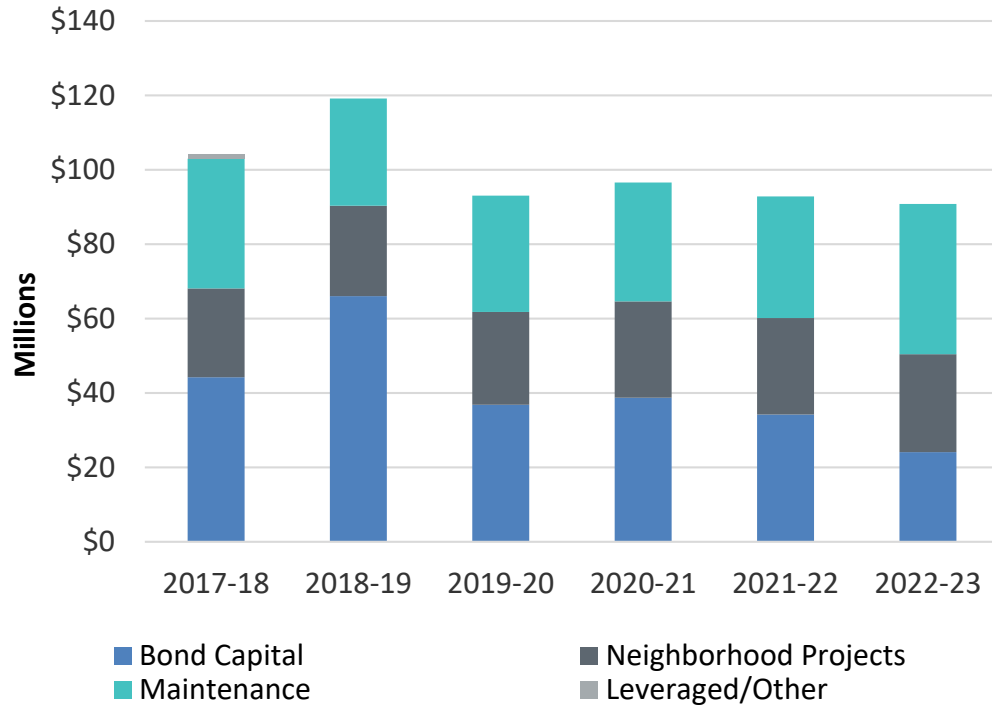




# Five-Year Financial Plan – Capital Expenditures and Taxpayer Impact

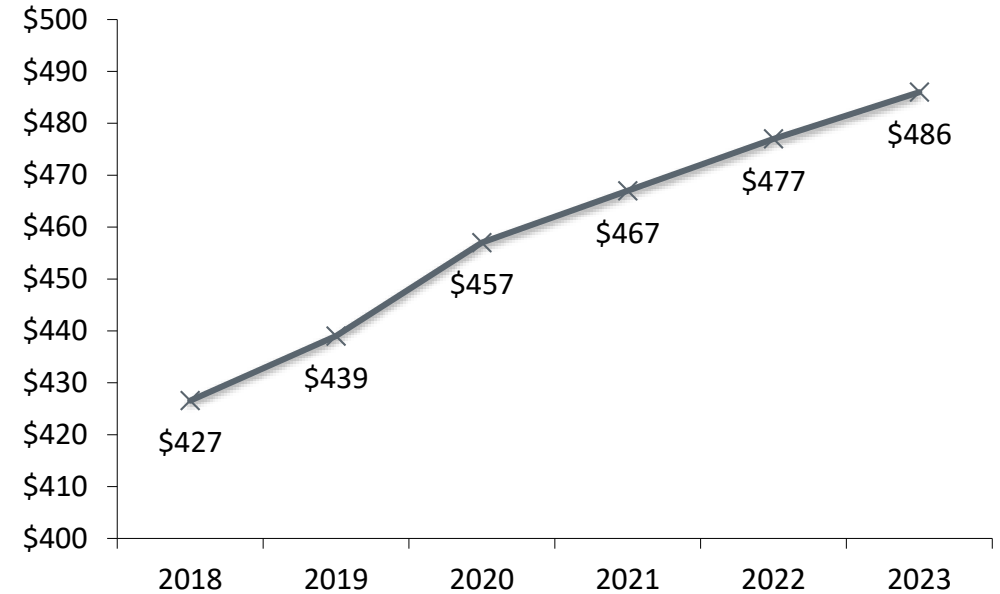
## BASELINE SCENARIO

Projected Capital and Maintenance Expenditures



## BALANCED SCENARIO

Property Tax Impact  
 Median Home Value = \$140,000, Vehicle Value = \$15,000





# Different applications for model

## Scenarios, *not* projections

- New revenues or expenditures
- Labor projections
- Capital improvements
- Debt Service





# Where to start

LESSONS  
LEARNED

- Start small – model primary funds first
- Critical values - \$500,000 (0.5%)
- Focus on long-term impacts
- *Plausible* Scenarios; not projections
- Measure success



# Summary

A long-term financial plan can:

- assess the current environment and respond to changes;
- estimate the long-term financial implications of current and proposed policies;
- illustrate the likely financial outcomes of particular courses of actions;
- develop commitment to the organization's vision and mission;
- achieve consensus on strategies and objectives for achieving that mission.



# Links

## Citywide Business Plan

- <http://kcmo.gov/finance/citywide-business-plan/>

## KCMO Budget Office

- <http://kcmo.gov/budget>
- [omb@kcmo.org](mailto:omb@kcmo.org)
- [@KCMOBudget](https://twitter.com/KCMOBudget)
- [@Scott Huizenga](https://twitter.com/Scott_Huizenga)



Open Budget - [budget.kcmo.gov](http://budget.kcmo.gov)

Open Data – [data.kcmo.org](http://data.kcmo.org)

Balancing Act - [www.kcmo.gov/balancingact](http://www.kcmo.gov/balancingact)



Thank you!